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Trade, Connectivity and Global Value Chains: An Asia-Pacific Perspective

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1. Introduction

Improving the global connectivity of Commonwealth member countries is an important priority to increase intra-Commonwealth trade and investment,[1] as well as to enhance their wider participation in world trade. Connecting Commonwealth countries to the world economy through better physical links, including improved land, sea and air transport, and institutional linkages ensures goods and services can move quickly and efficiently across borders. In turn, reduced supply chain costs and greater competitiveness of firms enables better participation in global value chains (GVCs).

There is an enormous historical fabric of institutional linkages among Commonwealth countries, which contribute to a 'Commonwealth Advantage' in trade and investment. It has been found that member countries are more likely to trade with and invest in other member countries because of reduced trade costs and similarities in business, regulatory and administrative systems (Commonwealth Secretariat, 2015). These flows are eased by what is called 'tacit knowledge' of how markets work, obtained through direct experiences. For example, the common law heritage shared by most member countries means commercial contracts are enforced more swiftly, taking 20 per cent less time compared with the rest of the world, on average (Commonwealth Secretariat, 2018). There is also reduced regulatory heterogeneity for specific services sectors among Commonwealth member countries, including commercial banking, transportation and retail (Commonwealth Secretariat, 2019) – all integral to the growth of trade in GVCs.

Whereas these institutional linkages and bonds are strong, the other critical factors for successful GVC participation – infrastructure and logistics – are not strengths in most Commonwealth

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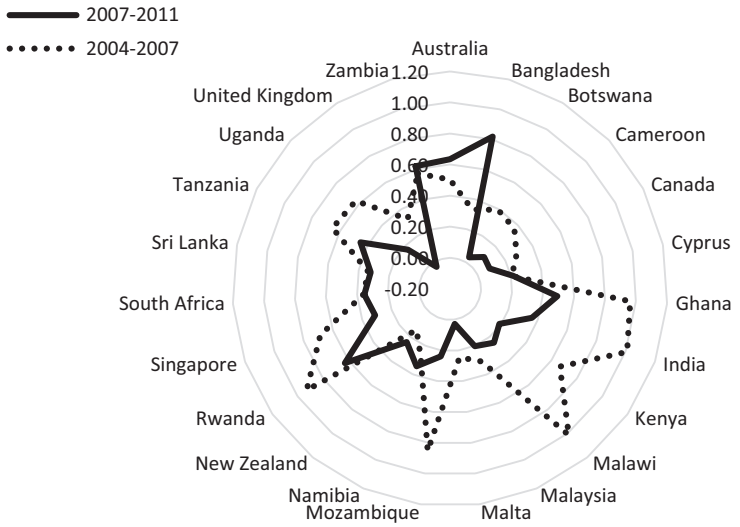
1 With the goal of expanding investment and boosting intra-Commonwealth trade to US$2 trillion by 2030, the Commonwealth Heads of Government Meeting in April 2018 adopted a Declaration on the Commonwealth Connectivity Agenda for Trade and Investment.

Figure 1: Commonwealth growth in direct value added in exports.



Note: Year-on-year growth trend between 2007 and 2011. Direct value added is the sector's domestic value added embodied in its exports, measured as gross exports less domestic and foreign inputs (measured in US$ millions).
Source: Adapted from Keane (2017) and http://data.worldbank.org/data-catalog/export-value-added.

countries. This points to the need for sustained improvements in trade facilitation. Previous analyses of Commonwealth connectivity to GVCs have explored how participation is related to the provision of hard infrastructure and incremental improvements in logistics performance, aviation and maritime connectivity, with scope for major upgrades (Shepherd et al., 2016). However, there has to date been little detailed exploration of connectivity to GVCs that is more related to the unique attributes of intra-Commonwealth trade.

This issue of the *Commonwealth Trade Hot Topics* provides a brief overview of some of these linkages between trade, connectivity and GVCs. It analyses how the Commonwealth is positioned in GVCs and the major shifts over time, with a specific focus on the Asia-Pacific region. It then examines the Commonwealth's performance in two critical areas for deepening participation in world trade, as well as GVCs – namely, maritime transport and logistics, and digital connectivity. Attention is also given to the possible contribution of mega-connectivity projects like the China-led Belt and Road Initiative (BRI) and the Asia–Africa Growth Corridor.

