

Pre-COVID-19 Baseline Survey of Private Sector Priorities for Commonwealth Trade and Investment

Summary of Findings



The Commonwealth
Connectivity Agenda

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June 2020



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1. Background

In October 2019, at their meeting in London, UK, Commonwealth Trade Ministers directed the Commonwealth Secretariat to undertake a survey of the private sector in the Commonwealth in order to better understand businesses' priority issues for intra-Commonwealth trade and investment. The insights gleaned from the survey provide an important baseline from which to ensure the work of all Commonwealth Connectivity Agenda (CCA) clusters is responsive to the views and needs of businesses in the Commonwealth, and in particular to shape the priorities and focus of the Business to Business Connectivity Cluster going forward.

This note provides a brief summary of the private sector survey results and their implications for the work of the CCA and, more generally, for policy makers looking to support Commonwealth businesses and expand intra-Commonwealth trade and investment. The note is based on an analysis of survey responses received up until 3 February 2020.

2. Survey Coverage

A total of 54 businesses and Commonwealth business associations completed the survey. Among these, 47 were self-classified as either micro, small or medium-sized enterprises (MSMEs), with the overall sample distributed as follows: micro (11 per cent), small (44 per cent), medium (32 per cent) and large (13 per cent) enterprises. The sample covers businesses and business associations headquartered in 21 different Commonwealth countries,¹ with operations in 45 of the 54 Commonwealth member states and covering 20 industries and sectors.

The survey questionnaire canvassed the views of Commonwealth businesses in the following areas:

- perspectives on CCA thematic issues;
- barriers and constraints to greater Commonwealth trade and investment;
- policy priorities for Commonwealth trade and investment; and
- participation in the CCA.

¹ These countries are spread across all five Commonwealth regions: Africa (Eswatini, The Gambia, Malawi, Mauritius, Nigeria, Seychelles, Sierra Leone, South Africa, Zambia); Asia (Malaysia, Singapore, Sri Lanka); Caribbean and Americas (Antigua and Barbuda, Canada, Jamaica, Trinidad and Tobago); Europe (Malta, United Kingdom); and Pacific (Nauru, Samoa, Tonga).

3. Key Survey Findings

3.1 The impact of digitalisation

The majority of the surveyed businesses believe the main impact of digitalisation on Commonwealth businesses and their operations will be to change the core technologies used in production and/or the provision of services. Other widely anticipated impacts are that digitalisation will change distribution channels, alter customer behaviour and increase competition (see Figure 1).

Digitalisation is also expected to affect intra-Commonwealth trade, mostly in positive ways. As many as 85 per cent of the surveyed businesses believe automation and other technologies will help to increase intra-Commonwealth trade in the next five years (see Figure 2).

3.2 Barriers and constraints to Commonwealth trade and investment

The businesses and business associations completing the survey were asked to specify their greatest concern about doing business in other Commonwealth countries. As Figure 3 shows, nearly half of those surveyed pointed to a lack of market information as their primary

concern. Variation in legal and regulatory systems and difficulty complying with standards in other countries were also widely cited.

The survey respondents also highlighted specific difficulties in the realm of e-commerce and digital trade. Principal among these are inadequate infrastructure, insufficient skills and lack of awareness of potential benefits (see Figure 4).

The survey responses (summarised in Figures 5 and 6) highlight a range of specific barriers to intra-Commonwealth trade in goods and services. Customs inefficiencies and requirements for export/import licences were most widely cited as major barriers to trade in goods. In the case of trade in services, licensing procedures and requirements, as well as market access/national treatment restrictions, were most widely regarded as major barriers.

3.3 Private sector policy priorities

The surveyed businesses and business associations were asked to provide their opinions on what should be the single most important priority for trade policy makers in the Commonwealth. Promoting exports (28 per cent of respondents), promoting environmental sustainability (19 per cent), ensuring

