



The Commonwealth

Trade Horizons

April 2018

Special Edition of the 2018 Commonwealth Trade Review for the XXI Commonwealth Games



CONTENTS

Secretary-General's Foreword

Message from the Premier of
Queensland

1. Trade and Investment Trends
in the Commonwealth
2. The Commonwealth Advantage
and 21st-Century Trade
Governance
3. Harnessing Digitisation to
Boost Commonwealth Trade,
Investment and Prosperity
4. World Leaders Look
to the Gold Coast

Overview of the 2018
Commonwealth Trade Review

The Commonwealth

The Commonwealth is a voluntary association of 53 independent and equal sovereign states.

The Commonwealth is home to 2.4 billion people and includes both advanced economies and developing countries. Thirty of our members are small states, many of which are island nations.

Our shared values and principles are inscribed in the Commonwealth Charter.

Member countries are supported by a network of more than 80 intergovernmental, civil society, cultural and professional organisations.

The Commonwealth Secretariat

The Commonwealth Secretariat, established in 1965, supports Commonwealth member countries to achieve development, democracy and peace. We are a voice for small and vulnerable states and a champion for young people.

We help to strengthen governance, build inclusive institutions and promote justice and human rights. Our work helps to grow economies and boost trade, empower young people, and address threats such as climate change, debt and inequality.

We provide training and technical assistance and support decision-makers to draw up legislation and deliver policies. We deploy experts and observers who offer impartial advice and solutions to national problems. We also provide systems, software and research for managing resources.

At Commonwealth summits, we bring together government leaders whose decisions will have an enduring impact on all citizens. By uniting our member countries in this way, we help to amplify their voices and achieve collective action on global challenges.

Priority areas of work are agreed at Commonwealth Heads of Government Meetings, which occur every two years. The next summit is in the United Kingdom in 2018.

The Commonwealth Secretariat's structure is split into three areas:

- Governance and Peace
- Trade, Oceans and Natural Resources
- Economic, Social and Sustainable Development



The Commonwealth

The report is a special edition of the 2018 Commonwealth Trade Review prepared for the 'Trade 2018' initiative at Commonwealth House, XXI Commonwealth Games

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Foreword

**By the Secretary-General of the Commonwealth,
The Rt Hon Patricia Scotland QC**

Profound changes are taking place in the global trade landscape, including in the technologies and governance frameworks that underpin and support contemporary trade in goods, services and the digital economy. This dynamic environment presents challenges, but also provides enormous opportunities to expand and deepen trade, investment and innovation among the nations and territories of the Commonwealth.

While the Commonwealth is not a formal trading bloc, the evidence shows that when both bilateral partners are Commonwealth members, they tend on average to trade 20 per cent more and generate 10 per cent more foreign direct investment flows than otherwise. This 'Commonwealth effect' or 'advantage', as it is known, results in bilateral trading costs between Commonwealth partners being on average 19 per cent lower than for other country pairs.

Historical ties, maintained through large and dynamic diaspora communities in our member states, combine with other factors, such as comparable administrative, legal and regulatory systems and a common language to sustain and develop the strong trade relationships of the Commonwealth.

Sport is also a valuable asset, making an important contribution to strengthening the economic, social and cultural bonds of our growing Commonwealth family. The reach and impact of the Commonwealth Games exemplifies this. Together with sport, trade and investment contribute in turn to progress on broader Commonwealth priorities, such as peace and security, prosperity and sustainable development.

The Commonwealth Secretariat is therefore delighted to be working in partnership with the Government of Queensland and the City of Gold Coast to host the 'Trade 2018' initiative at the XXI Commonwealth Games. 'Trade 2018' provides an excellent platform for government and business leaders to build relationships, strengthen trade and investment ties, and explore new commercial opportunities throughout the Commonwealth.

Deepening intra-Commonwealth trade and investment – and using these opportunities to empower women and young entrepreneurs – can help drive economic growth, create jobs and increase the prosperity of our citizens. These factors, together with the role of sport as a catalyst for development and peace, combine to work towards success in achieving the internationally agreed goals of the 2030 Agenda for Sustainable Development.

Trade Horizons is a special Gold Coast edition of the 2018 Commonwealth Trade Review. Prepared in readiness for this year's Commonwealth Heads of Government Meeting, when the theme will be 'Towards a common future', our second Commonwealth Trade Review, *Strengthening the Commonwealth*

Advantage: Trade, Technology, Governance presents new empirical findings, rich insights and practical recommendations on how to boost the 'Commonwealth Advantage' in trade and investment.

This review demonstrates that economic and governance ties in the Commonwealth, interwoven as they are, provide ready and robust foundation fabric from which collectively as a family of nations we can tailor a future that is fairer, more sustainable, more prosperous and more secure.

Trade and investment flows among our members are strong and continue to grow. Despite the unexpected contraction in world trade since our 2015 Trade Review, intra-Commonwealth trade in goods and services, and productive 'greenfield' investment, is growing fast and projected to exceed US\$1 trillion by 2020.