2. The changing role of the Commonwealth in GVCs

There are different ways to measure how countries, and firms, are positioned in GVCs. These range from netting out the distinct contribution from both foreign goods and services to a country's exports, referred to as 'trade in value added', to more detailed analyses of trade flows in parts and components and trade in intermediates. More qualitative analyses typically accompany the quantitative, so as to be able to trace activity specifically back to networks of firms, united by shared ownership structures (UNCTAD, 2013).

A review of the Commonwealth's position in GVCs across all measures indicates profound shifts induced by the effects of the global trade slowdown and the ramifications of the global financial crisis. Notwithstanding data limitations,[2] it is clear that between 2007 and 2011 – that is, over the period of the financial crisis – growth in direct value added in exports declined substantially for some Commonwealth developing country members. Only in the case of Australia, Bangladesh, New Zealand and Zambia did participation increase (Figure 1), in that order.

Using trade in parts and components as a proxy for GVC participation, Asia has the largest share in the Commonwealth, followed by the Caribbean. This is also the case when analysing Commonwealth participation in GVCs using trade in intermediates. On this latter measure, the Commonwealth Pacific is the least integrated in GVCs.

Looking more closely at the share of exports within GVCs and changes over time, it is clear that Commonwealth Asia accounts for the lion's share of trade within GVCs, although this has been declining (Figure 2).[3] In comparison, the participation of other

2 The World Bank's trade in value added database provides data for only a limited amount of Commonwealth countries and only up to 2011.
3 This is the case for both measures of GVC participation referenced in Table 1: parts and components and trade in intermediates.

Table 1: Commonwealth participation in GVCs, 1996–2013.

	Average share of total trade within GVCs, % (parts and components)	Average share of total trade within GVCs, % (trade in intermediates)
Global average	9.2	16.6
Commonwealth all	9.0	16.4
Commonwealth Sub-Saharan Africa	1.7	10.6
Commonwealth Pacific	4.0	6.9
Commonwealth Caribbean	9.2	7.3
Commonwealth Asia	23.3	52.5

Note: Trade in parts and components is undertaken using the gross trade approach of Athukorala (2011); trade in intermediates is undertaken using the classification of Sturgeon and Memedovic (2010).
Source: Adapted from Sturgeon et al. (2017).

Commonwealth regions, notably the Pacific, has been fairly stable over time, and remains the lowest among all Commonwealth member countries.

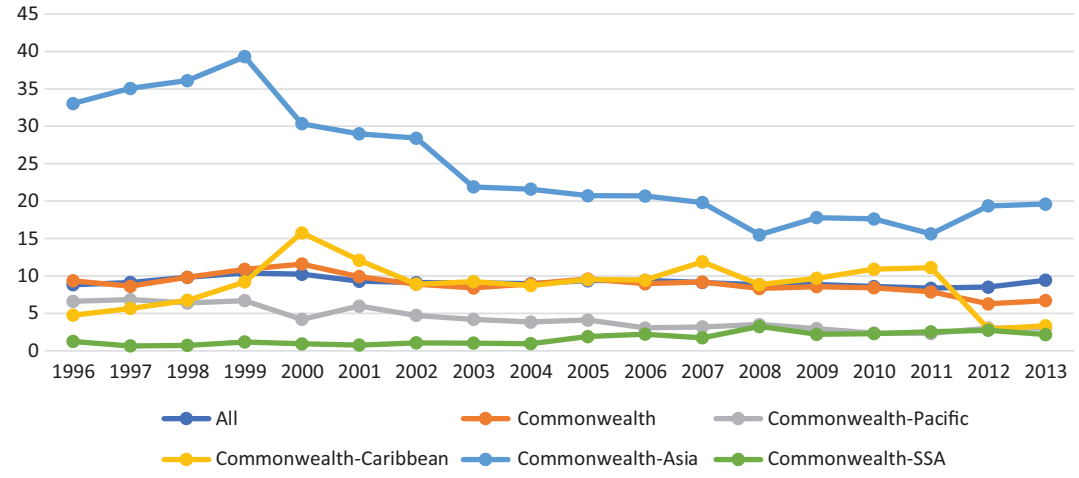
The reasons for the decline in GVC participation of Commonwealth Asian economies deserve further attention, but this is beyond the scope of this *Trade Hot Topic*. However, these findings may be indicative of final goods accounting for a greater share of total exports. They may also be indicative of a broader structural shift into the services sectors, as well as an increased focus on and shift in orientation to domestic markets; this is referred to in the GVC literature as 'strategic recoupling' and results from the increased ability of domestic producers to tap into domestic high-end consumers' demand for branded products.[4] Finally, the role of China and its entry into the World Trade Organization in 2001 is generally acknowledged as having had ripple effects on global production networks and having shaken up GVCs, including within Asia.

