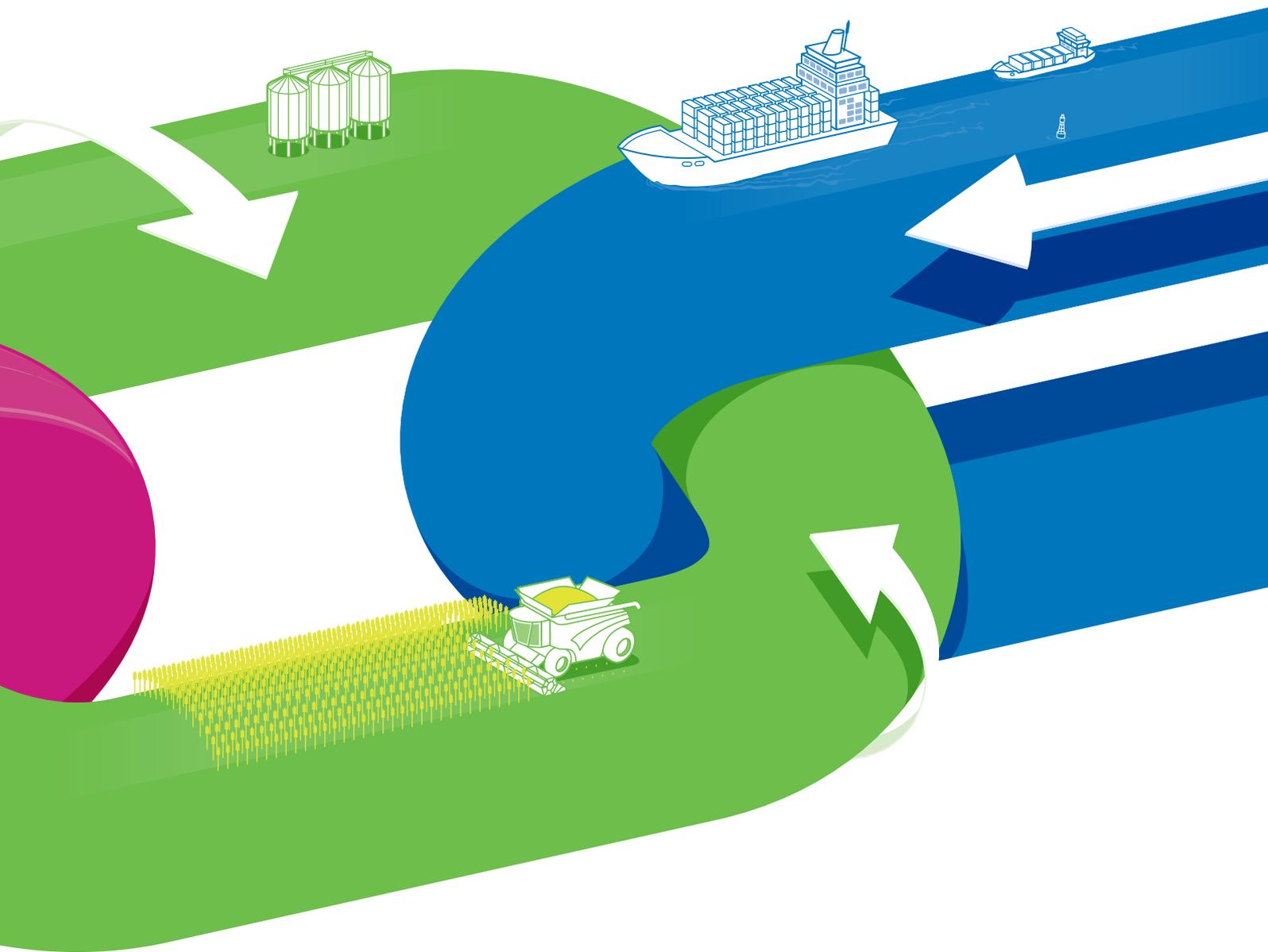


Strengthening Food Security in the Commonwealth

Trade, Investment and Resilient Supply Chains



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Commonwealth Trade Review 2024



The Commonwealth

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Foreword



Trade is a powerful tool for building inclusive, sustainable and resilient economies and societies across our 56 member countries. It is also increasingly important for ensuring food security, particularly as climate change disrupts crop yields and agricultural production in many parts of the world.

The first *Commonwealth Trade Review*, published in 2015, highlighted the Commonwealth trade cost advantage, which has driven growth in trade, investment and connectivity among our members. Nearly a decade later, this fourth edition of the *Review* demonstrates that the Commonwealth advantage remains strong and resilient. Despite facing some of the greatest economic challenges of our time, intra-Commonwealth trade reached a record high of US\$854 billion in 2022. Exports are projected to grow steadily over the next five years, surpassing \$1 trillion by 2026. While this is promising, we need more ambitious action to achieve the long-term vision of growing intra-Commonwealth trade to \$2 trillion by 2030.

This edition of the *Commonwealth Trade Review* explores how trade, investment and resilient supply chains can bolster food security for our 2.7 billion people. Eliminating hunger, ensuring food security, and promoting healthy diets and better nutrition through the development of sustainable food systems are priorities for our 56 member countries.

In 2022, our Heads of Government highlighted the need to sustainably transform current food systems to address weaknesses in the agri-food sector, improve productivity, and build resilience in agricultural supply chains to economic, social and environmental shocks. They reaffirmed the importance of maintaining transparent, inclusive, fair and open agricultural markets and trade to ensure the continued flow of food, products and inputs essential for agricultural and food production.

The report is clear: there are tremendous opportunities to leverage pan-Commonwealth collaboration to build sustainable and resilient food systems. This includes co-operation through established platforms such as the Commonwealth Connectivity Agenda on Trade and Investment, the Commonwealth Blue Charter, the Commonwealth Living Lands Charter and the Commonwealth Climate Finance Access Hub, among others.

The presence of both significant food producers and numerous net food importers within the Commonwealth presents a unique opportunity to enhance intra-Commonwealth trade and investment to meet some of the future food requirements of our member countries, especially by leveraging the Commonwealth advantage.

Commonwealth countries cover a wide range of agro-climatic conditions and produce a large variety of agri-food products, which is also reflected in their trade patterns. Rising incomes, growing populations and greater urbanisation are driving demand for increased production and trade in food, creating new opportunities for investment.

We can, and should, be more ambitious as we seek to harness these opportunities and tackle contemporary food security challenges. As this *Review* suggests, Commonwealth member countries could consider establishing a phased Commonwealth Food Supply Arrangement to ensure access to essential foods during times of crisis.

We also need to recognise the important nexus between trade in food products and public health. Increased consumption of processed foods can contribute to the rising burden of noncommunicable diseases, which is felt most acutely in small and vulnerable countries. In 2024, our Health Ministers noted the urgent need for action to promote good nutrition and healthy diets, and enhance food and nutrition security through sustainable food systems. This *Review* highlights the need to channel investment into production of and trade in healthier and more nutritious foods and reduce the hidden costs on our health system and the environment.

Access to sufficient, safe and nutritious food is a fundamental human right and should be guaranteed for every person throughout the Commonwealth and beyond. The insights provided in this *Review* yield actionable knowledge and recommendations that can form the basis for concerted pan-Commonwealth collaboration to ensure food security through trade, investment and resilient supply chains. This can provide a foundation for sustained economic growth and development, improved health and greater prosperity across the Commonwealth.

**The Rt Hon. Patricia Scotland KC
Secretary-General of the Commonwealth**

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Acronyms and Abbreviations

| | |
|--------|---|
| AfCFTA | African Continental Free Trade Area |
| AfDB | African Development Bank |
| AfT | Aid for Trade |
| AI | artificial intelligence |
| AoA | Agreement on Agriculture (of the WTO) |
| APEDA | Agricultural and Processed Food Products Export Development Authority (India) |
| APTERR | ASEAN Plus Three Emergency Rice Reserve |
| ASEAN | Association of Southeast Asian Nations |
| AU | African Union |
| BaTIS | Balanced Trade in Statistics |
| COP | Conference of the Parties |
| DDS | digitally deliverable services |
| EAC | East African Community |
| ESG | environmental, social and governance (standards) |
| EU | European Union |
| FACT | Food, Agriculture and Commodity Trade Dialogue |
| FAO | Food and Agriculture Organization (of the UN) |
| FDI | foreign direct investment |
| FSA | Fisheries Subsidies Agreement (of the WTO) |
| FTA | free trade agreement |
| GATT | General Agreement on Tariffs and Trade |
| GDP | gross domestic product |
| GFC | global financial crisis |
| GHG | greenhouse gas |
| GSP | Generalised Scheme of Preferences |
| ICT | information and communication technology |
| IDP | Industrial Digital Plan (Singapore) |
| IoT | Internet of Things |

| | |
|---------|--|
| IPRs | intellectual property rights |
| IMF | International Monetary Fund |
| IT | information technology |
| LDC | least developed country |
| MC12 | 12 th Ministerial Conference (of the WTO) |
| MC13 | 13 th Ministerial Conference (of the WTO) |
| NFIDCs | net food-importing developing countries |
| NGO | non-governmental organisation |
| OECD | Organisation for Economic Co-operation and Development |
| R&D | research and development |
| RCEP | Regional Comprehensive Economic Partnership |
| SDGs | Sustainable Development Goals |
| SIDS | small island developing states |
| SMEs | small and medium-sized enterprises |
| SPS | sanitary and phytosanitary (measures) |
| TBT | technical barriers to trade |
| TFA | Trade Facilitation Agreement (of the WTO) |
| UK | United Kingdom |
| UNCTAD | UN Conference on Trade and Development |
| UNESCAP | UN Economic and Social Commission for Asia and the Pacific |
| UPFs | ultra-processed foods |
| USA | United States of America |
| VSS | voluntary sustainability standards |
| WTO | World Trade Organization |

Classification of the 56 Commonwealth member countries

| Geographical region | Country | Development level | Small state | SIDS | LDC |
|-------------------------------|-------------------|-------------------|-------------|------|-----|
| Africa | Botswana | Developing | | | |
| | Cameroon | Developing | | | |
| | Eswatini | Developing | x | | |
| | Gabon | Developing | x | | |
| | The Gambia | Developing | x | | x |
| | Ghana | Developing | | | |
| | Kenya | Developing | | | |
| | Lesotho | Developing | x | | x |
| | Malawi | Developing | | | x |
| | Mauritius | Developing | x | x | |
| | Mozambique | Developing | | | x |
| | Namibia | Developing | x | | |
| | Nigeria | Developing | | | |
| | Rwanda | Developing | | | x |
| | Seychelles | Developing | x | x | |
| | Sierra Leone | Developing | | | x |
| | South Africa | Developing | | | |
| | Tanzania | Developing | | | x |
| | Togo | Developing | | | x |
| | Uganda | Developing | | | x |
| Zambia | Developing | | | x | |
| Asia | Bangladesh | Developing | | | x |
| | Brunei Darussalam | Developing | x | | |
| | India | Developing | | | |
| | Malaysia | Developing | | | |
| | Maldives | Developing | x | x | |
| | Pakistan | Developing | | | |
| | Singapore | Developing | | x | |
| | Sri Lanka | Developing | | | |
| Caribbean and Americas | The Bahamas | Developing | x | x | |
| | Belize | Developing | x | x | |
| | Canada | Developed | | | |
| | Dominica | Developing | x | x | |
| | Grenada | Developing | x | x | |
| | Guyana | Developing | x | x | |
| | Jamaica | Developing | x | x | |

(Continued)

Classification of the 56 Commonwealth member countries

| Geographical region | Country | Development level | Small state | SIDS | LDC |
|---------------------|-------------------------------|-------------------|-------------|------|-----|
| | Saint Lucia | Developing | x | x | |
| | St Kitts and Nevis | Developing | x | x | |
| | St Vincent and the Grenadines | Developing | x | x | |
| | Trinidad and Tobago | Developing | x | x | |
| Europe | Cyprus | Developed | x | | |
| | Malta | Developed | x | | |
| | United Kingdom | Developed | | | |
| Pacific | Australia | Developed | | | |
| | Fiji | Developing | x | x | |
| | Kiribati | Developing | x | x | x |
| | Nauru | Developing | x | x | |
| | New Zealand | Developed | | | |
| | Papua New Guinea | Developing | x | x | |
| | Samoa | Developing | x | x | |
| | Solomon Islands | Developing | x | x | x |
| | Tonga | Developing | x | x | |
| | Tuvalu | Developing | x | x | x |
| | Vanuatu | Developing | x | x | |

Note: SIDS denotes small island developing states and LDC denotes least developed country. Singapore, a high-income country according to the World Bank, is classified as a developing country for the purposes of this Trade Review.