Increasing use of new digital technologies, including greater digitisation, is already transforming trade-led sustainable development prospects for many of our poorest members. When combined with the impact of many shared inheritances, including the Common Law which provides the basis for international law, there is a Commonwealth effect and advantage that yields multiple tangible commercial benefits for traders and investors.

Representatives of business and commerce gathering on Gold Coast for 'Trade 2018' – as well as at the Business Forum and other gatherings being convened in association with the Commonwealth Heads of Government Meeting in London immediately after the Games – will provide significant practical impetus to drive forward the many opportunities for trade and investment in the Commonwealth. By seizing these opportunities, we will be better placed collectively to deepen and make more of our Commonwealth advantage for more inclusive prosperity - building together in ways that are fairer, more secure and more sustainable towards our common future.



Message from the Premier of Queensland and Minister for Trade

Annastacia Palaszczuk MP

The Gold Coast Commonwealth Games 2018 is a once-in-a-generation event for Queensland, and we are incredibly proud to be hosting it.

The Gold Coast, and our state as a whole, are in the international spotlight like never before. Sport is the main attraction, of course, and we are thrilled to be sharing the excitement with the event cities of Brisbane, Townsville and Cairns.

We are delighted to host hundreds of thousands of athletes, officials, spectators, dignitaries and media representatives from 71 nations and territories. With an estimated audience reach of 1.5 billion people through hundreds of hours of television, radio and multi-media coverage, this is a wonderful opportunity to showcase our great state as a centre of sporting excellence with 21st-century facilities and infrastructure.

Queensland offers so much more though, and our concentration is focused as much on supporting investment and legacy opportunities as on the world-class sport and hosting the best Games ever. This state happens to feature some of the most beautiful regions in the world - whether coastal, hinterland or deep in our stunning Outback. We enjoy a thriving arts and culture scene. And we have a highly successful international trade programme contributing to our strong economy.

Queensland's merchandise exports hit a record of more than \$69 billion last year, up by more than \$14 billion. We are this nation's export state. One dollar out of every four Australia earns from exports is generated in Queensland. We have achieved this through extensive networking and building a strong business-oriented platform.

So our focus for the 12 days of the Games, from opening to closing ceremonies, is also on cementing the existing bonds between governments and businesses, establishing new relationships and creating a legacy for Queenslanders.

The Games will inject around \$2 billion into the Queensland economy, and approximately \$1.7 billion into the Gold Coast region. An additional \$2.6 billion of government and private sector investments in the Games infrastructure will have lasting benefits.

However, there is even greater scope to enhance the economies of Queensland and our Commonwealth friends, which is why we are hosting 'Trade 2018'.

'Trade 2018' is one large business meeting spread throughout the duration of the Games and, as a proud member of the Commonwealth of Nations, we welcome this opportunity to host such a landmark event.

Delegates are exploring business prospects, challenges and future trends and forecasts. Queensland's brightest minds are business-matching with investors across the Commonwealth. There are market-specific events such as Queensland Health Showcase, India's Ascent and Canada Connect.

Queensland has always been a trading state. Our future is underpinned by trade, which comprises almost one-third of our economy. Our growth in exports is driven by coal, LNG and crops. We are always looking to do more to create jobs and boost the economy, which is why we have invested \$513 million into our Advance Queensland initiative to drive the state forward through innovation.

Therefore, the significance to Queensland of the 2018 Commonwealth Trade Review, *Strengthening the Commonwealth Advantage: Trade, Technology, Governance* – and this special Gold Coast edition – cannot be overstated, as we seek out new challenges and opportunities to build a stronger state for Queenslanders to enjoy.



Trade and Investment Trends in the Commonwealth

The Commonwealth is not a formal trading bloc, yet the 53 Commonwealth nations, home to 2.4 billion people, enjoy a formidable trade advantage without any formal collaboration.

Commonwealth countries, on average, trade around 20 per cent more with each other and generate 10 per cent more investment. Trade in goods and services between Commonwealth countries is expected to reach US\$1 trillion over the next few years.

Why is this? Historical ties, familiar administrative and legal systems, the use of largely one language, English, and large and dynamic diasporas have contributed to strong trade relationships among members of the Commonwealth.

This inherent trade advantage has not been driven by any co-ordinated policy interventions such as those underpinning regional trading blocs. Now, with fundamental changes taking place in global trade, the question is what steps can and should be taken to strengthen the Commonwealth advantage and foster growth in trade as a route to greater prosperity more evenly across the association.

'Trade in goods and services between Commonwealth countries is expected to reach US\$1 trillion over the next few years.'

Dynamics and drivers of Commonwealth trade

World trade is only now emerging from the unprecedented slowdown triggered by the financial crisis of a decade ago. Commonwealth nations have felt the adverse impact of these trade headwinds: combined total exports of goods and services of all Commonwealth members was US\$3.1 trillion in 2016, still below the US\$3.5 trillion prior to the global downturn. Members have also seen their share of world exports decline, albeit marginally, but this is due to the growth of China and other large non-Commonwealth developing countries.

Trade among Commonwealth countries reached around US\$560 billion in 2016. This could have been higher, but exports were hit hard by the downturn in global trade. Intra-Commonwealth trade is nonetheless strong and growing and has assumed greater importance for many countries, rising to around 20 per cent of Commonwealth countries' total trade with the world.