The Commonwealth Pacific in GVCs

Given that the Pacific is often not analysed separately from Asia, it is useful to devote some attention to exploring recent shifts in trade in value added for this region. This enables analysis of shifts in the contribution of foreign (as opposed to domestic) sources of value added within exports at the aggregate, and sectoral, levels. It also enables the identification of value added derived from regional as well as global sources, and within specific sectors.

As Table 2 shows, the Pacific country with the largest shares of foreign, as opposed to domestic, value added within exports is Vanuatu, followed by Samoa and Fiji. However, Samoa has experienced a decline over time, between 1995 and 2015, which suggests domestic sources have increased. Fiji has

Figure 2: Share of total trade within GVCs (parts and components measure) (%).



Note: Adapted from Sturgeon et al. (2017).

4 As a result of decoupling from global lead firms, new opportunities for value creation and enhancement may arise through engagement with other production networks, for example those centred on domestic and regional (supra-national) markets (Horner, 2014).

Table 2: Share of foreign value added in exports in Commonwealth Pacific countries (%).

Country	1995	2005	2015
Australia	13	14	14
Fiji	16	19	22
New Zealand	20	20	18
Papua New Guinea	10	15	11
Samoa	28	27	24
Vanuatu	25	31	26
Average	**19**	**21**	**19**

Source: Eora, trade in value added database.

experienced a consistent increase over time of the contribution of foreign value added to exports. The situation in Vanuatu has been somewhat mixed.

Table 3 presents data on the sources of foreign value added, and the extent to which these derive from regional or global sources. For some countries, such as New Zealand, Papua New Guinea and Vanuatu, regional (which includes domestic) sources of value added increased between 2005 and 2015, while the contribution from other partners and the rest of the world declined slightly. In the case of New Zealand, Australia has become a slightly more important source; for Papua New Guinea, Australia and New Zealand have become more important sources; and, finally, for Vanuatu, Australia accounted for a larger share between 2005 and 2015, as well as domestic sources.

Table 4 presents a sectoral breakdown of where foreign value added increased or decreased between 2005 and 2015. Overall, it is difficult to discern any clear trends for the region and, clearly, the results are highly context-specific. This is because of the process by means of which the source of foreign value added becomes actualised within the sector. It may be through the use of intermediate goods as well as services. It may reflect an increase in connectivity between firms not necessarily linked by single ownership structures but rather through the creation of contractual relations.

Overall, analysis for Commonwealth countries suggests a positive association between foreign direct investment (FDI) flows and foreign value added, which increased slightly over the period between 2000 (0.29) and 2012 (0.36), in line with a general increase in intra-Commonwealth sourcing of value added in exports since 2000 (Commonwealth Secretariat, 2015). Generally, investment in the services sector has grown

Table 3: Regional sources of value added in exports.

	Australia		Fiji		New Zealand		Papua New Guinea		Samoa		Vanuatu		Rest of world	
	2005	2015	2005	2015	2005	2015	2005	2015	2005	2015	2005	2015	2005	2015
Australia	86.36	85.71	0.03	0.03	1.23	1.2	0.06	0.07	0	0.00	0	0	12.31	12.98
Fiji	2.23	2.69	81.64	77.57	0.94	1.15	0.06	0.07	0.03	0.03	0.04	0.04	15.07	18.44
New Zealand	2.28	2.64	0.07	0.06	80.52	81.96	0.03	0.03	0.01	0.01	0.01	0.01	17.1	15.3
Papua New Guinea	3.89	4.89	0	0	0.28	0.31	86.6	88.75	0	0.00	0	0	9.22	6.04
Samoa	2.13	2.38	0.04	0.04	0.71	0.65	0.04	0.04	74.6	75.70	0.03	0.03	22.47	21.16
Vanuatu	0.33	0.42	0.04	0.04	0.18	0.18	0.03	0.04	0.03	0.02	71.1	73.98	28.28	25.33

Source: Eora, trade in value added database.