Overview

International trade is a powerful tool for building inclusive, sustainable and resilient economies and societies in the Commonwealth's 6 developed economies and 50 developing countries, including 33 small states and 14 least developed countries (LDCs). Trade, investment and finance are also indispensable for advancing the Sustainable Development Goals (SDGs), particularly in areas such as poverty reduction, food security, gender equality, decent work and economic growth. As the world approaches the mid-point of the final decade of the United Nations' 2030 Agenda for Sustainable Development, the 56 Commonwealth member countries will need to strengthen their trade and investment collaboration, both within and beyond the Commonwealth, to achieve these global objectives and ensure long-term prosperity, especially for the smallest and most vulnerable countries.

It is promising that Commonwealth countries' trade sharply rebounded over the two years following the COVID-19 pandemic. The value of intra-Commonwealth goods and services exports reached a record high of US\$854 billion in 2022. These exports are projected to grow steadily over the next five years, surpassing \$1 trillion by 2026. However, the recovery has been uneven across countries and regions, with Asian economies leading the way.

One of the foremost challenges is ensuring food and nutrition security for a rapidly growing global population amid disruptions caused by geopolitical and regional conflicts, climate change and strained planetary boundaries. Many developing countries and most LDCs and small states lack the technology, capacity, finance and investment needed to anticipate, respond to, and build resilience in their food systems¹ against these shocks. Food security, defined by the four key dimensions of availability, access, utilisation and stability, means that all people, at all times, have physical, economic and social access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.² It is crucial for social and economic well-being, political stability and sustainable development.

The world is significantly off track in achieving zero hunger (SDG 2) by 2030 (FAO et al., 2024). In 2023, between 713 and 757 million people may have faced hunger— one out of

11 people in the world, and one out of every five in Africa, which includes 21 Commonwealth countries. By the end of the decade, it is projected that 582 million people will be chronically undernourished, more than half of them in Africa. Furthermore, one-third of people in the world – about 2.8 billion – could not afford a healthy diet in 2022. Low-income countries, including Commonwealth LDCs, have the largest percentage of the population unable to afford a healthy diet (71.5 per cent) (ibid.). Ensuring food security, healthy diets and better nutrition through the promotion of food trade, investment and sustainable food systems is a priority for Commonwealth member countries. This requires aligning and co-ordinating food systems with broader economic, environmental and social sustainability goals (von Braun et al., 2021; Commonwealth Secretariat, 2022).

The Commonwealth Trade Review 2024 explores how trade and investment, particularly among the 56 member countries, can bolster food security for the Commonwealth's 2.7 billion people. Rising incomes, accelerated urbanisation and climate change-driven shifts in production patterns are creating new demands on food systems and the range of activities involved in producing, processing, transporting and consuming food.

Over the next decade, the Commonwealth's population is projected to grow by over 385 million, requiring an additional US\$100 billion in food imports to meet this increased demand. To put this into perspective, this amount is equivalent to the United Kingdom's total goods and services exports to the Commonwealth in 2022. The costs of this food import bill will be shared disproportionately depending upon the growth rates of populations and incomes. Given the fiscal implications, more resource-constrained Commonwealth governments might face difficult trade-offs to ensure food security.

More than two-thirds of the Commonwealth membership (40 of 56 countries) are net importers of essential food products, especially LDCs and small states. International trade in food and agricultural products plays a critical role in ensuring their food security. Since around one-fifth of the additional food imports over the next decade are anticipated to come from Commonwealth countries, most net food importers will continue to depend on global

sources. This will require an enabling global environment, where enhanced co-operation and open trade foster “re-globalisation” (WTO, 2023). Ensuring open, diverse, sustainable and resilient global food supply chains, along with the necessary inputs like seeds and fertilisers, is crucial for meeting these future food security needs.

As a result of their dispersion around the globe, Commonwealth countries cover a wide range of agro-climatic conditions and produce a large variety of agri-food products, which is also reflected in their trade patterns. The presence of both significant food producers and numerous net food importers within the Commonwealth presents a unique opportunity to enhance intra-Commonwealth trade and investment to meet some of the future food requirements, especially by leveraging the Commonwealth advantage.

This unique advantage, first identified almost a decade ago in the *Commonwealth Trade Review 2015* and re-examined in the *Commonwealth Trade Reviews 2018 and 2021*, implies that bilateral trade costs between member countries are 21 per cent lower, on average, compared to trading with non-member countries. These reduced costs provide a strong impetus for trade growth without any formal collaboration. Factors such as historical ties, familiar administrative and legal systems, the use of largely one language, English, as the means of communicating with foreign partners, and large and dynamic diasporas have all contributed to strong trade relationships among Commonwealth nations.

These factors also contribute to a significant Commonwealth advantage in investment, with higher investment flows between Commonwealth partners compared to those between other country pairs. The latest econometric estimations indicate the value of announced greenfield investment flows between Commonwealth countries were 3.5 times greater, on average, compared to other country pairs over the period from 2003 to 2022.

This *Commonwealth Trade Review 2024* (“the Review”) presents new evidence that the Commonwealth advantage also supports greater agri-food trade. Commonwealth membership typically leads to a 22 per cent increase in food trade between member countries compared to non-members. This effect is particularly strong for exports of fruits and vegetables, cereals, and fish products, which are essential for food security. The Commonwealth effect on food trade increases to 33 per cent for Commonwealth countries that are also part of the same bilateral or regional

trade agreement. Commonwealth countries can expand their food trade through enhanced multilateral and regional co-operation. Increased domestic and international investment in food production, processing capabilities and value addition along the supply chain will be essential. This includes tapping into the Commonwealth’s large, dynamic and entrepreneurial diaspora. Countries can modernise trade facilitation through digitalisation, while strengthening the capabilities of exporters, especially small and medium enterprises, to comply with technical and sanitary and phytosanitary requirements for food. Aid for Trade can be leveraged to build productive and supply capacities and upgrade logistics infrastructure for supply chains. Prioritising the reduction of food loss and waste, along with adopting circular economy principles, are essential for moving towards sustainable agri-food systems.

At a more ambitious level, Commonwealth member countries could consider establishing a phased Commonwealth Food Supply Arrangement to ensure access to essential foods during times of crisis. The various policy options and initiatives outlined in this publication aim to significantly enhance pan-Commonwealth collaboration around food supplies, fostering improved food security and nutrition, increased agricultural productivity and greater resilience to food crises.

Addressing the unique challenges faced by women, youth and indigenous people in the agriculture and food sector is crucial to overcoming broader issues of food insecurity and poverty. In developing countries, women are central to food production, often contributing 60 to 80 per cent of it (STDF, 2023). Across many Commonwealth countries, from Africa to the Pacific, agriculture and fisheries are vital sources of employment and livelihoods for rural youth, who are primarily engaged in subsistence farming. Informal agriculture and food trade also play a significant role in ensuring food security and nutrition for millions in many African countries, with women comprising the majority of those engaged in these activities. Despite their significant contributions, women encounter substantial barriers, including limited access to land, credit, education, skills and technology. These disparities not only limit their productivity but also deepen food insecurity and poverty. Given the increasing reliance of Commonwealth countries on imported food, it is crucial to ensure that trade and investment continue to play a central role in helping them to meet their food security needs, while supporting inclusive growth and sustainable development within the Commonwealth.

Structure of the Review

This publication is divided into two parts.

Part I (Chapters 1 and 2) examines intra-Commonwealth trade and investment. Chapter 1 explores the performance of intra-Commonwealth trade in goods and services within the broader context of overall trade trends over the past decade and future drivers. Chapter 2 analyses investment flows, including greenfield foreign direct investment (FDI) within the Commonwealth. By enhancing understanding of the volume, nature and direction of trade and investment flows between Commonwealth countries and other global partners, Part I of the Review identifies gaps and opportunities for expanding trade and investment within the Commonwealth, leveraging the Commonwealth advantage, with the goal of reaching US\$2 trillion in trade by 2030.

Part II (Chapters 3 to 6) thematically focuses on trade, investment and resilient supply chains to enhance food and nutrition security within the Commonwealth. Chapter 3 presents the first comprehensive mapping of Commonwealth member countries' trade in essential food products that are

critical for food security. Having explored the broad food trade landscape of Commonwealth countries, Chapter 4 delves into the food supply chains for widely traded processed food products to identify consumer preferences, strategic choices and opportunities for increased trade and investment. Recognising the importance of investment in expanding food production and trade and addressing food security challenges, Chapter 5 analyses recent trends in greenfield FDI into the food sector across the Commonwealth. Chapter 6 concludes by outlining various policy options to strengthen and diversify productive capacity in food and expand trade and investment in agri-food products within the Commonwealth.

Parts I and II are connected by the strong and resilient trade, investment and connectivity linkages among the 56 member countries, leveraging the Commonwealth advantages in trade – including food – and investment. These linkages can provide crucial impetus to grow intra-Commonwealth trade and investment, not only to enhance food security but also for wider prosperity and inclusive and sustainable development across the Commonwealth.

Executive Summary

The world is significantly off track towards achieving Sustainable Development Goal (SDG) 2 on zero hunger by 2030. Eliminating hunger, ensuring food security, and promoting healthy diets and better nutrition through food trade, investment and the development of sustainable food systems are priorities for Commonwealth member countries. More than two-thirds of the Commonwealth membership are net importers of essential food products, and many of these countries are least developed countries (LDCs) and small states. International trade in food and agricultural products plays a critical role in ensuring their food security. The *Commonwealth*

Trade Review 2024 explores how trade and investment, particularly among the 56 member countries, can bolster food security for the Commonwealth's 2.7 billion people.

This publication is divided into two parts. Part I examines overall intra-Commonwealth trade and investment, while Part II thematically focuses on trade, investment, and resilient supply chains to enhance food and nutrition security within the Commonwealth. It proposes potential strategies to augment food and nutrition security, as well as resilience, particularly through the exploitation of trade and investment opportunities.

Part I: Commonwealth Trade and Investment

Chapter 1: Commonwealth Trade and the Commonwealth Advantage in a Turbulent World

Commonwealth countries' international trade has rebounded strongly over the past two years following a decline in 2020 induced by the COVID-19 pandemic. In 2022, the total value of exports from the Commonwealth reached US\$4.8 trillion, representing around 15 per cent of world trade. These exports have returned to their pre-pandemic growth trajectory, and in 2022, were nearly \$1.05 trillion higher than the level before the pandemic in 2019.

Intra-Commonwealth trade in goods and services reached a record high of US\$854 billion in 2022, marking an increase of \$174 billion compared to the pre-pandemic level. These exports demonstrated remarkable resilience during the COVID-19 period. After experiencing a 15 per cent decline in value at the peak of the pandemic in 2020, they rebounded sharply, growing at a cumulative rate of 21.7 per cent in 2021 and 2022. This growth outpaced the 18.3 per cent increase in global trade over the same period.

In 2022, intra-Commonwealth exports accounted for around 18 per cent of members' global exports. However, for developing countries collectively, this share is significantly higher, at around 25 per cent. Overall, Commonwealth small states and LDCs depend the most on intra-Commonwealth trade. On average, 26 per cent of small states' trade is with other Commonwealth members and this share is 24 per cent for LDCs.

Overall, Commonwealth developing countries lead intra-Commonwealth trade flows, accounting for almost three-quarters of all exports. Over time, their export share has increased from 66 per cent in 2015 to 72 per cent in 2022. Asian Commonwealth countries are most integrated with Commonwealth countries in other regions. These economies are undergoing a noticeable shift towards services, enabled by digitalisation, whereas African member countries still rely largely on commodity exports.

A significant Commonwealth “trade cost advantage” underpins this trade expansion and has remained strong and resilient over time. This Commonwealth advantage implies that bilateral trade costs between Commonwealth country pairs are 21 per cent lower than those with non-Commonwealth countries, on average. These reduced costs provide a strong impetus for trade growth without any formal collaboration. New econometric analysis reveals a positive impact of Commonwealth membership on merchandise exports, with these exports around 30 per cent higher between Commonwealth countries compared to non-Commonwealth countries over the period from 2010 to 2022.

In 2022, more than two-thirds of intra-Commonwealth exports consisted of merchandise, with services contributing the remainder. However, the proportion of services has been increasing in the overall exports of both developed and developing countries, driven by the resumption of travel and transport services in most countries after the COVID-19 pandemic, along with the adoption of online cross-border service delivery modes. The share of digitally deliverable services in total services exports climbed sharply across all Commonwealth regions, and in 2022, these exports were worth US\$921 billion, accounting for 65 per cent of total services exports.

Intra-Commonwealth exports are expected to surpass US\$1 trillion by 2026 but the long-term target of raising these exports to \$2 trillion seems challenging as various geopolitical and economic headwinds and shocks are adversely affecting trade outcomes. To reach this ambitious target, countries will need to leverage digital technologies, narrow digital divides, utilise bilateral and regional trade agreements, promote services co-operation and harness the power of artificial intelligence and other emerging technologies. These efforts should be framed overall by the importance of ensuring inclusive trade for women and youth, and especially by promoting women’s economic empowerment.