Several modest but perceptible shifts in the drivers of Commonwealth trade over the past decade or so are evident. The Commonwealth's developed economies, including the UK and Canada, have seen their share of total Commonwealth exports fall from just under 60 per cent to just above half the total currently. Over the same period, Asian members, notably India, Singapore and Malaysia, have seen their share jump from 31 per cent to 41 per cent.

'Trade among Commonwealth countries reached around US\$560 billion in 2016'

Foreign investment and jobs

In terms of foreign direct investment (FDI) flows within the Commonwealth, productive investment – also known as greenfield investment, such as the construction of a new factory or processing plant – is increasingly important; it is also considered to have a more positive impact on economic development than other types of FDI flows, such as mergers and acquisitions.

In 2017, cumulative intra-Commonwealth greenfield FDI was estimated at US\$700 billion, creating 1.4 million jobs through 10,000 projects.

At this rate, intra-Commonwealth greenfield investment could reach almost US\$1 trillion by 2020, under certain conditions. For greenfield FDI, it is remarkable that Commonwealth countries invest almost three times more in each other than in other countries. The UK is the biggest investor in greenfield projects in the Commonwealth, while India is the biggest host economy.

Strengthening competitiveness and resisting protectionism

However, despite their Commonwealth advantages, members face challenges in maintaining their global competitiveness. Although global trade growth is set to rebound, progress is taking place against the background of rising protectionist sentiments and popular discontent about globalisation in many countries. Reflecting the members' shared values, the Commonwealth has always championed a world trading system that is open, inclusive and rules-based; and so it's not insignificant that 49 Commonwealth members belong to the WTO, with The Bahamas on the path to accede to the World Trade Organization (WTO).

It is also remarkable that, overall, Commonwealth countries are less protectionist in world trade, especially in relation to other Commonwealth members, where they tend to apply even fewer harmful measures. That is significant in a world economy where trade protectionism is still rife, stifling trade flows and the potential for trade-led sustainable development.

Many poor and vulnerable Commonwealth developing countries have been heavily impacted by global trade protectionism. According to one estimate, least developed countries (LDCs) have lost US\$264 billion in exports as a result of protectionist measures since the crisis. In other words, the value of LDC exports could have been 31 per cent higher if post-crisis protectionism had been avoided.

These trends present risks to the many Commonwealth developing countries, which are among the world's most open and trade-dependent economies. International trade is a crucial driver of growth, poverty reduction and employment. If these countries are to achieve their Sustainable Development Goals, they need an enabling global environment that supports and enhances their participation in world trade.

This is particularly true for small states, which account for two of every three Commonwealth members. But this openness leaves them disproportionately exposed to trade and other shocks. Their trade costs are estimated to be 50 per cent higher than for developing countries as a whole for a variety of reasons, including distance from major markets and poor infrastructure for trade. In recent years, their competitiveness has been further impacted by the erosion of preferential tariffs as multilateral and regional trade liberalisation initiatives are implemented.

'Least developed countries (LDCs) have lost US\$264 billion in exports as a result of protectionist measures since the crisis'

Regional integration

Trade between Commonwealth members is more than three times higher when they belong to an existing Regional Trade Agreement (RTA), highlighting the importance of effective regional integration for boosting the Commonwealth advantage. Efforts to promote deeper regional integration have accelerated in some Commonwealth regions.

This year, there are plans to launch an Africa-wide free trade agreement; the Pacific countries have concluded the Pacific Agreement on Closer Economic Relations (PACER) Plus; and in Asia, there is some progress on the Regional Comprehensive Economic Partnership negotiations and practical measures to improve transport connectivity.

Commonwealth members comprise more than half of the eleven parties to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which was signed in March. Post-Brexit bilateral trade deals involving the UK and interested Commonwealth members are also possible in the future, which would help boost intra-Commonwealth trade.

Boosting Commonwealth trade and investment

The pace and scale of change in global trade mean that retaining the Commonwealth advantage cannot be taken for granted. New Commonwealth initiatives will be needed to support the smallest and most vulnerable countries to bolster inward FDI, to strengthen access to digital trade and to increase opportunities for these countries to supply intermediate goods and services in regional and global value chains (GVCs), particularly those in which other, large, Commonwealth countries have gained a presence. Improved market access to major importing countries is needed for the poorest and smallest countries, to increase participation in GVCs by these countries, and to provide adequate and effective support for trade capacity-building.

So what can Commonwealth members proactively do to help generate more trade and investment opportunities? For a start, they could focus on improving trade logistics and implementing trade facilitation measures, like the WTO's Trade Facilitation Agreement; tackling non-tariff barriers; harness new digital technologies, including for e-commerce, fintech and transforming trade and productive capacities; utilising the opportunities to develop regional supply chains in sectors where Commonwealth regions have comparative advantages; promoting women's economic empowerment and young entrepreneurs; exploiting the potential of strong and diverse diasporas to catalyse innovation and investment and to bridge into new markets; and making use of the Commonwealth as a platform for establishing and strengthening contacts between traders and investors, including SMEs.