Table 4: Share of foreign value added by sector (%).

	Australia	Fiji	New Zealand	Papua New Guinea	Samoa	Vanuatu
Agriculture	0.2	−1.6	−0.9	−4.6	−2.2	−2.7
Fishing	0.3	−1.7	−3.7	−8.1	−3.1	−17
Mining and quarrying	0.2	7.2	−0.5	−5.3	−9	−6.8
Food and beverages	0.5	3.9	−1.3	−3.4	−1.6	−10.5
Textiles and wearing apparel	0.8	9.1	−2.7	−4.2	0.6	−10.2
Wood and paper	0	7.3	−1.3	−3.1	−2.4	−11.6
Petroleum, chemical and non-metallic mineral products	0.3	7.5	−3	−2.8	−1	−7.3
Metal products	0.7	7.8	−1.1	−3.1	−1	−7.5
Electrical and machinery	0.5	8.5	−2.5	−2.4	1.1	−6.3
Transport equipment	0.7	8.2	−3.3	−4	0.8	−6.1
Other manufacturing	−0.3	6.9	−2	−5	−0.8	−8.9
Recycling	−1.2	5.3	−1.3	−9.8	−1.7	−3.9
Electricity, gas and water	0.5	5.7	0.1	−4.2	−6.4	−7.6
Construction	−1.1	4.9	−1.4	−5.3	−6.8	−13
Maintenance and repair	−0.1	0	−0.4	−8	−17.1	−18.4
Wholesale trade	−0.9	3.3	−0.5	−2.5	−4.7	−5.3
Retail trade	0.4	2	−0.2	−4.1	−2.6	−7.2
Hotels and restaurants	−0.3	3.7	−0.4	−3.6	−3.5	−7.9
Transport	−0.2	3.9	−1.5	−3.8	−5.6	−8.2
Post and telecommunications	−0.3	1.1	−1.2	−2.7	−5.6	−8.1
Financial intermediation and business activities	0	2.7	−0.8	−0.9	−1.1	−3.8
Public administration	−0.9	5.3	−1.3	−4.4	−1.8	−6.8
Education, health and other services	0.1	3.7	−1.2	−3.2	−1.4	−5.7
Private households	0.1	−0.5	−1	−11.2	−11.6	−11.5
Others	0.7	3.5	−1	−7.2	−2.9	−9.4

Source: Eora, trade in value added database.

rapidly over the past two decades, accounting for a much larger share of global FDI stock compared with manufacturing. This structural shift has been driven by the opening-up of services sectors to foreign investment, as well as the communications technology boom, and has occurred in both developed and developing countries. The value added contribution of services to manufacturing has increased over time.[5]

Globally, as well as within the Commonwealth, the countries most geographically remote from dominant GVCs include Solomon Islands (Sturgeon et al., 2017) as well as other small states. These countries have small populations, below 5 million people, and are distant from end markets, in many cases being small island developing states (SIDS). Their participation is more variable over time, with worse remoteness scores than expected based on

5 Broadband access exerts a much stronger influence on Commonwealth GVC exports, particularly in the electronics and automotive sectors (Sturgeon et al., 2017). See Stephenson and Drake-Brockman (2014) for a more general discussion regarding the services dimension of trade in GVCs.

gross domestic product (GDP) and location; large swings, between 2000 and 2012, in the origin of value added are also apparent.[6]

However, geographical remoteness is not simply a structural issue: it can be overcome partly by policy reforms and investments in infrastructure, as well as through logistics capabilities (Shepherd et al., 2016). Strong improvements in broadband access and logistics infrastructure enabled Mauritius to improve its ranking related to geographical remoteness by 27 places between 2007 and 2015 (Sturgeon et al., 2017).

3. Connectivity issues in the Commonwealth Asia-Pacific region

Maritime transport and logistics

Integration of countries with global shipping networks reflects their abilities to participate in global maritime trade, as well as GVCs, since the bulk of global trade takes place through oceans and seas in maritime transport. The degree of integration is determined by several factors, including the quality of coastal and trade-related infrastructure of individual countries. Given that such infrastructure quality varies significantly among countries, the degree of integration is certain to vary as much among a heterogeneous group of countries like the Commonwealth. This is evident from the Liner Shipping Connectivity Index (LSCI), which reflects the integration of countries with global shipping routes. Among Commonwealth countries, Singapore, Malaysia, the UK, Sri Lanka, Malta, India, Canada, South Africa, Pakistan and Australia figure among the top 50 on the global LSCI for 2016. Several Commonwealth Asian countries figure relatively high, while Sub-Saharan African (SSA) member countries (except South Africa) rank lower, as do those in the Caribbean and the Pacific (Table 5).