Chapter 2: Intra-Commonwealth Investment and the Commonwealth Advantage

The Commonwealth is a major destination for global investment. In 2023, Commonwealth countries collectively held US\$10.4 trillion – or around 21 per cent - of global foreign direct investment (FDI) inward stock, almost double its value in 2015. FDI inflows to the Commonwealth have grown faster than the worldwide average since 2015 and were worth \$254 billion in 2023, accounting for 19 per cent of global flows.

Investments between Commonwealth countries contribute significantly to these stocks and flows. The value of intra-Commonwealth FDI inward stock has almost doubled since 2015 to US\$1.7 trillion in 2022. FDI flows between Commonwealth countries more than quadrupled in value over the same period and totalled \$172 billion in 2022.

Greenfield investments announced in Commonwealth countries were worth US\$355 billion in 2023, split between \$77 billion in intra-Commonwealth investment and \$278 billion from the rest of the world. Since 2021, intra-Commonwealth greenfield FDI has mainly targeted services (63 per cent), particularly renewable energy, real estate and communications; with lower shares going to manufacturing (28 per cent) and primary (9 per cent) sectors.

Overall, greenfield FDI has created more than 2.1 million jobs in Commonwealth countries since 2021, including nearly 1.4 million in developing members. Intra-Commonwealth investments contributed almost 17 per cent (or 362,333) of these jobs.

The Commonwealth advantage plays a critical role in driving these investment flows. Econometric estimations using an improved empirical methodology and the latest data confirm the positive impact of Commonwealth membership, with the value of announced greenfield FDI between Commonwealth countries found to be 3.5 times greater, on average, compared to flows between other country pairs over the period from 2003 to 2022. Yet, the resilience of the Commonwealth advantage in investment has been tested recently by a series of global economic shocks – including the US–China trade war, the

COVID-19 pandemic and the ongoing conflict in Ukraine – which have severely impacted investment flows worldwide.

Despite the substantial and growing levels of investment in the Commonwealth, inward stocks and flows tend to be highly concentrated geographically and across development levels. The bulk of the investment – both from global sources and intra-Commonwealth partners - originates from a small pool of countries and is directed to a few beneficiaries, chiefly the six developed economies and some mostly larger or more advanced developing members. Many vulnerable countries in the Commonwealth face acute challenges in attracting and retaining investment. Growing and diversifying intra-Commonwealth investment, leveraging and strengthening the Commonwealth advantage, can help to address these challenges and imbalances.

The investment landscape is continuously being reshaped by the reverberating effects of geoeconomic and policy shocks, together with accelerating technological transformation, increasing focus on sustainability and environmental, social and governance considerations, and greater prioritisation of support for the SDGs. Moreover, an ongoing pivot towards services-oriented investment, and growing emphasis on supply chain resilience, near-shoring and friend-shoring, are all likely to shape investment flows in the short-to-medium term, creating challenges and opportunities for Commonwealth countries. To attract more investment and direct it to areas where it is most needed, Commonwealth governments must ensure their investment policies and strategies respond effectively to these evolving global and regional dynamics.

Part II: Commonwealth Trade and Investment in the Food Sector

Chapter 3: Mapping Food Trade in the Commonwealth

International trade in food and agricultural products plays a critical role in ensuring food security in Commonwealth countries. As a group, they are large traders of food products. In 2022, they accounted for around 15 per cent (or US\$224 billion) of global food imports and 18 per cent of food exports (\$263 billion).

Collectively, Commonwealth countries are net food exporters and three developed country members - Canada, Australia and New Zealand - play a significant role in driving

these exports. However, more than two-thirds of the Commonwealth membership (40 of 56 countries) are net importers of essential food products, especially LDCs, small states and small island developing states (SIDS). The Pacific SIDS collectively have the highest dependence on food imports, with essential food constituting 17 per cent of their merchandise imports, almost three times greater than the global average. This share is even higher in some other countries such as The Gambia, Rwanda and Grenada, where food imports exceed 20 per cent of merchandise trade.

Among Commonwealth developing countries, African members have consistently been net food importers, with their food trade deficits widening over time. There has been a similar trend in Caribbean SIDS. Conversely,

Asian and Pacific members have generally registered food export surpluses over the past two decades.

Intra-Commonwealth trade has a critical role in ensuring food supplies as Commonwealth countries source around a quarter of their food from other members, exceeding the overall intra-Commonwealth share of merchandise trade (at 18 per cent). This reliance is very high for developing countries, at 34 per cent, and particularly high for the Pacific SIDS at 82 per cent. The value of intra-Commonwealth food trade has tripled since 2005, reaching an all-time high of US\$53 billion in 2022.

Agri-food trade in the Commonwealth is driven by its members' growing populations, large diaspora networks and the trade-enhancing effects of the Commonwealth advantage. Commonwealth membership typically leads to a 22 per cent increase in food trade between member countries compared to non-members. This effect is particularly strong for exports of fruits and vegetables, cereals, and fish products, which are essential for food security, and it increases to 33 per cent when Commonwealth countries are part of the same trade agreement.

Commonwealth countries import a wide range of food products, with basic food items comprising over 75 per cent of their food import basket. Fruits and vegetables, along with edible oils and oilseeds, form the largest segments, followed by prepared food products and cereals. Meat and seafood each hold shares of about 8 per cent. These products are widely traded through intra-Commonwealth food trade corridors spanning all parts of the Commonwealth.

Commonwealth countries' food trade has been resilient to supply chain shocks including the global financial crisis and, more recently, the COVID-19 pandemic. However, shifting population dynamics and contemporary challenges - such as supply chain disruptions, climate change and biodiversity loss - pose significant threats to food security in the Commonwealth. Over the next decade, the Commonwealth's population is projected to expand by over 385 million, requiring an additional US\$100 billion in food imports to meet the resulting growth in demand for food.

An enabling global environment is required to meet this challenge. Enhanced co-operation and open trade can foster diverse, sustainable and resilient global food supply chains, along with access to the necessary inputs like seeds and fertilisers. The presence of both significant food producers and numerous net-food importers within the Commonwealth presents a unique opportunity to

meet some of the future food requirements, especially by leveraging the Commonwealth advantage.

Chapter 4: Commonwealth Countries' Trade in Processed Foods

Processed food is an important element of international food trade. Almost half of all food products undergo some kind of processing before they are traded across borders. This ranges from basic processing such as cleaning, washing or salting to intensive ultra processing like pasteurisation and steaming.

In 2022, Commonwealth countries imported processed food worth US\$105 billion, accounting for 47 per cent of their total food imports. These imports have recorded a more than four-fold increase over the past two decades and, as a group, the Commonwealth relies more heavily on processed food imports compared to the global average (41 per cent of total food imports).

Developed Commonwealth countries have the highest share of processed food products in their food imports, with four countries - the UK, Canada, Australia and Malaysia - accounting for around 60 per cent of all processed food imported by the Commonwealth in 2022. This disproportionate share, despite their relatively small populations, likely reflects higher levels of urbanisation and per-capita disposable incomes as well as consumer preferences. These factors drive demand for more expensive and convenient imported processed food items.

Commonwealth countries' imports of processed foods are quite diverse, with a significant portion allocated to prepared foods, edible oils and confectionery. This diversity reflects distinct dietary preferences, income levels and needs across regions. Composite foods that are ready to use constitute about two-thirds of the food imported by Commonwealth countries, followed by fermented or smoked foods, with sweetened, salted or brined foods making up the smallest share.

These processed food products are sourced from a wide array of suppliers. Approximately half originate from advanced economies, while developing countries such as Argentina, Brazil, India and Indonesia have also emerged as significant suppliers. The emphasis on regional and

South–South trade is evident in the food import patterns of Asian and African Commonwealth countries, reflecting preferences for sourcing from cost-effective suppliers as well as shared dietary habits within these regions.

Commonwealth members are also large exporters of processed food products. In 2022, their processed food exports were worth US\$111 billion and amounted to 42 per cent of total food exports, which is similar to the global average. Over time, the Commonwealth's exports of both fully processed food and raw or minimally processed foods have increased annually, growing at rates of 7.2 per cent and 8.3 per cent, respectively. Many countries have established processed food industries and regulatory agencies to harness the export potential of this sector.

Rapid population growth and urbanisation offer numerous opportunities for Commonwealth developing countries to expand production and trade of processed and high value-added food products. This would not only help to enhance food security but also promote structural economic transformation and create jobs through new agri-food industries in these countries.

Higher levels of food processing may help in fortifying the nutrient content of food products, increasing their shelf life and enabling their transportation to remote markets across the globe. However, the rapidly expanding demand for and supply of processed foods might also impose hidden social, environmental and health costs, if these products are not consumed as part of a healthy, nutritious diet. Policy measures to address these trade-offs are essential to ensure processed foods continue to play a crucial role in ensuring food security, while minimising their adverse impacts.

Chapter 5: Investment in the Commonwealth's Food Sector

Rising incomes, growing populations and greater urbanisation are driving demand for increased production and trade in food, creating new opportunities for investment. Between 2005 and 2023, more than US\$70 billion in greenfield FDI was announced in food-related sectors across the

Commonwealth through 1,674 projects. This included 98 projects worth approximately \$4 billion in 2023.

Investors from outside the Commonwealth provided most of this FDI and this pattern has been consistent over time. These global investments tend to be distributed unevenly across the Commonwealth, with more than half of the food-related greenfield FDI announced between 2021 and 2023 destined for developed Commonwealth members. Developing countries collectively received 43 per cent, and some developing members face major challenges in attracting investment into their food sectors. Regionally, more than 60 per cent was announced in Asia and Europe.

Narrowing the focus to food production, on average nearly US\$2.1 billion in global greenfield FDI was announced annually in the Commonwealth across eight food categories between 2021 and 2023. A higher share (58 per cent) was directed to processed foods.

Intra-Commonwealth investments in food-related sectors were worth US\$270 million in 2023 and averaged \$330 million annually between 2021 and 2023. Developing countries received three-quarters of the capital invested up to 2023, with African and LDC members among the main beneficiaries.

A small number of investing and host countries have exchanged the bulk of recent intra-Commonwealth greenfield FDI in food-related sectors. The UK, Singapore, Australia, South Africa, Nigeria and Canada collectively contributed 91 per cent; while 70 per cent was directed to Tanzania, New Zealand, India, Malaysia, Australia and Uganda, ranked in order. No food-related greenfield projects were announced in Commonwealth small states or SIDS between 2021 and 2023. Many of these countries rely heavily on food imports, particularly sourcing from other Commonwealth members, and face considerable challenges attracting consistent levels of investment in the food sector.

Narrowing the focus, an average of US\$277 million in intra-Commonwealth greenfield FDI was announced in food production annually between 2021 and 2023. Slightly more was directed towards processed (57 per cent) compared to unprocessed foods (43 per cent). Overall, intra-Commonwealth investments in food production created 13,545 jobs between 2015 and 2023, mainly in developing countries.

Diversifying the distribution of greenfield FDI in food sectors across the Commonwealth and growing its overall value could yield substantial benefits. Together with domestic and public investment, this is key to providing the capital required to

grow food production and trade within the Commonwealth. Higher levels of investment can also help to ensure the agri-food systems of the future are more sustainable and resilient, and better positioned to address food security concerns.

Chapter 6: Policy Options and Way Forward

Commonwealth countries' global food imports have grown at a cumulative annual rate of 7.3 per cent over the past two decades, increasing in value from US\$47 billion in 2005 to \$224 billion in 2022. If this trend continues, food imports are projected to reach \$486 billion by 2033.

The prevalence of large subsistence agriculture and artisanal fisheries in many Commonwealth developing countries, especially LDCs, small states and SIDS, means overall per capita food imports are substantially lower than the global average. Conversely, the Commonwealth is expected to experience much higher population growth than the global average, adding over 385 million people by 2033, particularly in Africa. To feed this expanding population, Commonwealth countries will need to increase their food imports by an additional US\$100 billion over the next decade, raising total food import requirements to \$324 billion. The costs of this food import bill will be shared disproportionately depending upon the growth rates of populations and incomes. Given the fiscal implications, more resource-constrained Commonwealth governments might face trade-offs to enhance food security.

Around one-fifth of the additional food imports over the next decade are anticipated to come from Commonwealth countries. Most net food importers will continue to depend on global sources. Ensuring resilient supply chains will require enhanced global co-operation and open trade to foster "re-globalisation".

The imperative of achieving SDG 2 on zero hunger and ensuring food and nutrition security underscores the need to enhance the resilience and sustainability of agri-food systems and supply chains at local, regional and global levels.

This may require complex trade-offs between economic, environmental and social sustainability goals in food systems. Balancing these trade-offs involves fostering sustainable practices that integrate economic viability with environmental stewardship and social equity. This includes supporting initiatives like reforestation, promoting regenerative agriculture and investing in alternative protein sources, all of which can help align food systems with broader sustainability goals without undermining economic stability or social well-being. Addressing the unique challenges faced by women, youth and indigenous people in the agriculture and food sector is crucial to overcoming broader issues of food insecurity and poverty.