The Commonwealth Advantage and 21st-Century Trade Governance

When it comes to facilitating global trade, the primary focus is often on the physical infrastructure required to support imports and exports, especially roads, railways, bridges, seaports and air links. But evidence is emerging of the importance of governance in influencing both trade and investment, with significant implications for Commonwealth members.

The 'Commonwealth advantage' is rooted in the historical fabric of institutional and governance ties that influence commerce, trade and investment within the Commonwealth. There are familiar legal and administrative systems, as well as similarities in business, commercial and legislative practices, which help boost intra-Commonwealth trade.

Drawing on common values, the Commonwealth has always championed a transparent, open and rules-based world trading system. This advocacy is needed now more than ever, at a time of growing trade protectionism, populist concerns and a backlash against globalisation as we have known it. Commonwealth members, collectively, are less protectionist than other countries, having applied fewer measures that restrict trade since the global crisis almost a decade ago.

The organisation reinforces this commitment through an extensive programme of trade policy support, technical assistance and global advocacy. It is a source of some pride that 49 Commonwealth countries are members of the World Trade Organization (WTO), with The Bahamas currently undergoing its accession process. The multilateral trading system plays a crucial role in ensuring transparency and predictability in world trade, especially given the uncertain legacy of the financial crisis and the rise in protectionist measures over the past decade.

'The Commonwealth has always championed a transparent, open and rules-based world trading system.'

'Made in the World' production networks

Harnessing and sustaining new opportunities arising from a more connected Commonwealth can be enhanced by strengthening trade governance and regulatory frameworks covering goods, services, investment and intellectual property rights (IPRs). Today, goods are 'Made in the World', with different stages of the production process located across different countries. Important new trade opportunities have become available for countries nimble enough to position themselves effectively for gainful participation in global value chains (GVCs).

In the past, trade reforms were almost entirely focused on reducing tariffs at the border as a means of lowering trade costs. However, the growing importance of GVC-driven trade and the rise in trade in intermediate goods and services now requires addressing multiple, interlinked policies to reduce trade costs, build capacity and enhance competitiveness in manufacturing and services.

Reducing trade costs

Multiple policy initiatives can be undertaken to reduce trade costs. They include, among others, improving logistics performance; improving the efficiency of land, air and sea transport; streamlining and simplifying international transit regimes and behind-the-border regulations; and strengthening trade facilitation. Commonwealth member countries also have the benefit of a wide array of tools, toolkits and model laws to help strengthen the institutional and governance ties that connect the membership.

Strengthening trade-related governance can help members expand their trade potential. A systematic approach offers significant benefits, particularly for the Commonwealth's smallest and poorest members, who face disproportionately large trade costs disadvantages. Recent simulation exercises suggest that several factors, including strengthened



regional integration, together with improvements in customs administration, yield disproportionately high gains for Commonwealth members.

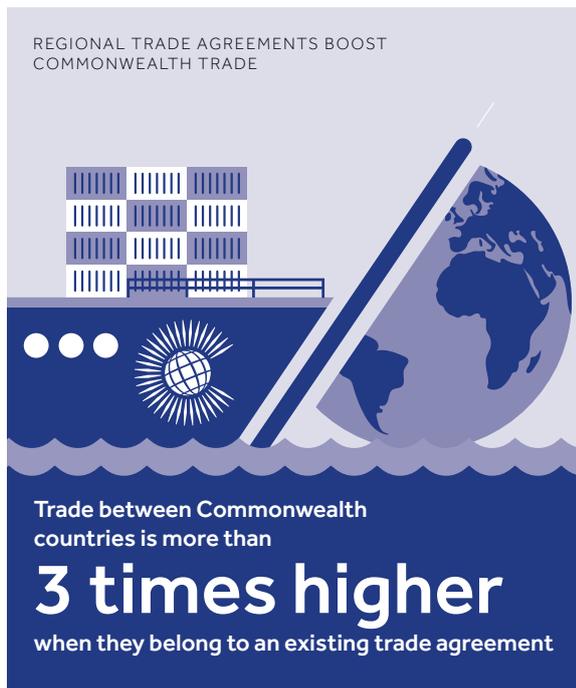
The evidence to support an increase in investment in governance mechanisms is strong, and growing. The *2018 Commonwealth Trade Review* publishes four major findings with policy implications for member states:

- Contract enforcement in commercial disputes is more efficient among Commonwealth members, taking 20 per cent less time compared to the world average. Improvements in the ways of doing business and efficiency can further boost intra-Commonwealth trade.
- A 10 per cent reduction in the costs incurred for goods to exit a country can increase exports within the Commonwealth by 5 per cent.
- Compared to other governance indicators used by the World Bank, improvements in 'government effectiveness' in the Commonwealth have a larger effect on intra-Commonwealth trade, increasing exports by 3.4 per cent, compared to 2.4 per for the global average.
- Trade between Commonwealth members is more than three times higher when they belong to an existing Regional Trade Agreement (RTA), highlighting the importance of effective regional integration and regional trade facilitation measures for boosting the Commonwealth advantage.