Singapore and Malaysia's high LSCI ranks, second and fourth, respectively, reflect their ability to handle high frequencies of large containers, and also the heavy volume of cargo passing through their ports. Indeed, countries' ability to integrate deep in global shipping traffic is contingent on the capacities and operational efficiencies of their ports. This is evident from Singapore Port being the world's second in terms of volume of cargo handled and container traffic. Similarly, Malaysia's Klang Port ranks 12th and 15th globally on cargo volume and container traffic, respectively; Tanjung Pelepas is 18th in container traffic.[7] It is important to note, though, that a high LSCI rank does not necessarily mean the country's maritime infrastructure is uniformly high. In large countries, such quality can vary by region; in Malaysia, for example, other federally administered ports like Johor, Penang and Kuantan are much less efficient than Klang and Tanjung Pelepas in handling cargo and container traffic.[8] India, while ranked 32nd on the LSCI, has just the Jawaharlal Nehru Port Trust (JNPT) and Paradip Port ranked among the world's top 100.[9] In Sri Lanka and Pakistan – other higher-ranked Commonwealth Asian countries – Colombo and Karachi are the most prominent ports.

Efficient ports with large capacities are essential determinants with regard to countries and their producers being able to integrate deeper in GVCs. This assumes great significance in the context of upcoming ambitious regional connectivity projects like the China-led BRI. Cross-continental infrastructure connectivity projects like the BRI and the Asia–Africa Growth Corridor, proposed by Japan and India, aim to link the Pacific countries to Europe and Africa through Asia. This makes Commonwealth Asian member countries like Bangladesh, India, Malaysia, Pakistan, Singapore and Sri Lanka and Commonwealth African countries like Ghana, Mauritius and South Africa – located on the busy shipping routes of Asia–North America, Asia–Europe, Asia–Middle East and Asia–South Asia serviced by the largest number of merchant shipping lines[10] – key hubs in the upcoming maritime geographies encompassing Asia, Europe and Africa.

Several Commonwealth African countries will look forward to the opportunities arising from the creation of new maritime infrastructure in connecting to global supply chains. Many of these,

6 Based on analysis of the Eora-Miro input:output tables and shifts in the origin of value added between the UK, EU, Commonwealth and rest of world sources. These findings support those of Sturgeon et al. (2017).

7 American Association of Port Authorities World Port Rankings 2016: https://www.aapa-ports.org/unifying/content.aspx?ItemNumber=21048#Statistics

8 Penang Port is ranked 87th in handling container traffic. Johor Port and Kuantan Port are not ranked among the top 100 ports in either cargo handled or container traffic. See American Association of Port Authorities World Port Rankings 2016: https://www.aapa-ports.org/unifying/content.aspx?ItemNumber=21048#Statistics

9 JNPT is ranked 30th in container traffic and 72nd in cargo handled, whereas Paradip Port is ranked 46th in cargo handled. See American Association of Port Authorities World Port Rankings 2016: https://www.aapa-ports.org/unifying/content.aspx?ItemNumber=21048#Statistics

10 Trade Routes, World Shipping Council: http://www.worldshipping.org/about-the-industry/global-trade/trade-routes

such as Mauritius, Kenya, Nigeria, Ghana, Namibia, Tanzania and Mozambique, rank in that order within 50–100 on the LSCI, meaning they are well-poised to respond to new opportunities. However, the ability to effectively exploit new maritime infrastructure and expand participation in GVCs depends critically on the quality of logistics. These include multiple functions for trading across borders, including both 'on-the-border' and 'beyond-the-border' factors that significantly influence the competitiveness of producers. The former include the operational efficiencies of national ports and the speed with which customs clearances are provided to inbound and outbound cargo. The latter include backward transport linkages between ports and hinterlands along with warehousing services.