Commonwealth member countries can focus on the following policy areas to strengthen food and nutrition security through trade, investment and resilient supply chains:

- Enhance pan-Commonwealth collaboration on food production and supplies, including consideration of a phased Commonwealth Food Supply Arrangement to ensure access to essential foods during times of crisis.
- Strengthen multilateral co-operation on trade, food and climate.
- Leverage bilateral and regional trade agreements and deepen economic co-operation to sustainably grow agri-food trade.
- Mobilise domestic and international investment and finance into the food sector, especially in food production, processing capabilities and value addition along the supply chain.
- Leverage Aid for Trade to develop sustainable productive and supply capacities.
- Build the capacity of exporters, especially small and medium enterprises, to comply with food-related regulations and standards.
- Improve agricultural trade facilitation, particularly through the adoption of digital technologies.
- Upgrade logistics infrastructure for resilient supply chains.
- Tackle food loss and waste while adopting circular economy principles to create sustainable agri-food systems.

Endnotes

1 The term "food system" encompasses the entire range of activities involved in producing, processing, transporting, preparing and consuming food, as well as the output of these activities, including socio-economic and environmental outcomes (von Braun et al., 2021).

2 Food and Agriculture Organization (FAO) (1996) "*Rome Declaration on World Food Security and World Food Summit Plan of Action*".

Part I: Commonwealth Trade and Investment

Intra-Commonwealth Trade

Commonwealth members' exports grew by 52% (\$274 billion)
– from \$528 billion to \$854 billion – between 2015 and 2022.



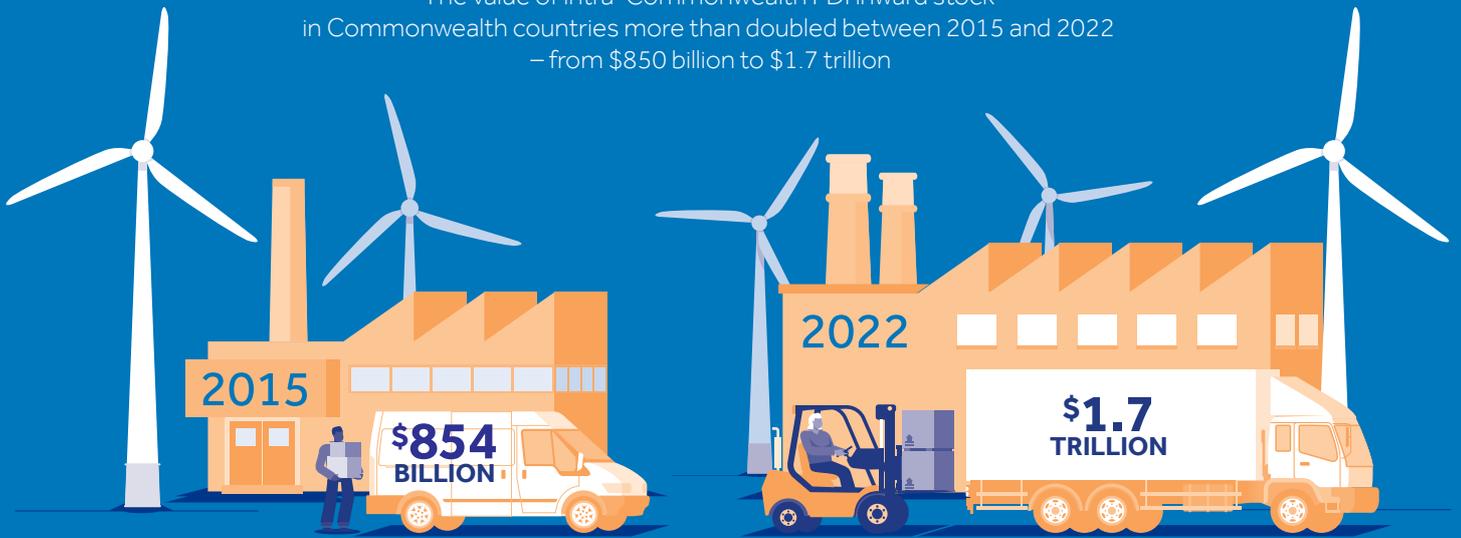
The Commonwealth Advantage

The invisible bond that matters.



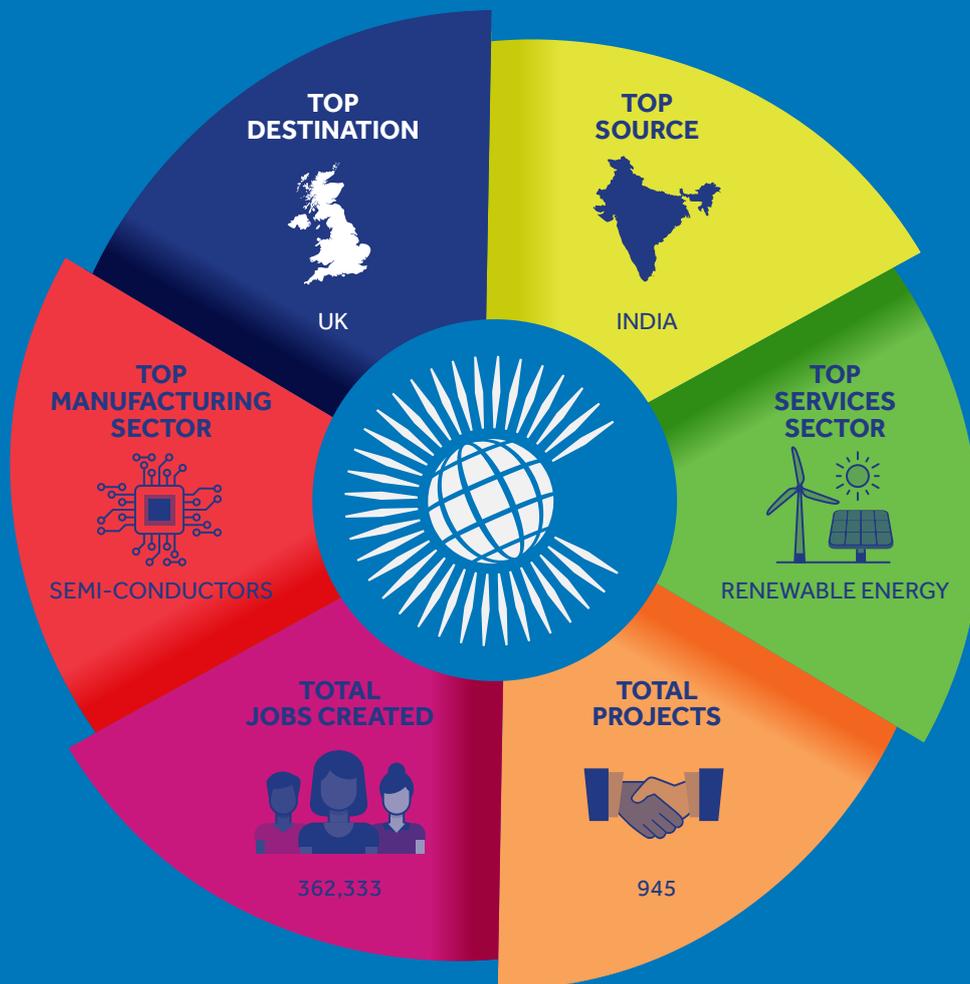
Inward FDI stock

The value of intra-Commonwealth FDI inward stock in Commonwealth countries more than doubled between 2015 and 2022 – from \$850 billion to \$1.7 trillion



Greenfield FDI

The combined value of greenfield FDI announced across the Commonwealth was \$355 billion in 2023. Of that total, intra-Commonwealth greenfield investment – some key features of which are illustrated below – accounted for \$77 billion.



Chapter 1: Commonwealth Trade and the Commonwealth Advantage in a Turbulent World

Commonwealth countries' international trade has rebounded strongly over the past two years following a decline in 2020 induced by the COVID-19 pandemic. However, the recovery has been uneven across countries and regions, with Asian economies leading the way. The Commonwealth trade cost advantage underpins this trade expansion and has remained strong and resilient over time.

This chapter examines the export performance of the 56 Commonwealth member countries during the post-COVID recovery period and amid growing geopolitical tensions. Some of the key takeaways are:

- In 2022, the total value of exports from the Commonwealth reached US\$4.8 trillion, representing around 15 per cent of world trade.
- Intra-Commonwealth trade in goods and services reached a record high of US\$854 billion in 2022, marking an increase of \$174 billion compared to the pre-pandemic level. Intra-Commonwealth exports are expected to surpass US\$1 trillion by 2026.
- Intra-Commonwealth exports accounted for around 18 per cent of members' global exports in 2022, but this rises to around 25 per cent for developing countries overall. Commonwealth small states and least developed countries depend the most on intra-Commonwealth trade.
- There is a positive impact of Commonwealth membership on merchandise exports, with these exports around 30 per cent higher between Commonwealth countries compared to non-Commonwealth countries over the period from 2010 to 2022.

1.1 Introduction

The Commonwealth is not a formal trading bloc. However, there are tremendous opportunities to boost trade, investment and connectivity among its 56 member countries. This includes trade in agri-food products to enhance food security, the thematic focus of this *Commonwealth Trade Review 2024* (see Part II). The Commonwealth advantage implies that bilateral trade costs between member countries are 21 per cent lower, on average, compared to trading with non-member countries (Commonwealth Secretariat, 2021). These reduced costs provide a strong impetus for trade growth without any formal collaboration. Factors such as historical ties, familiar administrative and legal systems, the use of largely one language, English, as the means of communicating with foreign partners, and large and dynamic diasporas have all contributed to strong trade relationships among Commonwealth nations.

Post the COVID-19 pandemic, the Commonwealth advantage could act as a tailwind, supporting economic recovery across member countries. However, global trade has faced unprecedented disruptions in recent years amid a faltering rules-based multilateral trading system and rising protectionism (IMF, 2023b). The ongoing geopolitical conflict in Ukraine and the potential escalation of the Middle East conflict, which has already resulted in the rerouting of shipping lanes in the Red Sea, constitute additional major shocks impacting global trade prospects, following the unresolved United States of America (USA)–China trade war and the pandemic. The triple planetary crises of climate change, pollution and biodiversity loss continue to adversely impact economies

and societies worldwide, especially affecting the Commonwealth's smallest and most vulnerable members.

Today, trade patterns are shifting, and supply chains are reconfiguring as policies favouring "near-shoring", "friendshoring" and "reshoring" gain popularity. These shifts could potentially fragment the global economy politically and economically (IMF, 2023b). These developments have sparked debates about whether globalisation is in transition or retreat, with some advocating for greater international co-operation around open and predictable trade to foster "re-globalisation" (WTO, 2023). In this turbulent environment marked by multiple interconnected shocks, the resilience of Commonwealth trade – particularly the Commonwealth advantage – faces significant stress tests. However, it may also evolve as geopolitical and geo-economic factors increasingly shape trade and international production networks.

This chapter examines the export performance of the 56 Commonwealth member countries during the post-COVID recovery period and amid growing geopolitical tensions. The chapter is divided into five sections. Section 1.2, which follows, provides an overview of Commonwealth countries' global trade. Section 1.3 focuses on intra-Commonwealth trade in goods and services, highlighting recent trends, as well as regional and sectoral compositions, including for small states, small island developing states (SIDS) – or 'great ocean states' given their vast marine jurisdictions – and least developed countries (LDCs). Section 1.4 discusses the prospects and drivers of Commonwealth trade, considering major trends and dynamics likely to shape trade flows both globally and among Commonwealth countries. Section 1.5 concludes the chapter. The subsequent chapter explores intra-Commonwealth investment, highlighting its symbiotic relationship with the trade discussion here.

1.2 Commonwealth countries' global exports of goods and services

Commonwealth countries' international trade has sharply rebounded over the past two years following the COVID-19 induced drop in 2020. In 2022, the total value of exports from the Commonwealth reached US\$4.8 trillion, with merchandise contributing 70 per cent (around US\$3.4 trillion) and services 30 per cent (\$1.45 trillion). This figure was nearly \$1.05 trillion higher than the pre-pandemic level in 2019 (\$3.75 billion).¹ This effectively recouped the \$417 billion export loss incurred during the peak of the pandemic in 2020. Exports have returned to their pre-pandemic growth trajectory.²

However, the recovery has been uneven across countries and regions, with Asian economies leading the way.³

Developing countries accounted for over half of the Commonwealth's exports, totalling US\$2.48 trillion or 52 per cent in 2022. The remaining share, amounting to \$2.3 trillion, originated in the six developed country members (see Table 1.1). The five South Asian members contributed approximately 44 per cent (or \$2.1 trillion) of the developing countries' total exports. African countries accounted for around 7 per cent (or \$332 billion), slightly lower than the 7.5 per cent reported in 2019. Meanwhile, Caribbean SIDS contributed 0.9 per cent (or \$42 billion), and Pacific SIDS contributed 0.4 per cent (or \$17.6 billion), indicating smaller shares in comparison (see Annex 1.2).