Strengthening trade governance

The Commonwealth has a number of initiatives aimed at strengthening the institutional and governance ties that connect members, and work continues to expand support, in the face of emerging challenges to regulatory compliance brought about by rapid changes to global trade. These include the new Commonwealth Office of Civil and Criminal Justice Reform (OCCJR), which supports Commonwealth countries in delivering access to justice and sustainable development through the creation of fair and effective national laws. The OCCJR shares best legislative practice from across the Commonwealth through model laws, standards, templates, legal insight and legal networks.

The Commonwealth has developed several model laws and other legal tools on, among others, computer and computer-related crime, electronic



transactions, broadcasting and the protection of personal information, as well as measures on anticorruption and cybercrime. These initiatives serve to foster confidence in the acceptability of Commonwealth laws, regulatory provisions and institutions for the purposes of bilateral trade.

Improving trade facilitation

The Commonwealth is also encouraging members to do more to adopt trade facilitation initiatives. Faster transit times reduce costs and improve competitiveness, which in turn supports intra-Commonwealth trade. Improving the availability of trade-related information, simplifying documents, streamlining procedures and using automated processes reduces trade costs.

At the end of February 2018, 42 of the 49 Commonwealth WTO members had ratified the WTO's landmark Trade Facilitation Agreement (TFA), which can potentially increase global merchandise exports by up to US\$1 trillion per annum. The greatest benefits are expected to accrue to those poorest and smallest countries facing high trade costs due to distance from markets or their landlocked status.

'42 of the 49 Commonwealth WTO members had ratified the WTO's landmark Trade Facilitation Agreement (TFA)'

Through the TFA Facility, developing countries and LDCs can access the technical assistance and capacity building needed to implement the agreement. Commonwealth developed countries such as Australia, Canada, New Zealand and the UK have been strong advocates and leading donors of Aid for Trade as a means to help developing countries with supply side capacity building.

Commonwealth members, including Singapore, the UK, Canada, Australia and South Africa are recognised as global leaders in trade facilitation, which opens up opportunities to share experiences and best practices with other members seeking to improve their trade competitiveness and benefit through greater participation in global value chains.

Commonwealth countries should also strengthen the trade–investment–IPR policy nexus, especially to attract foreign direct investment and take advantage of the many opportunities to provide intermediate goods or services inputs into contemporary 'Made in the World' production processes.



Harnessing Digitisation to Boost Commonwealth Trade, Investment and Prosperity

From Kenya to Bangladesh, digitisation is transforming the way people in the Commonwealth live, work and conduct business. Rural smallholders are using data-enabled smartphones to connect with traders, access accurate market prices or insure their crops against hailstorms. Mobile money systems like Safaricom's M-Pesa enable the unbanked to deposit, send and receive money electronically. Thanks to software apps like TripAdvisor and Airbnb, the benefits of mass tourism are beginning to genuinely trickle down to holiday destinations, especially in the Caribbean and some Pacific islands. And digitised solar heating systems are improving access to energy while turning consumers into providers, ensuring that payment for energy is activated seamlessly.

The pace of technological change is unprecedented. Automation, artificial intelligence, 3D printing, the Internet of Things, blockchains and virtual currencies are creating both opportunities and challenges for trade, investment and innovation in the Commonwealth.

Technology is helping to improve prospects for sustainable development across member countries. It brings competitive advantage by eroding limitations of geography and distance, reduces costs of production and trade, supports access to world trade and financial markets, and improves productivity. There are new opportunities to diversify economies, and to connect economically with large and dynamic diasporas.

Increasing digital connectivity, coupled with access to electronic social media and marketing platforms, offers new opportunities for the poorest and smallest Commonwealth countries to participate globally, to network, seek employment, identify new markets, compete and export. The cost of these technologies is declining rapidly at a rate of more than 10 per cent annually, making them more accessible to the smallest and poorest countries.



Digital trade and fintech

Business-to-consumer e-commerce sales in Commonwealth countries exceeded US\$350 billion in 2015, representing 3.5 per cent of GDP. With an estimated 144 million online shoppers, barely 6 per cent of the Commonwealth's population, there is tremendous potential to increase digital trade. But expanding e-commerce in the Commonwealth requires significant investment in digitisation, vastly improved distribution and delivery systems, and tackling the range of policy and regulatory constraints that stifle the transition from analogue to digital economies. These challenges are most acute in the Commonwealth's smallest and poorest countries.

For example, almost a half of the Commonwealth's citizens have no access to basic banking services, including 927 million citizens in Asia and almost

'From Kenya to Rwanda and Australia to the UK, several Commonwealth countries are world leaders and pioneers in financial technology'

300 million in Africa. From Kenya to Rwanda and Australia to the UK, several Commonwealth countries are world leaders and pioneers in financial technology (fintech); and they are providing innovative solutions for greater financial inclusion and empowerment in many regions of the Commonwealth. Blockchain and digital currencies also offer possible solutions to de-risking in the Caribbean and Pacific.

Transformative technologies enabling trade and production

From agriculture to energy and the oceans to tourism, digital technologies are helping to build productive capacity and improve trade performance in individual member countries, which will reinforce intra-Commonwealth trade and investment flows.