Figure 1. The expected impact of digital technologies on business and operations

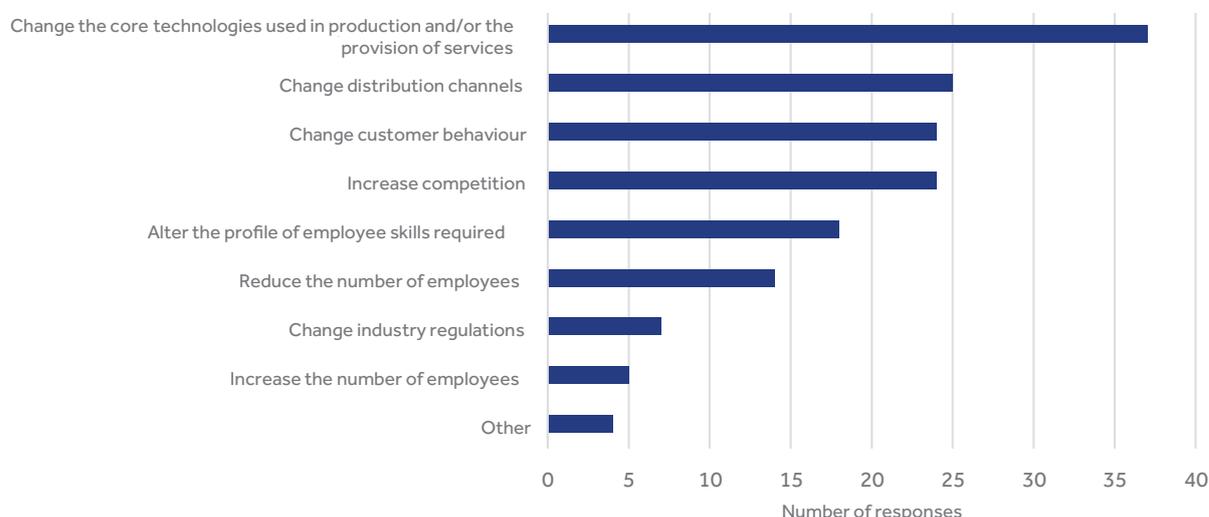
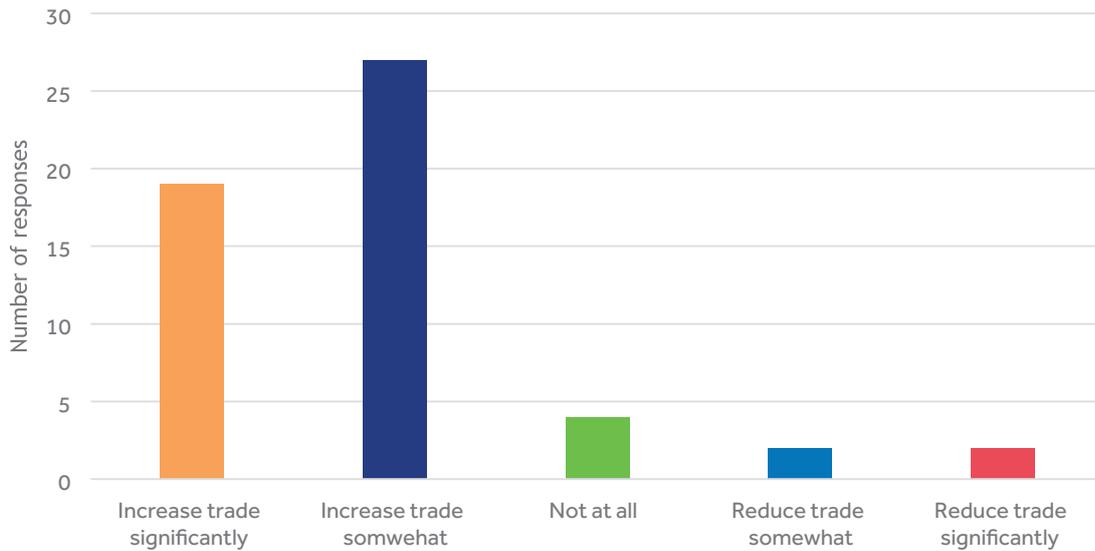


Figure 2. The expected impact of digital technologies on intra-Commonwealth trade



trade is inclusive (19 per cent) and creating new jobs (11 per cent) were most widely cited as the top priorities (see Figure 7).

The survey also collected business perspectives on the importance of a range of different issues for promoting intra-Commonwealth trade. The aggregated responses, shown in Figure 8, indicate that customs efficiency, digital infrastructure, national transport infrastructure, lower trade costs and access to digital technologies are most widely regarded by businesses as very important in this regard.

Mainstreaming gender issues and women's economic empowerment are important components of the CCA Action Plan. The survey respondents highlighted a number of priority policy actions to ensure trade contributes effectively to these objectives. The most widely cited were: enhancing women's access to finance, developing women's managerial and business skills and ensuring equality in access to trade-related infrastructure (see Figure 9).