In absolute terms, the largest bilateral trading partners for merchandise among both developed and developing Commonwealth members in 2022 were China, the

TABLE 1.1
COMMONWEALTH COUNTRIES' EXPORT PROFILE IN 2022 (US\$ BILLION, INTRA-CW SHARE (%))

| Region/group | Merchandise exports | | | Services exports | | | Total exports (goods and services) | | |
|---------------------------|---------------------|----------|----------------|------------------|----------|----------------|------------------------------------|----------|----------------|
| | Global | Intra-CW | Intra-CW share | Global | Intra-CW | Intra-CW share | Global | Intra-CW | Intra-CW share |
| Commonwealth total | 3,358 | 576 | 17 | 1,445 | 278 | 19 | 4,803 | 854 | 18 |
| <i>Of which</i> | | | | | | | | | |
| Developed | 1,597 | 142 | 9 | 723 | 100 | 14 | 2,320 | 242 | 10 |
| Developing | 1,760 | 434 | 25 | 723 | 281 | 39 | 2,483 | 715 | 29 |
| <i>By regions</i> | | | | | | | | | |
| Africa | 282 | 85 | 30 | 51 | 13 | 25 | 333 | 98 | 30 |
| Asia | 1,435 | 337 | 23 | 656 | 161 | 25 | 2,091 | 498 | 24 |
| Caribbean and Americas | 627 | 34 | 5 | 137 | 19 | 13 | 765 | 53 | 7 |
| Caribbean SIDS | 28 | 6 | 21 | 14 | 3 | 22 | 42 | 9 | 21 |
| Europe | 541 | 44 | 8 | 537 | 64 | 12 | 1,078 | 108 | 10 |
| Pacific | 474 | 75 | 16 | 64 | 21 | 34 | 537 | 96 | 18 |
| Pacific SIDS | 16 | 6 | 37 | 2 | 1 | 30 | 18 | 6 | 36 |
| <i>Vulnerable groups</i> | | | | | | | | | |
| Small states | 96 | 30 | 31 | 70 | 13 | 19 | 165 | 43 | 26 |
| SIDS | 48 | 13 | 27 | 25 | 6 | 23 | 72 | 19 | 26 |
| LDCs | 92 | 22 | 23 | 19 | 4 | 22 | 111 | 26 | 23 |

Note: SIDS excludes Singapore; CW denotes Commonwealth

Source: Commonwealth Secretariat (calculated using UNCTADStat and WTO-OECD BaTIS datasets)

European Union (EU)²⁷ and the USA. China was the biggest source of imports, while the USA was the largest export market, largely due to Canada's trade under the Canada–United States–Mexico Agreement (CUSMA). In terms of services trade, the EU was the leading partner for both imports and exports, followed by the USA. The geopolitical and geo-economic fragmentation of global trade could have implications for individual Commonwealth countries depending on their trade patterns with these large economies (IMF, 2024). Intra-Commonwealth trade of Commonwealth developing countries might be less exposed due to the existence of large South–South trade between these countries. However, the intra-Commonwealth trade of developed economies is relatively more exposed to these developments as they trade with both developed and developing countries (Gopalkrishnan, 2024).

The export performance of vulnerable countries has been mixed. The Commonwealth includes 33 small states, with about three-quarters of these being SIDS. There are also 14 LDC members of the Commonwealth. Vanuatu graduated out of the LDC category in 2020, and Bangladesh and Solomon Islands are set for graduation in 2026. These countries face unique and complex vulnerabilities that significantly impact their trade as they seek to build inclusive, sustainable and resilient economies following the pandemic. For instance, SIDS are constrained by their small domestic markets, a narrow range of export products, and high trade costs due to their remote geographical locations, which are poorly connected to major shipping routes. LDCs lack economic diversification and rely heavily on primary commodities. This makes their participation in trade, and the gains they derive from it, highly vulnerable and deeply exposed to external shocks and volatility in global markets. Climate change and the increasing frequency and severity of natural disasters further exacerbate the vulnerabilities of small states, SIDS and LDCs.

In 2022, small states exported goods and services worth US\$165 billion, constituting 3.4 per cent of the Commonwealth's global exports. Although this represented a \$37 billion increase from the pre-pandemic level, their overall share remained stable at 3.5 per cent during this period. In 2022, exports from 24 SIDS⁴ totalled \$72 billion (43 per cent of small states' total exports), with the remaining 57 per cent originating from 8 small states that are non-SIDS.

Commonwealth LDC members exported goods and services valued at US\$111 billion in 2022. The largest contribution came from Bangladesh, which alone accounted for over

half of these exports (\$62 billion), making it the largest LDC exporter within the Commonwealth and globally. Overall, LDCs collectively held a 2.3 per cent share in Commonwealth countries' exports in 2022, slightly up from 2.1 per cent in 2015. As a result of significant export growth in absolute terms over this period, the share of Commonwealth LDCs in world trade increased from 0.31 per cent in 2015 to 0.35 per cent in 2022.

As these vulnerable countries seek to rebuild their economies and societies post-COVID, they can draw on the renewed support of the international community, including the Commonwealth. The Doha Programme of Action has carried forward the same targets for LDCs for 2022–2031, aiming to increase the LDC share of global exports to 2 per cent, up from 1 per cent at the start of implementation of the Istanbul Programme of Action in 2011. Similarly, the SAMOA Pathway, the support framework for SIDS, will conclude in 2024, and the global community has adopted the Antigua and Barbuda Agenda for SIDS (ABAS). Under ABAS, international trade and investment in SIDS are recognised as the fourth critical area for building economic resilience, alongside reforms to the international financial architecture, development finance and sustainable debt management. The next section delves deeper into intra-Commonwealth trade in goods and services, highlighting recent trends, as well as regional and sectoral compositions.

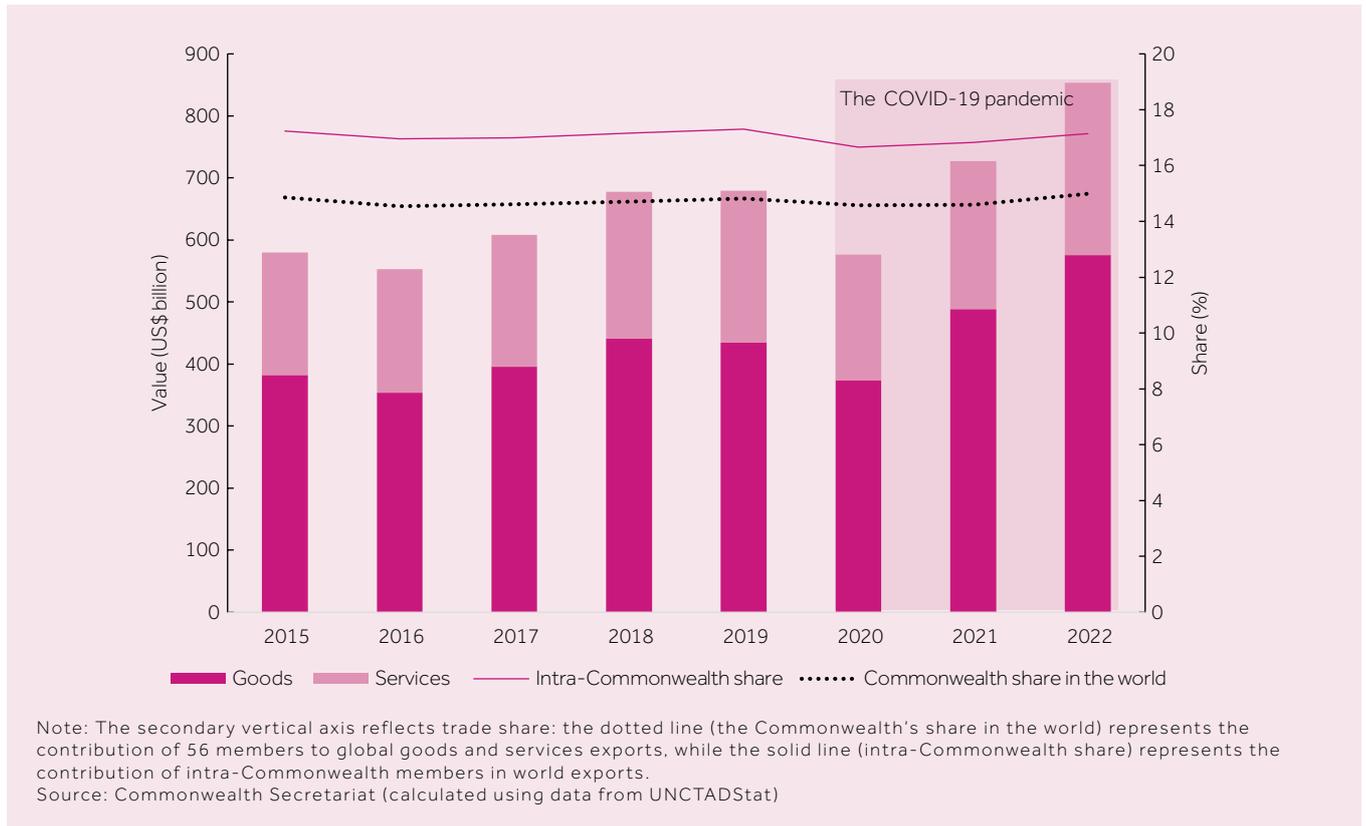
1.3 Intra-Commonwealth exports of goods and services

1.3.1 Value and trend

The value of intra-Commonwealth goods and services exports reached US\$854 billion in 2022,⁵ marking an increase of \$174 billion compared to the pre-pandemic level in 2019. These exports demonstrated remarkable resilience during the COVID-19 period. After experiencing a 15 per cent decline in value at the peak of the pandemic in 2020, they rebounded sharply, achieving a cumulative growth of 21.7 per cent in 2021 and 2022. This growth outpaced the 18.3 per cent increase in global trade over the same period.

Although the value of intra-Commonwealth exports has risen substantially, its share of members' global exports has

FIGURE 1.1
INTRA-COMMONWEALTH EXPORTS (2015–2022)



remained stable over the past decade (Figure 1.1). In 2022, intra-Commonwealth exports represented 18 per cent of members' global exports. For developing countries collectively, this share is significantly higher at around 25 per cent. In contrast, the intra-Commonwealth share for developed members ranges between 10 and 13 per cent (see Box 1.1).

Intra-Commonwealth trade is driven by a few large economies. In 2022, the UK's intra-Commonwealth exports of goods and services were worth US\$100 billion, accounting for around 41 per cent of the intra-Commonwealth share among developed countries. The UK leads in services, contributing \$57 billion and constituting one-fifth of intra-Commonwealth services exports. Australia held

BOX 1.1

COMMONWEALTH COUNTRIES' RELIANCE ON INTRA-COMMONWEALTH TRADE

Reliance on intra-Commonwealth trade varies significantly by geographical region, in addition to countries' different levels of development. For instance, in 2022, African members' share of intra-Commonwealth trade was 30 per cent (US\$98 billion), nearly twice the Commonwealth average. This share is higher for the Southern African Customs Union countries – Botswana (33 per cent), Eswatini (82 per cent), Lesotho (43 per cent), Namibia (48 per cent) and South Africa (29 per cent) – and East African Community countries such as Kenya (34 per cent) and Tanzania (39 per cent). These countries primarily trade goods and services with regional partners and more developed Commonwealth countries like the UK, which offers preferential market access under economic partnership agreements and the Developing Countries Trading Scheme.

The Pacific SIDS have the highest reliance on intra-Commonwealth exports, with over one-third (36 per cent) of their exports going to Commonwealth countries. Services constitute 37 per cent of these exports, primarily due to the focus of these countries on travel and tourism. This significant share is largely due to their proximity to Australia and New Zealand, to which they exported goods worth US\$6 billion in 2022. Tonga sends almost 90 per cent of its merchandise exports to these two markets; Vanuatu more than 50 per cent; and three other Pacific islands send more than 40 per cent (see Figure 1.10B).

FIGURE 1.2
RELIANCE ON INTRA-COMMONWEALTH EXPORTS BY REGION AND SECTOR (2022)



Source: Commonwealth Secretariat (calculated using UNCTADStat, WTO Stats and WTO-OECD BaTIS datasets)

the largest share of intra-Commonwealth merchandise trade among developed economies, valued at \$57.5 billion. Among developing countries, Singapore, India and Malaysia collectively accounted for over half (55 per cent) of intra-Commonwealth goods and services exports, underscoring Asia’s pivotal role as a key driver of intra-Commonwealth trade, as discussed in the next section.