Power shortages are a major challenge for doing business in many Commonwealth developing countries. Some 675 million Commonwealth citizens (about 28 per cent of the total) have no access to electricity, especially in Africa and Asia. Without electricity there can be no access to the internet, and no connectivity. Fortunately, new models of distributed renewable energy (DRE) have emerged, bypassing and complementing existing electricity grid infrastructure and bringing access to reliable, cheap and clean energy to the urban and rural poor, and to off-grid communities in remote areas.

Commonwealth countries are global leaders in the adoption and innovative application of DRE technologies. Many Pacific members are shifting from fossil fuel to renewable energy dependence. Tuvalu, for example, has set the goal to become entirely dependent on renewable energy by 2020. India's commitment to have 40 per cent renewable energy is expected to be met by 2025, five years ahead of schedule, and Bangladesh is now the world's largest market for solar home systems.

Bridging the technology gaps

However, collective evidence from across the Commonwealth reveals significant gaps in access to critical technologies that can catalyse output, growth and trade. The Commonwealth has a lower level of internet access than the global average (per capita), as well as some of the largest offline populations (by country). On average, internet usage across all Commonwealth countries is 30 per cent, which is lower than the global average of



50 per cent. This partly reflects the challenge of providing access in Commonwealth developing countries with large populations, especially rural and remote communities.

This illustrates the enormity of the task facing Commonwealth members in catching up with the rest of the world. But it also highlights the potential for economic and social transformation if this can be achieved.

The *2018 Commonwealth Trade Review* estimates that full access to broadband internet could add up to US\$1 trillion to the GDP of the Commonwealth, which would trigger more trade and investment and help transform prospects for sustainable development across member countries.

But if technology is to be truly transformative, it imperative to bridge the gap between women and men in the digital economy. A recent report by PLAN lays bare the gender inequality, with fewer than one-quarter of jobs in ICT held by females. Digital connectivity is especially a challenge in least developed countries, where women are 31 per cent less likely than men to be connected.

Mobile technology can give women the tools they need to make a significant contribution to both the formal and informal economies in many developing countries. It connects them to other traders, particularly to women in similar circumstances, well beyond their local communities, and provides them with the market information they need for their enterprise to thrive. They have greater personal security in making payments and receiving money electronically, without the need to carry cash.

Technological innovation will also be key to tackling unemployment, especially among young people, across the Commonwealth. While technology has historically exerted pressure on jobs, especially with automation, the transition to a digitised economy requires new investment, jobs and skills, especially in industries relevant for the Fourth Industrial Revolution.

Towards a digitised Commonwealth

Technology is helping to improve productivity, competitiveness, growth and exports. It is providing solutions to numerous challenges, including limited diversification and lack of interconnectedness. But much more can be done by Commonwealth members individually and collectively, to leverage technology's transformative potential. This includes reducing the cost of access to broadband; broadening access to energy, mobile finance, and information and communication technologies; and increasing technology-related education and skills development.

Commonwealth initiatives can also play a catalytic role. For example, global advocacy could support establishing an Aid-for-e-Trade initiative and encourage multilateral agencies to accelerate technical and financial assistance to help least developed countries achieve the SDG target of universal affordable access to the internet by 2020. The Commonwealth could also consider a Commonwealth Digital Readiness Framework and an e-Readiness Framework to help identify limitations and constraints to adoption of technologies that can foster enhanced digital connectivity and e-commerce.

World Leaders Look to the Gold Coast

The international spotlight is on the City of Gold Coast as it hosts the XXI Commonwealth Games (GC2018), alongside one of the largest business gatherings across the Commonwealth, Trade 2018. Off the back of this international event, the Gold Coast is undergoing an accelerated period of transformation, underpinned by economic readiness and fuelled by GC2018-led prosperity.

The city has prepared for a golden age beyond the Games, capitalising on work such as the installation of forward-looking telecommunications, service and transport infrastructure, venue construction, new education and research facilities and city-wide refurbishment.

Gold Coast Mayor Tom Tate said the city was maximising and leveraging every opportunity offered by GC2018.

'It is our honour to host the athletes and officials from 71 nations and territories for the XXI Commonwealth Games', said Councillor Tate.

'We have invested significantly to ensure the Gold Coast is ready to host one of the world's largest multi-sport events. In preparing our city, we have laid the foundations for exciting business and trade opportunities.

'The Gold Coast already enjoys a vibrant economy ready to launch this unprecedented opportunity.'

With more than 12.5 million visitors a year, international travellers know about the Gold Coast's 52 kilometres of beaches, sophisticated dining and retail, wildlife and natural attractions. But business visitors are increasingly drawn by the city's opportunities.

The city's Gross Regional Product (GRP), at AU\$31.56 billion, makes up more than 10% of the Gross State Product (GSP) of Queensland. The city is maturing from a base of tourism and construction to a diverse, knowledge-based economy with strengths in health, education and sport.

An international hub for research

The health industry is now the city's largest employer, buoyed by an investment of \$5 billion into the 200-hectare Gold Coast Health and Knowledge Precinct – the single largest legacy from GC2018.

'The games will show the world what our city is capable of and provide an insight into the future jobs focus in areas such as health and technology, education and medical research', said Councillor Tate.