The survey questionnaire also asked respondents to consider the importance of specific policy considerations relevant to the CCA clusters on Digital, Physical, Regulatory and Supply Side

Figure 3. Respondents' greatest concern about doing business in other Commonwealth countries

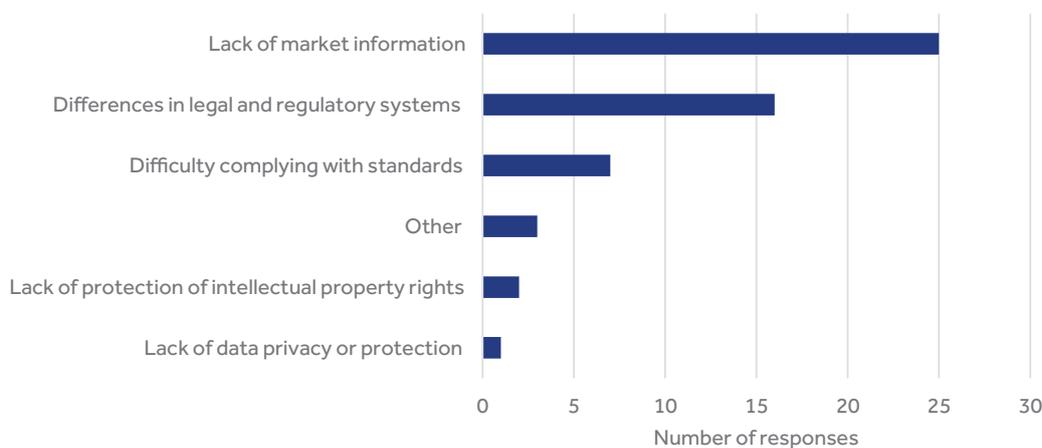


Figure 4. Main barriers to greater e-commerce and digital trade in the Commonwealth