Overall, Commonwealth developing countries lead intra-Commonwealth trade flows, accounting for almost three-quarters of all exports. Over time, the developing countries’ export share has increased from 66 per cent in 2015 to 72 per cent in 2022, while their exports increased by 58 per cent in value, rising from US\$387 billion to more than \$612 billion during the same period. This significant growth is largely due to the expansion of trade by Asian member countries, whose exports increased by \$219 billion in this period (Figure 1.3).

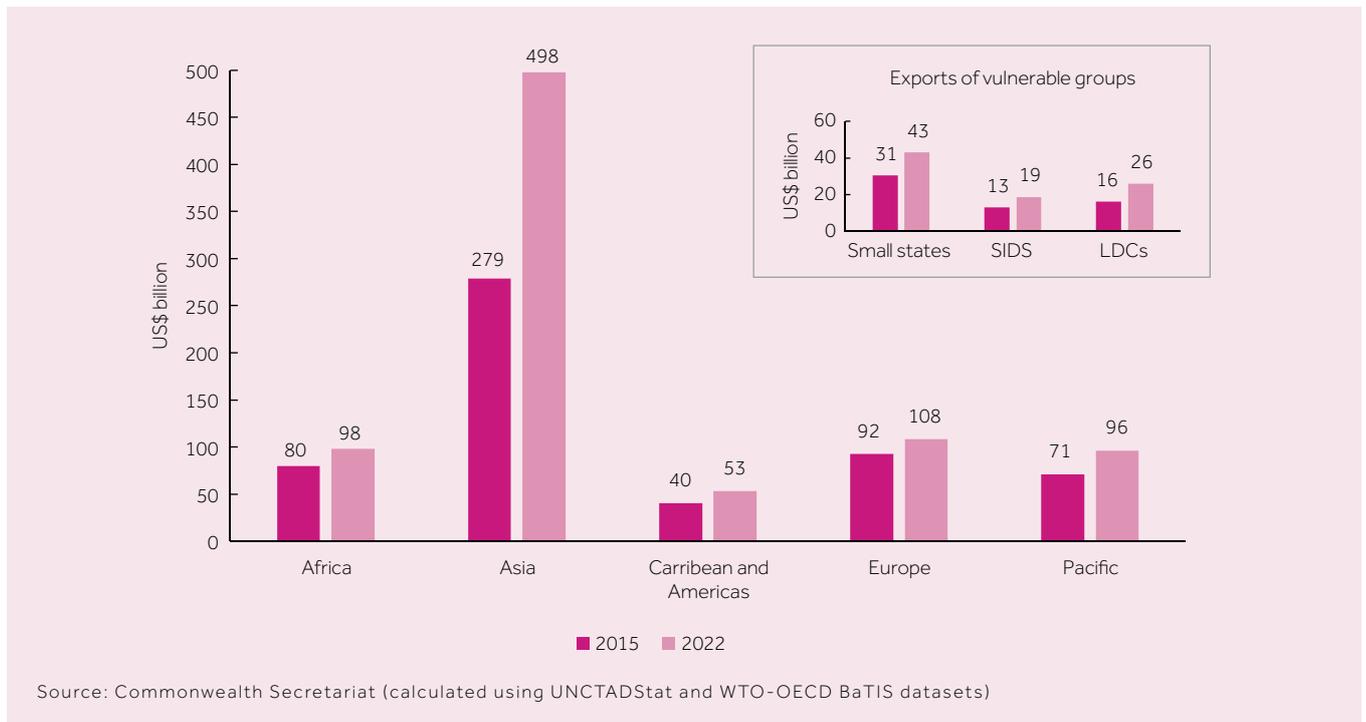
Intra-Commonwealth trade continues to evolve as member countries deepen existing linkages – such as recent trade

agreements between the UK and Australia, New Zealand and Singapore, or between India and Mauritius – or diversify their trading partners both within and outside the Commonwealth, including with countries like China. Between 2015 and 2022, 27 member countries increased their share of intra-Commonwealth merchandise exports, while 20 increased the same for services exports.

1.3.2 Regional distribution of intra-Commonwealth trade

Intra-Commonwealth trade is significantly intra-regional, driven by regional production networks and supply chains. Moreover, trade between Commonwealth countries is found to be more than three times higher when they are members of an existing trade agreement (Commonwealth Secretariat, 2018). Based on these dynamics, intra-Commonwealth trade flows are analysed across five Commonwealth regions: Africa, Asia, the Caribbean and Americas (Canada and the Caribbean SIDS), Europe, and the Pacific (Australia, New Zealand and the Pacific SIDS). Trade data is available for each country in Annex 1.2.

FIGURE 1.3
GROWTH IN INTRA-COMMONWEALTH EXPORTS BY REGION, 2015 VS 2022 (US\$ BILLION)



In Commonwealth Asia, Singapore has the largest share of intra-Commonwealth trade in goods (35 per cent) and services (48 per cent). India and Malaysia have relatively equal shares for merchandise exports, at around 30 per cent. India is the second-largest exporter of services, accounting for 43 per cent of intra-Commonwealth services trade in Asia. In absolute terms, Commonwealth Asia's intra-Commonwealth trade has almost doubled since 2015 (Figure 1.3).

In Commonwealth Africa, more than two-thirds of exports originated in three members: South Africa, Nigeria and Ghana. South Africa leads as the largest intra-Commonwealth exporter for both goods and services, comprising 40 per cent of total African intra-Commonwealth exports. Thereafter, Nigeria and Ghana are significant exporters, contributing 21 per cent and 7 per cent, respectively. Kenya is also a prominent services exporter with a 14 per cent share in the intra-Commonwealth services exports of African members.⁶

Canada is the leading exporter in the Caribbean and Americas region. Turning to the Caribbean SIDS, three economies – Trinidad and Tobago, Jamaica, and Guyana – accounted for 72 per cent of the Caribbean SIDS'

intra-Commonwealth exports. Among them, Guyana alone contributed 52 per cent of merchandise exports, followed by Trinidad and Tobago and Jamaica. Jamaica, The Bahamas and Barbados are leading in services trade.

In the Pacific region, Australia and New Zealand drive intra-Commonwealth trade. In the Pacific SIDS, two economies – Papua New Guinea and Fiji – accounted for 95 per cent of the Pacific islands' intra-Commonwealth exports in 2022. The trade distribution is highly concentrated: Papua New Guinea alone accounted for 91 per cent of merchandise exports, while Fiji contributed approximately 81 per cent of services exports.

1.3.3 Sectoral distribution of intra-Commonwealth exports

In 2022, more than two-thirds of intra-Commonwealth exports consisted of merchandise, with services contributing the remainder. However, in both developed and developing countries, the proportion of services in their exports has been increasing and is larger than merchandise.⁷ The next two sections examine the composition of intra-Commonwealth exports in greater detail.

Merchandise exports

Intra-Commonwealth merchandise trade has gradually increased over time, rising from US\$382 billion in 2015 to \$576 billion in 2022. During the pandemic, intra-Commonwealth merchandise exports experienced a significant contraction.⁸ This decline was primarily due to severe recessions in several large Commonwealth traders, including India, Singapore, South Africa and the UK, compounded by pandemic-induced disruptions in supply chains.

A rapid rebound in 2021 and 2022 resulted in the value of intra-Commonwealth merchandise exports surpassing the pre-COVID level by US\$140 billion in 2022. This recovery was widespread across all Commonwealth regions, with developing countries in Asia playing a predominant role. They accounted for three-quarters of the increase during this period (\$107 billion out of \$140 billion). The swift recovery in Commonwealth Asian economies, combined with lesser impacts from the pandemic in African members and rising commodity prices, supported this robust rebound.

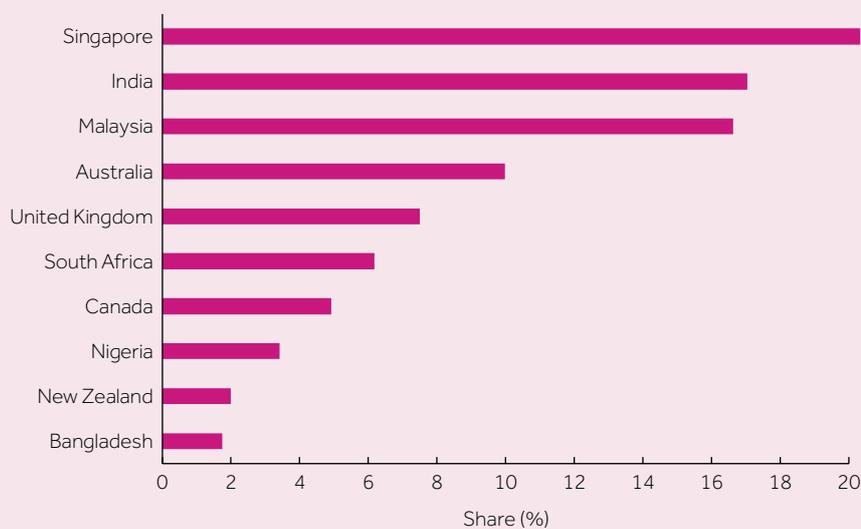
A few large developing economies dominate intra-Commonwealth merchandise exports (Figure 1.4). Singapore leads as the largest intra-Commonwealth exporter, sending approximately US\$117 billion worth of goods to other Commonwealth countries in 2022, followed closely

by India (\$98 billion) and Malaysia (\$96 billion). Together, these three economies account for about half of total intra-Commonwealth merchandise exports, a pattern that has remained largely consistent over time. Overall, 5 countries contribute around 70 per cent, and 10 countries account for approximately 90 per cent of intra-Commonwealth goods trade (Figure 1.4). The concentration of intra-Commonwealth goods trade among a handful of countries suggests potential for broader participation and increased trade benefits if more countries can generate a supply response.

Commonwealth developed countries have a smaller share in intra-Commonwealth goods trade. The UK ranks as the fifth-largest merchandise exporter, while Canada is seventh (Figure 1.4). This is primarily due to the large share of services in their trade and significant regional trade relationships – specifically, the UK with the EU and Canada with the USA and Mexico.

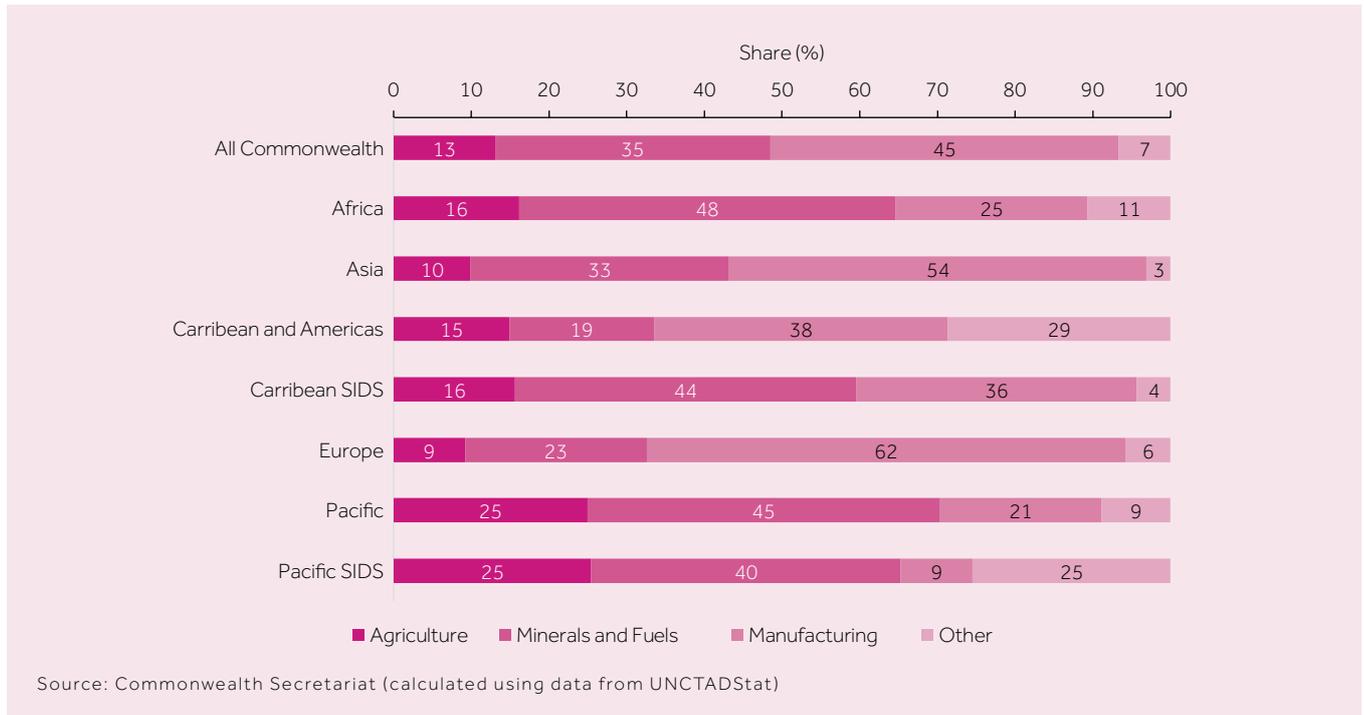
Two sectors, manufacturing and commodities, collectively accounted for nearly 80 per cent of intra-Commonwealth merchandise exports in 2022. Exports of manufactured goods totalled US\$258 billion (45 per cent), while commodities, including minerals and fuels, accounted for US\$204 billion (35 per cent) (Figure 1.5). The share of manufacturing in the overall goods exports of the Commonwealth is highest

FIGURE 1.4
COUNTRY SHARE OF INTRA-COMMONWEALTH GOODS EXPORTS (2022)



Source: Commonwealth Secretariat (calculated using UNCTADStat and WTO Stats)

FIGURE 1.5
STRUCTURE OF INTRA-COMMONWEALTH MERCHANDISE EXPORTS, BY REGION (2022)



for Europe (62 per cent) and Asia (54 per cent). Conversely, Commonwealth Africa has a significant proportion of non-manufactured goods in merchandise exports, at approximately 75 per cent, highlighting the region's vulnerability to volatility in commodity prices, which significantly impact the revenues of commodity-dependent economies. The Pacific region, including the Pacific SIDS, has the highest share of agriculture in its exports at 25 per cent – about double the Commonwealth average – reflecting the importance of this sector. Australia and New Zealand are large exporters of cereals, dairy and meat products, while fisheries constitute a large share of exports from Pacific SIDS, as discussed in the next chapter.