Serviced by the Light Rail and major road upgrades, the precinct includes the University Hospital, Private Hospital and Griffith University – one of three universities in the city.

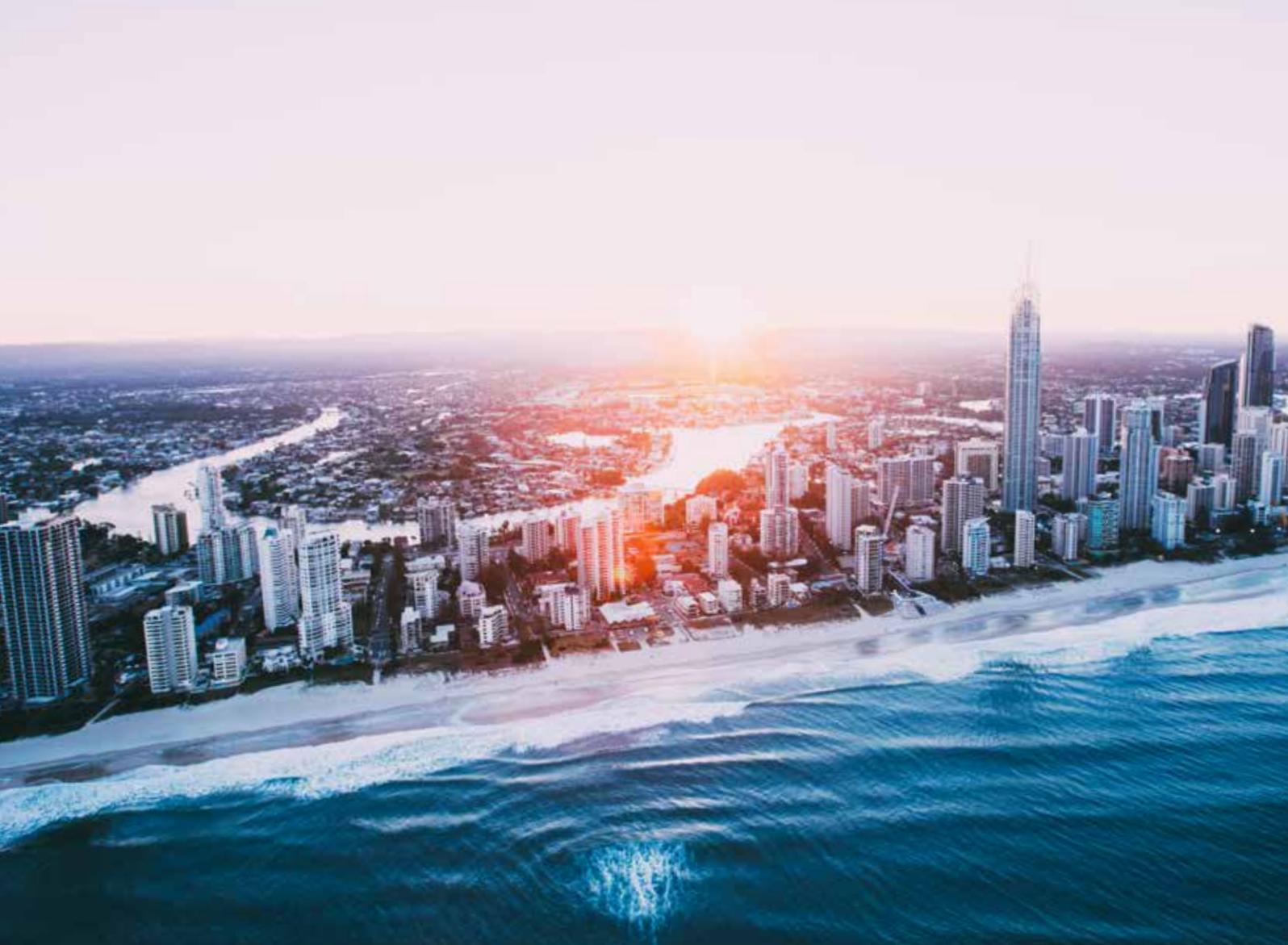
Professor Mark von Itzstein, who led the discovery of the first influenza antiviral, Relenza, heads the university's Institute for Glycomics, one of the world's largest. Professor von Itzstein's teams have a potential malaria cure in trial and are working on cancer, diabetes, arthritis, Hendra virus, immune disorders, childhood leukaemia, meningococcal disease and melanomas.

'The Gold Coast is now establishing itself as a biomedical research hub', said Prof von Itzstein.

'Within the next 10 years I have no doubt that the Gold Coast will be seen as a world-leading research precinct.'

The precinct's \$232 million Gold Coast Private Hospital is already undergoing a \$50 million expansion, while construction begins next year on a multi-million-dollar Advanced Design and Prototyping Technologies Institute linking innovators with digitally enabled design, 3D printing and prototype development.

Athletes and officials will have experienced the Health and Knowledge Precinct from within the \$550 million Games Village. After housing the 6,600 athletes, the apartments and townhouses will be turned into 1,252 homes set around a modern regional park and a Village Heart with retail and dining for some of the precinct's potential 20,000 employees.