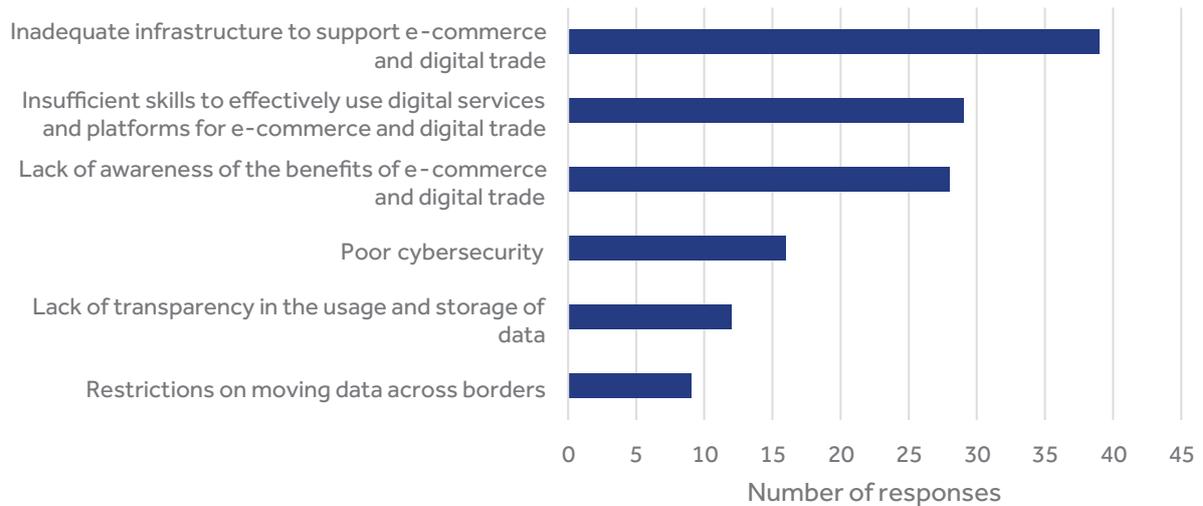


Figure 5. Severity of barriers to goods trade in the Commonwealth

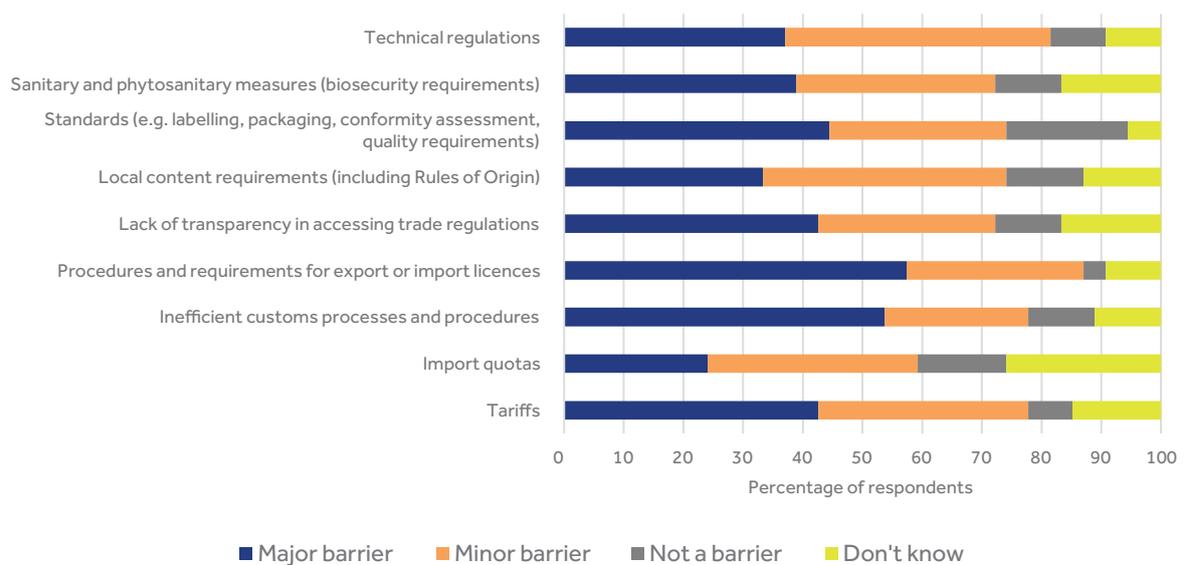
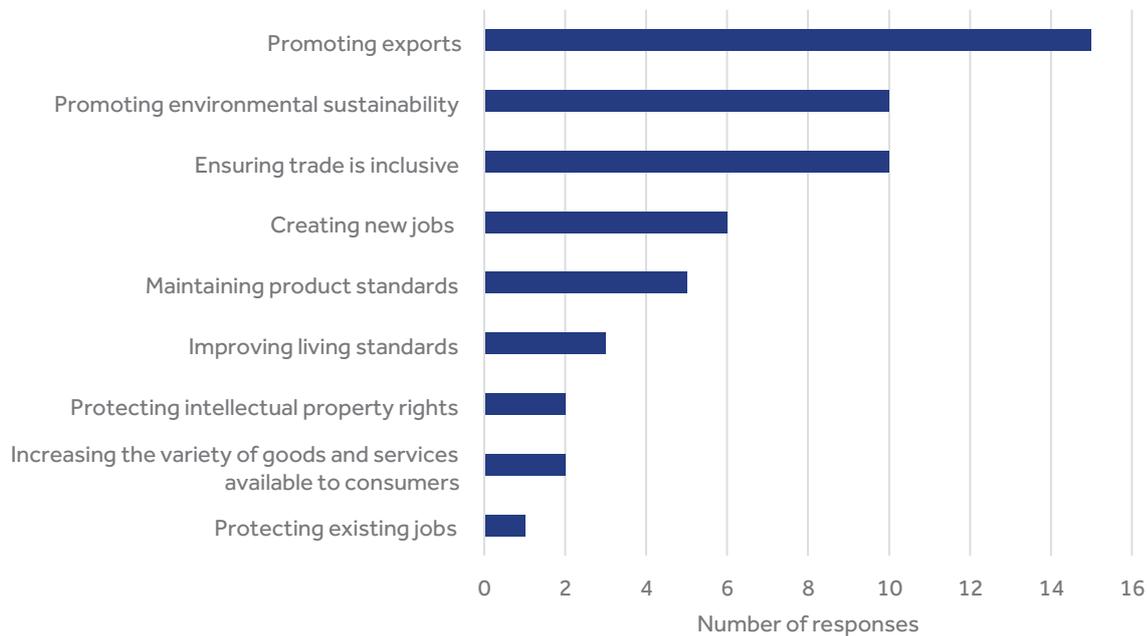


Figure 6. Severity of barriers to services trade in the Commonwealth



Figure 7. Private sector views on the top priority for trade policy makers in the Commonwealth



Connectivity. The two policy considerations most widely cited as 'very important' for each of these clusters are summarised in Table 1. The importance of government consultation with the private sector during the policy-making process is evident across the clusters.