Asian Commonwealth countries are most integrated with Commonwealth countries in other regions (Figure 1.6). In 2022, the Asian region contributed 61 per cent of intra-Commonwealth merchandise exports and absorbed around 54 per cent of intra-Commonwealth imports. African Commonwealth countries collectively contributed 12 per cent of exports and absorbed about 16 per cent of intra-Commonwealth imports, with a significant portion originating from Asian countries. Similarly, the Pacific

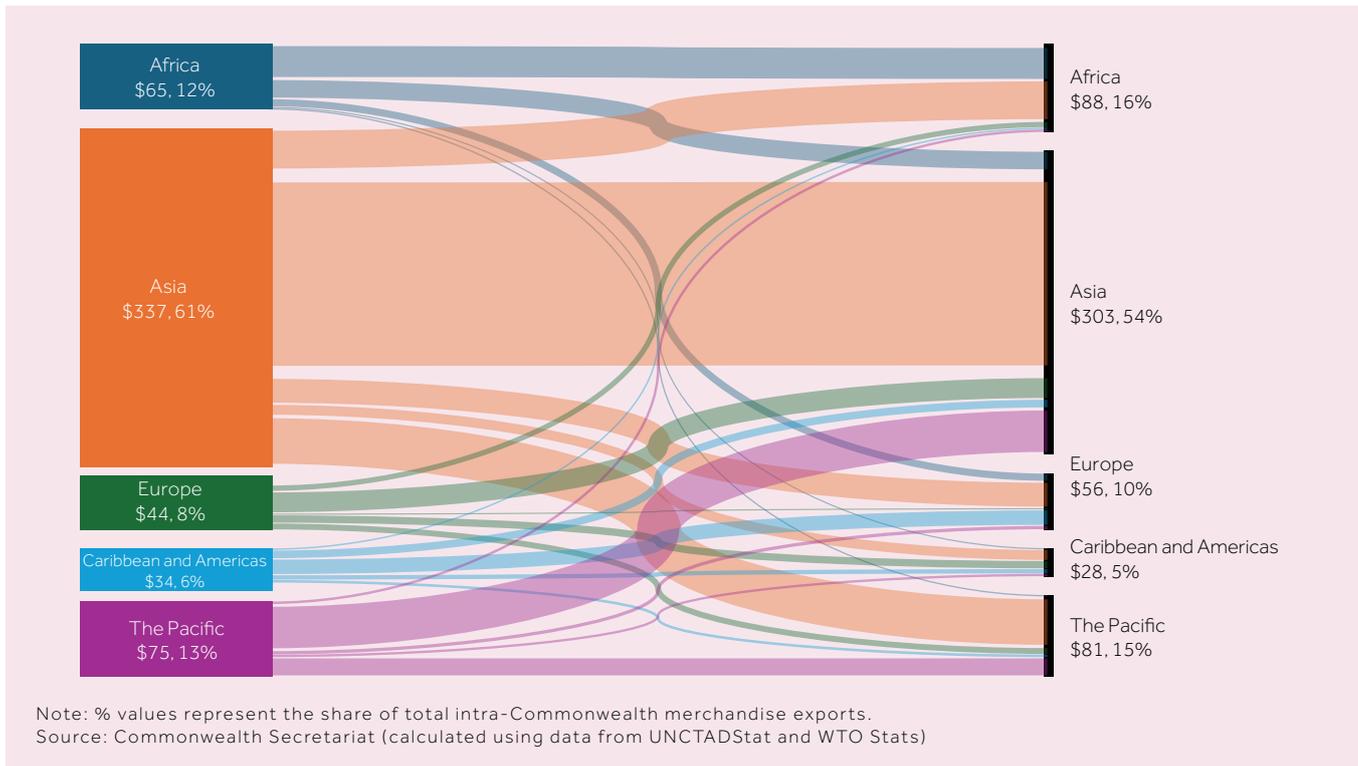
region shows a comparable net-import pattern, with 13 per cent of exports and 15 per cent of imports.

Services exports

Services trade is a crucial component of Commonwealth countries' exports, contributing approximately one-third of intra-Commonwealth trade, which is nearly 8 percentage points higher than the global average of 25 per cent.⁹ In 2022, Commonwealth countries exported services worth US\$278 billion, marking an increase of nearly \$34 billion from 2019 (\$244 billion). This growth is driven by the resumption of travel and transport services in most countries after the COVID-19 pandemic, along with the adoption of online cross-border service delivery modes.

Services have emerged as the fastest-growing sector in Commonwealth countries' exports. Prior to the pandemic, intra-Commonwealth services exports were expanding rapidly at an annual rate of 5.4 per cent, compared to 3.4 per cent growth in merchandise exports. This accelerated growth resulted in exports more than doubling from around US\$98 billion in 2005. The pandemic caused disruptions

FIGURE 1.6
ORIENTATION OF INTRA-COMMONWEALTH MERCHANDISE EXPORTS, US\$ BILLION, % (2022)



in contact-intensive sectors such as hospitality, travel and tourism services, leading to a decline of \$42 billion in intra-Commonwealth services exports in 2020. However, a swift rebound in 2021 and 2022, with an annual growth rate of 16 per cent, substantially recovered these export losses.

Intra-Commonwealth services exports are highly concentrated, with five countries supplying more than 80 per cent of the total in 2022. The Asian region alone contributed 57 per cent of these exports (Figure 1.7). Singapore led as the largest services exporter (\$77 billion), followed by India (\$70 billion) and the UK (\$57 billion). Together, these three countries account for over 70 per cent of intra-Commonwealth services exports. Australia and Canada rank fourth and fifth respectively. Among African members, South Africa is the only country in the top 10 services exporting economies.

Intra-Commonwealth services trade is relatively more diversified compared to merchandise trade. Services originating from Asian and European members are destined for all Commonwealth regions (Figure 1.8). This diversity reflects the flow

of traditional travel and tourism services, as well as modern digitally deliverable services that benefit from the Commonwealth advantage (Box 1.2).

1.3.4 Intra-Commonwealth exports from small states and LDCs

Commonwealth small states rely heavily on intra-Commonwealth trade, exporting US\$43 billion (of \$165 billion total exports) to Commonwealth members. Despite their small export values, their dependence on intra-Commonwealth exports is relatively high. In 2022, these countries collectively directed approximately 26 per cent of their goods and services exports to fellow Commonwealth members, compared to 18 per cent for all Commonwealth countries. This dependence is particularly pronounced in merchandise exports, at 31 per cent, reflecting their export structure, which is predominantly composed of commodities, such as agriculture, minerals and fuels (Figure 1.10A).

Commonwealth LDCs also send about one-quarter of their exports to other Commonwealth countries. Notably,

FIGURE 1.7
COUNTRY SHARE OF INTRA-COMMONWEALTH SERVICES EXPORTS (2022)

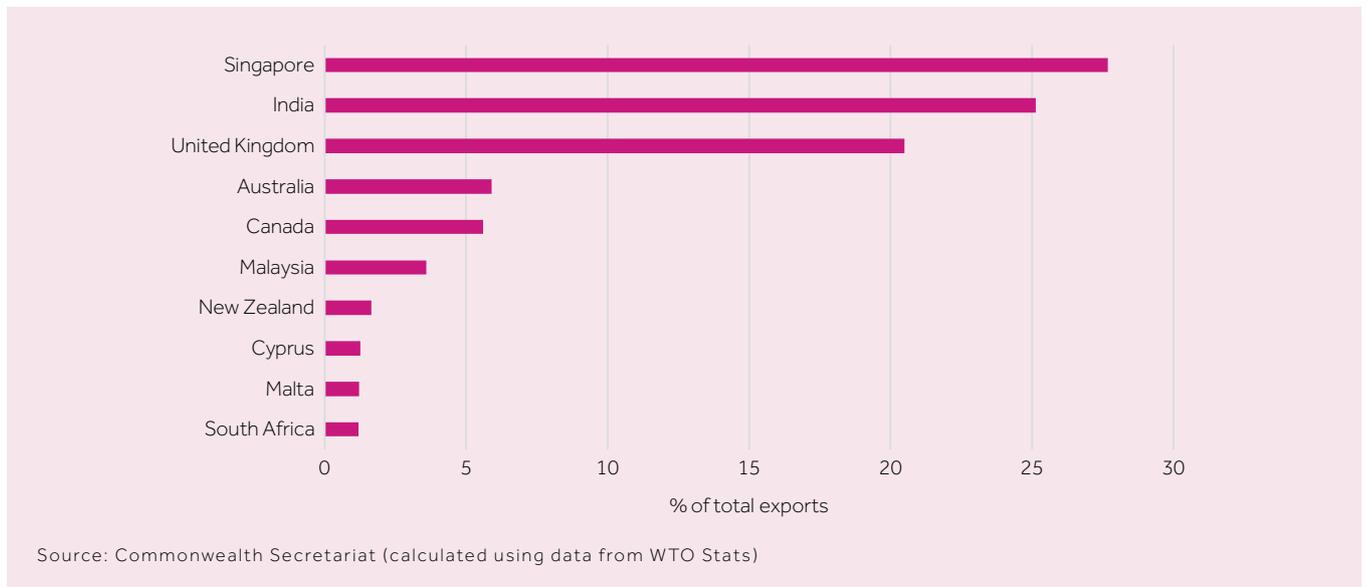
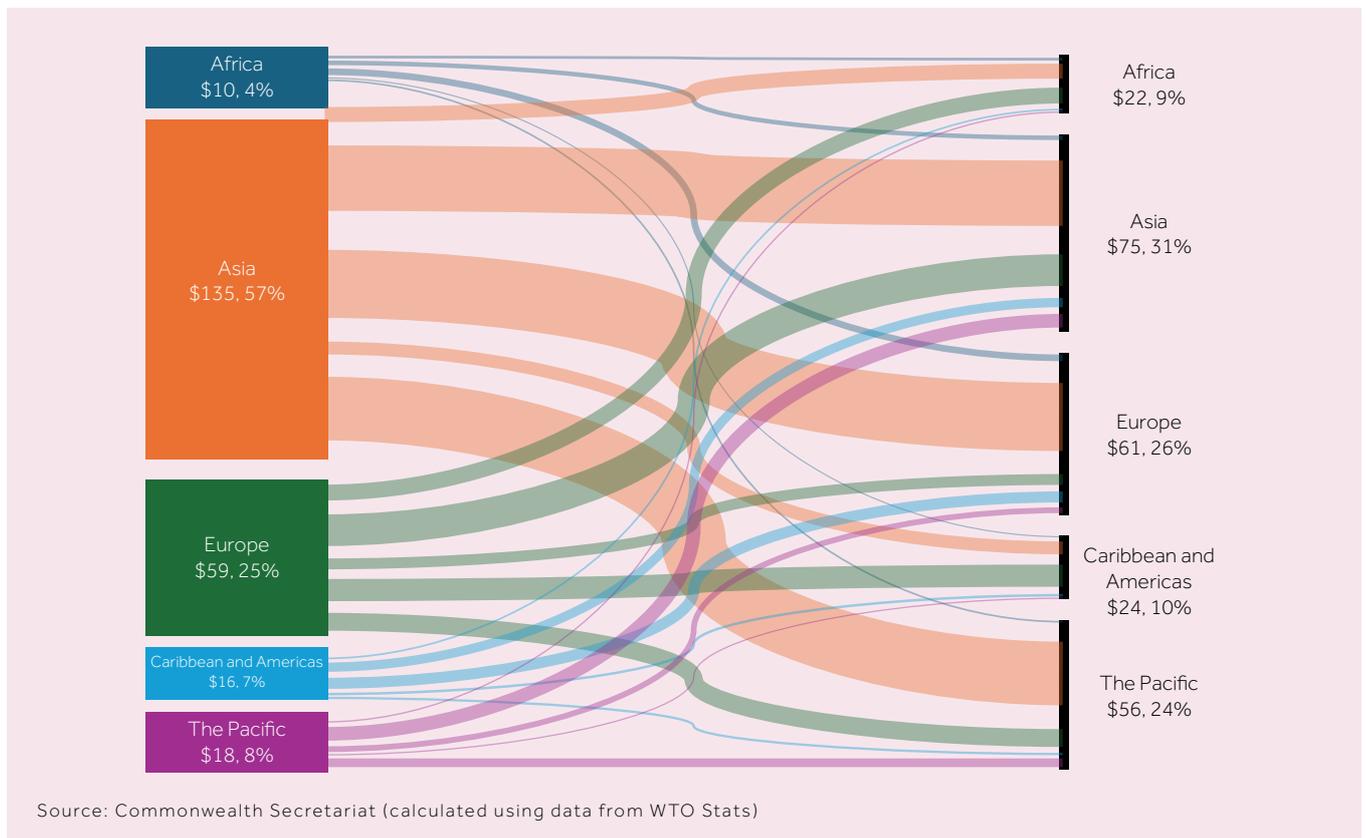