Unfortunately, logistics are not strengths for most Commonwealth countries, which points to the urgent need for sustained improvements in trade facilitation. Singapore (7) and the UK (9) are among the world's top 10 countries on the World Bank's Logistics Performance Index (LPI). New Zealand, Australia and Canada feature in the top 20. Among emerging market Commonwealth members, South Africa (33), Malaysia (41), India (44) and Cyprus (45) are in the top 50. Commonwealth Asian countries like Sri Lanka and Pakistan, which are in the top 50 on the LSCI, are ranked much lower, at 94th and 122nd, respectively, on the LPI. Indeed, the vast majority of Commonwealth members from Africa, the Caribbean and the Pacific are ranked below 100 on the LPI.[11] Among those Commonwealth African members that are ranked within 50–100 on the LSCI, only Kenya (68), Mauritius (78) and Cameroon (95) are similarly ranked on the LPI.

Comparison of country ranks on the LSCI and the LPI reveals that some Commonwealth countries with high presence in global maritime trade do not necessarily have strong logistics. Those ranked high on both indices would be critical nodes in the new maritime geography being shaped by mega-connectivity projects. From a Eurasian perspective, Singapore and the UK are the clear leaders in the Commonwealth, followed by Australia, Malaysia, India, Sri Lanka, South Africa, Pakistan, Cyprus, Malta, Kenya and Mauritius. For many other Commonwealth members, however, poor logistics may emerge as a serious constraint in expanding deeper in GVCs, notwithstanding their favourable geographical locations on maritime shipping routes.

Table 5: The Liner Shipping Connectivity Index (LSCI) and Commonwealth countries, 2016.

Country	Score	Rank
Singapore	122.70	2
Malaysia	106.79	4
UK	97.23	8
Sri Lanka	63.21	17
Malta	57.68	22
India	46.24	32
Canada	42.64	34
South Africa	37.10	39
Pakistan	36.58	40
Australia	30.64	49
Mauritius	28.64	56
The Bahamas	27.67	57
Nigeria	21.93	63
New Zealand	20.81	64
Ghana	20.70	65
Jamaica	20.05	67
Cyprus	19.32	68
Trinidad and Tobago	17.39	72
Cameroon	15.01	73
Namibia	14.32	75
Kenya	13.66	76
Bangladesh	12.62	79
Tanzania	9.67	83
Mozambique	9.51	85
Fiji	8.56	93
Seychelles	7.92	95
Belize	7.80	96
Papua New Guinea	7.52	99
Sierra Leone	7.61	98
Solomon Islands	6.62	100
Vanuatu	6.17	106
The Gambia	6.04	107
Samoa	5.22	118
Barbados	4.92	121
Saint Lucia	4.63	125
Guyana	4.52	126
St Vincent and the Grenadines	4.25	128
Antigua and Barbuda	4.22	129
Grenada	4.00	132
Brunei Darussalam	3.86	134
Tonga	2.94	140
Kiribati	2.91	141
St Kitts and Nevis	2.35	142
Dominica	2.05	145

Source: https://www.indexmundi.com/facts/indicators/IS.SHP.GCNW.XQ/rankings

11 Rwanda is a notable exception and is ranked 57 at LPI. However, the corresponding rank for Rwanda on LSCI is not available. See LPI 2018 Country Ranks at https://lpi.worldbank.org

Digital connectivity

Modern connectivity envisages building linkages not only through land and sea but also through cyberspace. The growing digitisation of goods and services, and their modes of supply, makes increased digital connectivity and access to trade-enabling information and communication technologies (ICTs) critical factors for Commonwealth countries to deepen their participation in world trade, as well as in GVCs. Indeed, it has been found that connectivity improvements induced by improvements in international telecommunication have the potential to increase Commonwealth trade in GVCs by almost four times the global average (Commonwealth Secretariat, 2018). Commonwealth developed countries rank the highest on the International Telecommunication Union (ITU) ICT Development Index (IDI) for 2017, with the UK (5), New Zealand (13), Australia (14), Malta (24), Cyprus (28) and Canada (29) within the top 30, while Singapore is placed at 18th. In the Asia-Pacific region, Brunei Darussalam (53) and Malaysia (63) perform favourably, although most of the Pacific SIDS, except Fiji (107) and Tonga (110), rank towards the lower end of the IDI, as do many Commonwealth least developed countries. This reflects major challenges in investing in internet infrastructure, regulatory reform and broader ICT readiness.