3.4 Private sector participation in the Commonwealth Connectivity Agenda

The survey provided an opportunity for businesses and business associations in the Commonwealth to suggest specific ways to collect input from the private sector and ensure the views of Commonwealth businesses are incorporated into the work of the CCA. When aggregated, their views on the best way to do so, in order of preference, were through:

1. Physical meetings with chambers of commerce/private sector associations (35 per cent of respondents)
2. Regional workshops with private sector representatives (32 per cent)
3. Private sector attendance and participation in CCA cluster meetings (22 per cent)
4. Online surveys (11 per cent)

Similarly, in order of popularity, the most widely cited proposals for actions to facilitate engagement between businesses, policy makers and regulators in the Commonwealth were:

1. Develop a dedicated digital platform to link businesses and private sector associations across the Commonwealth.
2. Convene issue-specific workshops that bring together businesses, policy makers and regulators as well as other relevant stakeholders.
3. Support businesses to share views and data to inform regulatory and policy decision-making.

Figure 8. The importance of issues for promoting intra-Commonwealth trade

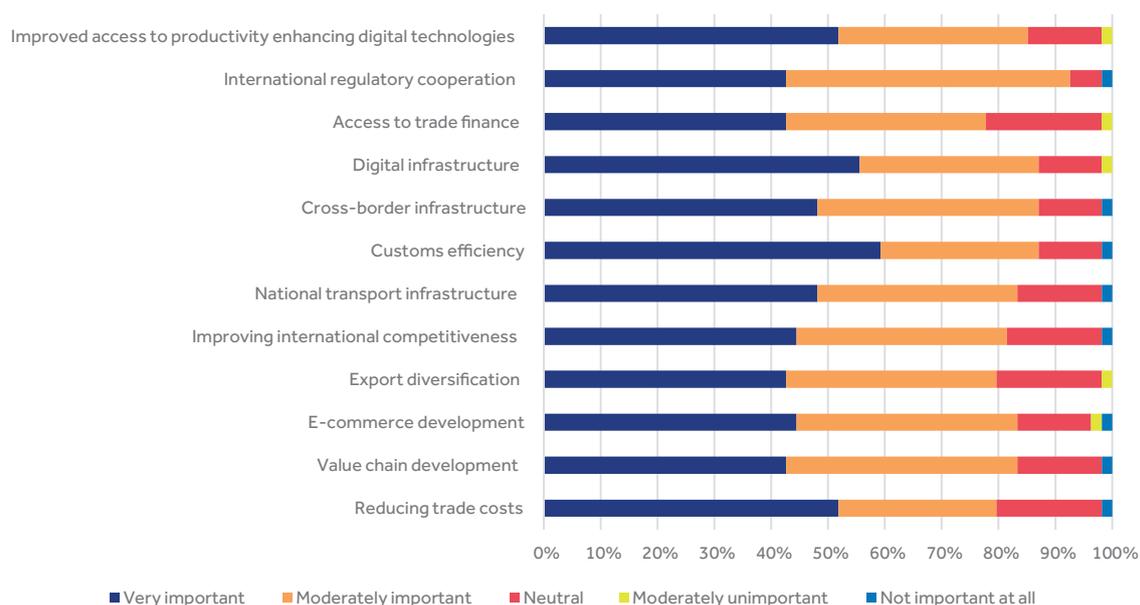
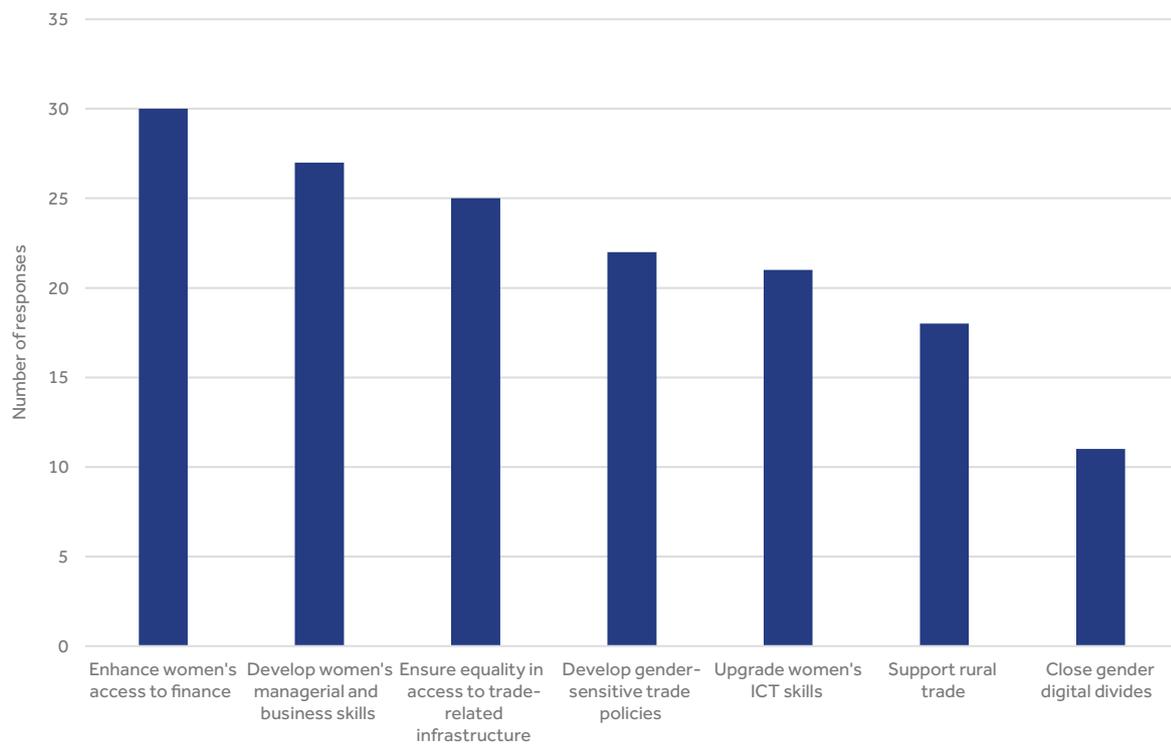