The reputation, budgets and network opportunities of the health and innovation facilities are already drawing skilled workers from Commonwealth countries.

Greater digitisation

The Gold Coast is poised to respond to the fundamental changes that are taking place in global trade, including City-led digital infrastructure to support greater digitisation.

The City has invested in the installation of high-speed fibre optic networks. Using these, its collaborative information-sharing practices increase the operational efficiency of the city, law enforcement, transport systems, emergency services and public utilities. Smart use of digital networks produces efficiencies while minimising conflict, overlap and duplication.

Upgraded communications infrastructure allows the city to increase opportunities for new and expanding businesses, and ensures that existing businesses have the infrastructure necessary to take advantage of the digital economy.

New trade opportunities

Recognising the significance of trade across the Commonwealth, Trade 2018 brings together leaders from across the Commonwealth to participate in an intensive trade and investment programme.

Delivered under a partnership between the Queensland Government and City of Gold Coast, it is an opportunity for the region to increase business and trade between delegates and serves to highlight investment opportunities across Queensland.

From opportunities for commercial development in the Gold Coast Health and Knowledge Precinct, to the attraction of major events and sporting teams, a research-intensive education sector, and an agriculture sector producing one-third of Australia's primary produce, the region is poised to support growth in trade across the Commonwealth.

Alongside the City's investment in infrastructure, the private sector is preparing for a period of sustained growth. Strong development projects are rolling out across the city, including the \$1 billion,

127-hectare Empire Industrial Estate, offering 550,000 square metres of building cover in 10 staged lots.

The city's key infrastructure is being renewed with an eye on the business needs of the future. The Gold Coast Airport, one of Australia's fastest growing, has links throughout Australia and the Asia-Pacific region and is undergoing a \$300 million upgrade to cope with an expected 16 million passengers annually by 2031.

An enduring legacy

While some of the most popular legacies of GC2018 will be the magnificent sporting venues, the legacy of the event will be realised more broadly.

Sport infrastructure has received a huge boost with approximately \$200 million invested in new or upgraded facilities, building on the city's existing venues. This investment will enable the Gold Coast to host bigger national and international events, attract international teams to establish their global headquarters and provide some of the best facilities in Australia for professional athletes, including the groups of athletes that use the city each year for training camps.

The cultural landscape is undergoing rapid change with the development of a new cultural precinct. Early works commenced in 2015 to enable completion of the first stage, including an outdoor performance space and artscape, in time for GC2018. This cultural precinct will be a catalyst for delivering a creative future for the city and is supported by an ambitious development programme on show during GC2018.

At the forefront of the Gold Coast's creative economy is its film industry – a favourite among Hollywood's elite. This too is receiving a massive injection off the back of GC2018. A new 'super stage' has been built at Village Roadshow Studios to host the squash tournament during the event. As the largest sound stage in the southern hemisphere, it has already been used to film the latest Thor blockbuster and its giant water tank during the filming of Aquaman.

The Light Rail project played a vital role in ensuring the city delivered a smooth journey for spectators. Eventually running the length of the Gold Coast's coastal spine, the Light Rail is one of the biggest transport projects in the country, and the biggest ever undertaken on the Gold Coast.

The City of Gold Coast is positioned to launch a new trade and investment era through a successful and friendly XXI Commonwealth Games.

'This celebration of sporting achievement is our chance to also celebrate the Gold Coast and tell the story of our successes and plans for the future', said Mayor Tom Tate. 'It is our catalyst for further economic, community and innovating development.'

Overview of the 2018 Commonwealth Trade Review



Fundamental changes are taking place in global trade with implications for all 53 Commonwealth members. The technology-driven Fourth Industrial Revolution is escalating the fragmentation of production processes; trade in intermediate goods and services is growing; and cross-border relationships between firms, governments and other stakeholders are shifting. All of these are contributing to fundamental – and probably irreversible – changes in the character and composition of global trade. These changes present risks, but there may also be new opportunities for more meaningful participation in world trade, particularly for the Commonwealth's developing country members.

The 2018 Commonwealth Trade Review explores how Commonwealth members, individually and collectively, can strengthen this Commonwealth advantage in two ways: by harnessing new technologies, especially digitisation, to trigger new trade and investment opportunities; and by strengthening certain aspects of their domestic trade governance regime to reduce trade costs further.

Part 1 analyses major trends in global trade since the 2015 Commonwealth Trade Review and the performance of Commonwealth and intra-Commonwealth trade and investment. Given the importance of the SDGs, building productive capacity and creating jobs in developing countries, special attention is given to the role of greenfield investment, or new capital investment, in intra-Commonwealth investment flows. Part 2 examines the Commonwealth's role in promoting trade multilateralism and limiting trade protectionism, and highlights the deepening influence of regional economic integration across the Commonwealth. Part 3 discusses the critical impact of technology on global trade and highlights Commonwealth experiences in harnessing new technologies for trade. Part 4 considers the role of trade governance in influencing trade, investment and the costs of trade in the Commonwealth.

The 2018 Commonwealth Trade Review has been prepared for the Commonwealth Heads of Government (CHOGM) Meeting in London from 16-20 April 2018.





The Commonwealth