One specific measure of digital connectivity is the deployment of broadband infrastructure and its quality. However, 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 substantially lower than the global average of 50 per cent. This partly reflects the challenge of providing access in Commonwealth developing countries with large populations, and especially with rural and remote communities, including Bangladesh, India, Pakistan and Nigeria.

There are also stark differences both between developed and developing Commonwealth members and across Commonwealth regions. Five Asia-Pacific member countries provide access to the internet above the global average,[12] with Singapore leading the overall rankings of Commonwealth developing countries in terms of both access of the population to the internet and speed of access to the internet (mbps). Most Pacific SIDS members provide access well below the Commonwealth average.

Access to fast and ultrafast broadband-enabled services is increasingly a necessary condition for competitiveness. Singapore leads the global rankings in terms of internet speed, while two other Asia-Pacific member countries, New Zealand (26) and Malaysia (48), place within the world's top 50.[13] Most Pacific SIDS record some of the slowest internet speeds. In comparison, some Caribbean SIDS, like Barbados, Trinidad and Tobago and The Bahamas, provide broadband speeds above the global average – and also perform reasonably well on the ITU's IDI. This suggests that levels of development and economic size do not necessarily represent critical obstacles to establishing quicker internet access across the Commonwealth.

Sixteen Commonwealth countries are ranked on the 2018 Global Connectivity Index (GCI), which maps the digital transformation of 79 countries, representing 95 per cent of global GDP.[14] Singapore is the second highest performer after the United States, while the UK ranks fifth. Australia, New Zealand and Canada all feature within the top 20 performers on the index. South Africa ranks 48th and India ranks 63rd. Although the level of digitisation across the world is continuously improving, the digital divide between countries at different stages of digital transformation is widening. Pakistan and Bangladesh have the lowest scores of all the Commonwealth nations ranked on the latest GCI.

Digital connectivity through the internet is powered by fibre-optic undersea cables. These cables are brought to shore at landing points along the coast and then connected to the national backbone, and to neighbouring landlocked countries, especially in Eastern and Southern Africa. As of early 2018, there are approximately 448 submarine cables in service around the world. The investors in these cables are not only telecommunication operators; for example, both Google and Facebook have invested with telecommunication operators in submarine fibre networks in the Asia-Pacific region.

12 New Zealand, Australia, Singapore, Brunei Darussalam and Malaysia.
13 https://www.cable.co.uk/broadband/speed/worldwide-speed-league
14 Huawei Global Connectivity Index: https://www.huawei.com/minisite/gci/en/index.html

Within the Commonwealth, the UK has the highest number of submarine cables, at 53, which lowers the costs of connectivity. In the Asia-Pacific region, Singapore (27) and Malaysia (21) are the most connected, with more undersea cables than China (20), followed by Australia (19) and India (18). Fiji and Papua New Guinea lead the Pacific SIDS, with five cables each; Tuvalu and Nauru have no undersea cable connections. In SSA, South Africa is serviced by 11 cables, followed by Nigeria and Kenya, both with 7 submarine cables.[15] Landlocked countries like Rwanda have successfully connected to the Eastern Africa Submarine Cable System (EASSy), which is a 10,000 km cable connecting 20 countries. This has improved landlocked countries' capacity to provide broadband connectivity and access to low-cost international connectivity. While submarine cables have had a dramatic impact on access to bandwidth, more needs to be done in building cross-border connectivity and terrestrial infrastructure for landlocked countries far from the coastline.

4. Conclusion

Within the Commonwealth, and especially the Asia-Pacific region, there are significant differences among member countries in terms of maritime and IT infrastructure capacities. Ensuring that Commonwealth countries improve their participation in and benefit from GVCs therefore requires proactive initiatives to develop transport and communications infrastructure and logistics, and other policy interventions to reduce trade costs. The upsurge in connectivity requires innovative responses at both the national and the regional levels, especially to help Pacific SIDS integrate into emerging production networks.