Table 1. Key policy considerations for digital, physical, regulatory and supply side connectivity

Cluster	Policy considerations most widely cited as 'very important'
Digital	<ol style="list-style-type: none"> 1. Government consultation with the private sector in policy design and development 2. Developing digital capabilities
Physical	<ol style="list-style-type: none"> 1. Government consultation with the private sector in policy design and development 2. Using technologies to enhance the operation and capacity of existing infrastructure
Regulatory	<ol style="list-style-type: none"> 1. Ease of doing business reforms 2. Government consultation with the private sector in policy design and development
Supply Side	<ol style="list-style-type: none"> 1. Government consultation with the private sector in policy design and development 2. Supporting MSMEs to comply with standards

Figure 9. Business perspectives on priority policy actions to ensure trade contributes to gender inclusivity and women's economic empowerment



4. Summary of Policy Implications

The survey findings suggest policy action is necessary to ensure the benefits of digitalisation are harnessed effectively within the Commonwealth. Most Commonwealth businesses believe digital technologies will help to increase intra-Commonwealth trade over the next five years. However, proactive steps need to be taken to ensure barriers to digital trade are addressed. The surveyed businesses highlighted inadequate infrastructure and insufficient digital skills, in particular, as key barriers requiring attention. Other major barriers to intra-Commonwealth trade in goods and services more generally – such as licensing procedures and requirements, customs inefficiencies (for goods) and market access and national treatment restrictions (for services) – were also highlighted by the private sector as issues needing to be addressed.

Based on an aggregation of the survey responses, Commonwealth businesses believe trade policy makers should prioritise the promotion of exports, environmental sustainability and inclusivity, and the creation of jobs. Promoting gender inclusivity is also a key priority, and the most widely cited suggestions for achieving this were through enhancing women's access to finance and trade-related infrastructure and improving their managerial and business skills.

The survey results suggest policy support could also be targeted towards addressing difficulties faced by enterprises looking to do business in other Commonwealth member countries. The businesses and business associations surveyed emphasised a lack of market information and variations in legal and regulatory systems as especially problematic for conducting business in other Commonwealth countries.

Other priority areas highlighted in the survey for policy action include:

- creating more opportunities/mechanisms for government consultation with the private sector;
- enhancing customs efficiency;
- improving transport infrastructure;
- reducing trade costs;
- developing digital infrastructure (to enhance physical connectivity);
- increasing the ease of doing business through reforms (to support regulatory connectivity); and
- supporting MSMEs to comply with standards (to support supply side connectivity).

Commonwealth Secretariat

Marlborough House, Pall Mall
London SW1Y 5HX
United Kingdom

thecommonwealth.org

Contact: connectivity@commonwealth.int



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