At the national level, Commonwealth developing countries could consider what policy, institutional and other reforms would help improve or upgrade their connectivity to world markets. For example, it has been found that there is a positive correlation between Commonwealth countries' exports and FDI flows, intellectual property rights and trade facilitation variables, while efficient contract enforcement is important for intra-Commonwealth trade (Khorana and Martínez-Zarzoso, 2018). At the regional level, cross-continental infrastructure connectivity projects like the BRI and the Asia–Africa Growth Corridor could assist in these efforts through enhancing maritime connectivity and reducing trade costs. Several Asia-Pacific Commonwealth member countries are participating in BRI projects – namely, Bangladesh, Brunei Darussalam, India, Malaysia, Pakistan, Singapore and Sri Lanka – while the Forum on China–Africa Cooperation aims to align the BRI with the development strategies of African countries. Notwithstanding these overtures, Commonwealth countries, especially in Africa and the Asia-Pacific region, have varying physical and cyber capabilities to benefit from these mega-projects.

Complementary to these efforts is the Commonwealth Connectivity Agenda, whereby countries can share best practices and experiences. For example, Singapore has consistently been the world-class performer in logistics among Commonwealth members, with several others also recognised leaders in this field. Fellow Commonwealth members could draw on their experiences to improve their trade competitiveness and enable greater participation in the GVCs that characterise today's world trade. There is also considerable 'digital wealth' in the Commonwealth, with several developed and emerging economy members offering valuable experiences and best practices to improve ICT readiness and cyber connectivity. In addition, several Commonwealth member countries are global leaders, pioneers and innovators in digital technologies, especially fintech; and one outcome is greater trade, financial inclusion and empowerment in many regions of the Commonwealth.

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International Trade Policy Section at the Commonwealth Secretariat

This Trade Hot Topic is brought out by the International Trade Policy (ITP) Section of the Trade Division of the Commonwealth Secretariat, which is the main intergovernmental agency of the Commonwealth – an association of 53 independent countries, comprising large and small, developed and developing, landlocked and island economies – facilitating consultation and co-operation among member governments and countries in the common interest of their peoples and in the promotion of international consensus-building.

ITP is entrusted with the responsibilities of undertaking policy-oriented research and advocacy on trade and development issues and providing informed inputs into the related discourses involving Commonwealth members. The ITP approach is to scan the trade and development landscape for areas where orthodox approaches are ineffective or where there are public policy failures or gaps, and to seek heterodox approaches to address those. Its work plan is flexible to enable quick response to emerging issues in the international trading environment that impact particularly on highly vulnerable Commonwealth constituencies – least developed countries (LDCs), small states and sub-Saharan Africa.

Scope of ITP Work

ITP undertakes activities principally in three broad areas:

- It supports Commonwealth developing members in their negotiation of multilateral and regional trade agreements that promote development friendly outcomes, notably their economic growth through expanded trade.
- It conducts policy research, consultations and advocacy to increase understanding of the changing international trading environment and of policy options for successful adaptation.
- It contributes to the processes involving the multilateral and bilateral trade regimes that advance more beneficial participation of Commonwealth developing country members, particularly, small states and LDCs and sub-Saharan Africa.

ITP Recent Activities

ITPs activities focus on assisting member countries in their negotiations under the WTO's Doha Round and various regional trading arrangements, undertaking analytical research on a range of trade policy, emerging traderelated development issues, and supporting workshops/ dialogues for facilitating exchange of ideas, disseminating informed inputs, and consensus-building on issues of interest to Commonwealth members.

Selected Recent Meetings/Workshops Supported by ITP

15–16 November 2018: Commonwealth Regional Consultation on Multilateral, Regional and Emerging Trade Issues for Africa held in Mahe, Seychelles.

14 November 2018: Commonwealth African Trade Negotiators Network Meeting held in Mahe, Seychelles.

30–31 October 2018: Commonwealth Consultation on Multilateral, Regional and Emerging Trade Issues for the Caribbean held in Georgetown, Guyana in collaboration with the CARICOM Secretariat.

4 October 2018: Sustainable Technology-enabled Trade and a More Inclusive Trading System – Small State, ACP States, LDC and SSA perspective (WTO Public Forum) held in Geneva, Switzerland, in collaboration with ACP Geneva office and DiploFoundation.

5–6 June 2018: Commonwealth-CII Regional Consultation on Multilateral, Regional and Emerging Trade Issues for Asia held in New Delhi, India.

24 May 2018: Presentation of the Commonwealth Trade Review held in Geneva, Switzerland.

11 April 2018: The Commonwealth Prosperity Agenda: Towards a Common Future held in London, United Kingdom.

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