FIGURE 1.8
ORIENTATION OF INTRA-COMMONWEALTH SERVICES EXPORTS, US\$ BILLION, % (2022)



BOX 1.2

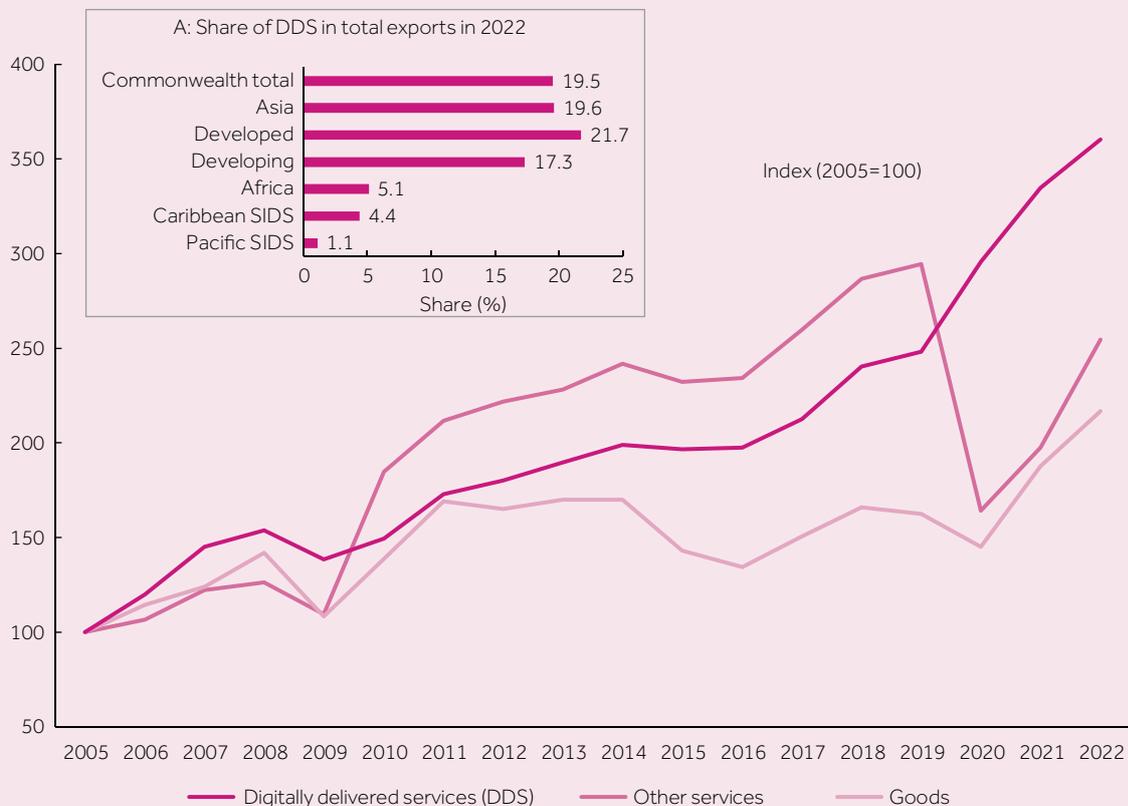
THE GROWTH OF THE COMMONWEALTH'S DIGITAL SERVICES EXPORTS

Digitally deliverable services (DDS) encompass a range of services that can be supplied across borders and delivered remotely using information and communication technology (ICT), such as the internet. The COVID-19 pandemic deepened reliance on digital technologies amid accelerating digitalisation and restrictions on face-to-face interactions (UNCTAD, 2021). In contrast to the steep decline in merchandise and traditional services exports during the 2008 global financial crisis and the 2020–2021 pandemic, the growth of DDS exports has remained quite steady (Ali et al., 2024).

The share of DDS in total services exports climbed sharply across all Commonwealth regions in the wake of the COVID-19 pandemic (Figure 1.9). In 2022, DDS exports were worth US\$921 billion, accounting for 65 per cent of total services exports (compared to 56 per cent worldwide). Commonwealth developed countries accounted for more than half of these exports (\$495 billion or 54 per cent). Among developing economies, Asian countries had the largest share in 2022 (45 per cent or \$415 billion), while the contributions of African members, as well as Pacific and Caribbean SIDS, remained marginal.

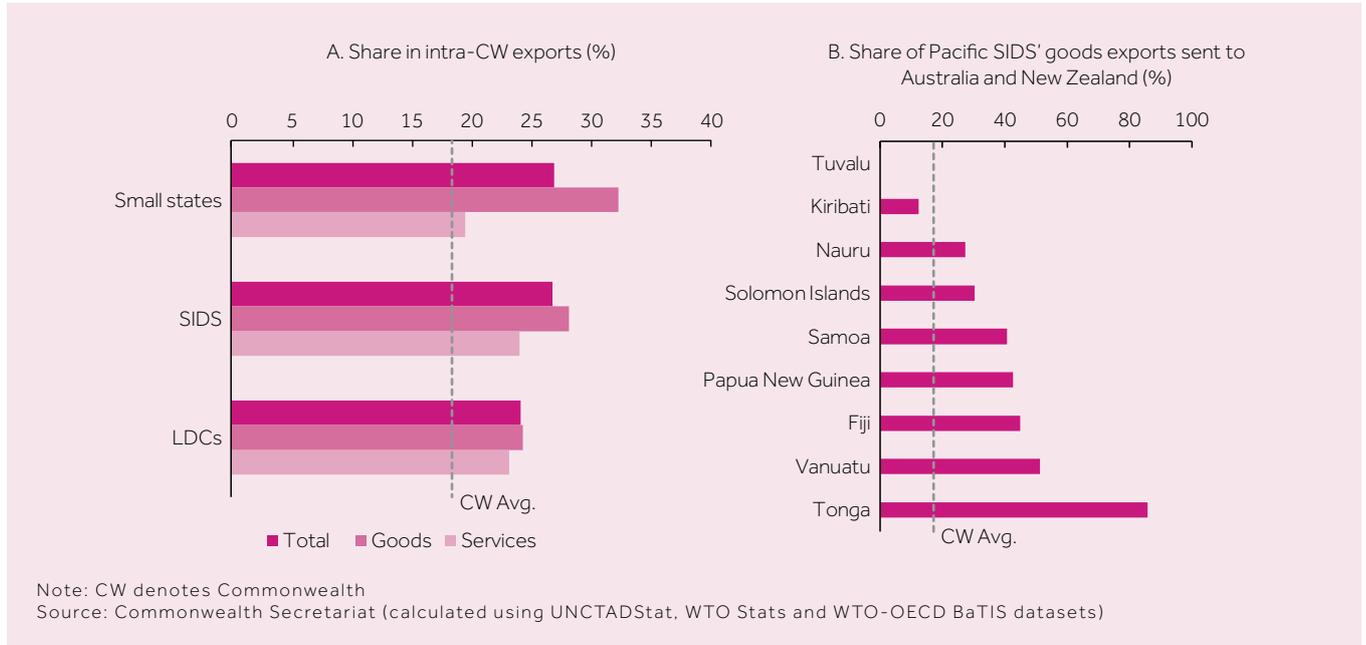
Many developing countries still lack the capacity to leverage digital technologies for trading services due to limitations in digital infrastructure, technological capacity, connectivity issues and skill gaps. This reduced ability to trade through online interactions has hampered the growth of DDS in African countries, as well as in the Caribbean and Pacific SIDS (see inset Chart A, Figure 1.9).

FIGURE 1.9
RESILIENCE OF DIGITALLY DELIVERED SERVICES EXPORTS (2005–2022)



Source: Commonwealth Secretariat (calculated using UNCTADStat, WTO Stats and WTO-OECD BaTIS datasets)

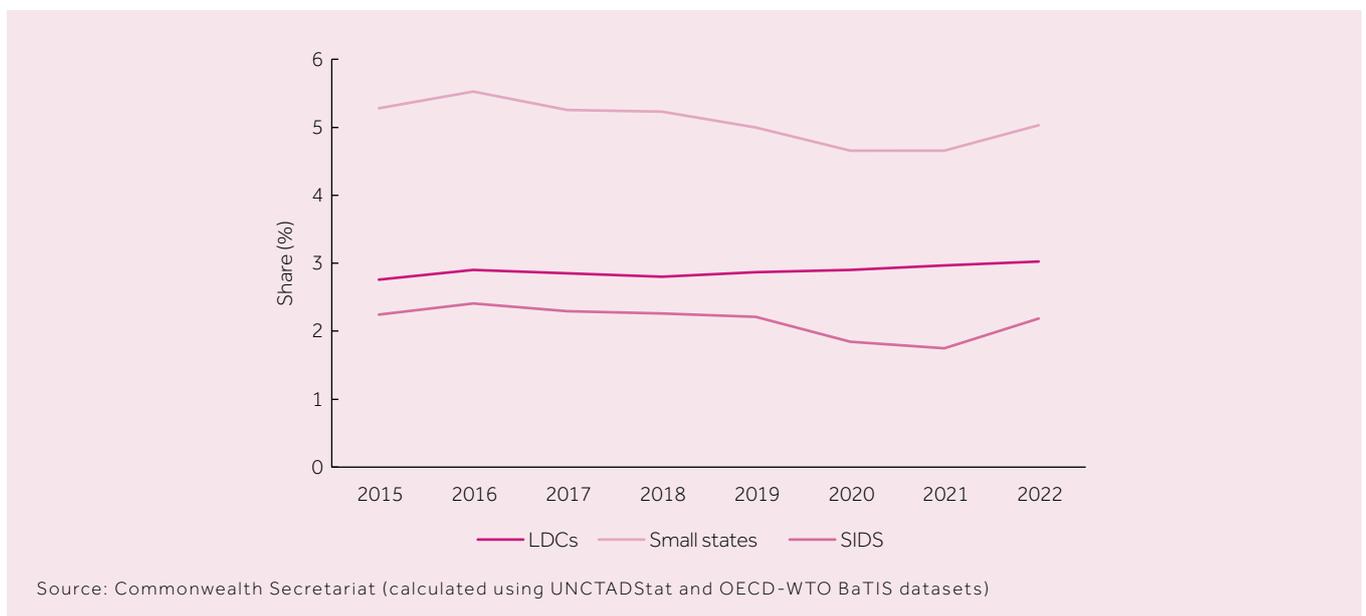
FIGURE 1.10
DEPENDENCE OF LDCs, SMALL STATES AND SIDS ON INTRA-COMMONWEALTH EXPORTS (2022)



Bangladesh and various African countries have substantial exports to Commonwealth markets (see Annex 1.1). Similar to the trade composition of small states, LDCs primarily export commodities. However, services exports from some LDCs, especially Bangladesh, are rapidly increasing.

Commonwealth LDCs accounted for 2.7 per cent of intra-Commonwealth trade in 2015 (Figure 1.11). This is more than twice the share of all LDCs in world trade (UNCTAD, 2022). Between 2015 and 2022, while the share of all LDCs in world trade stagnated, the share

FIGURE 1.11
SHARE OF VULNERABLE GROUPS IN INTRA-COMMONWEALTH EXPORTS



of Commonwealth LDCs in intra-Commonwealth trade rose to 3 per cent. A significant portion of this increase is attributed to the export performance of Bangladesh, whose global exports nearly doubled from US\$28 billion in 2012 to over \$63 billion in 2022.

1.4 Prospects and drivers of trade in the Commonwealth

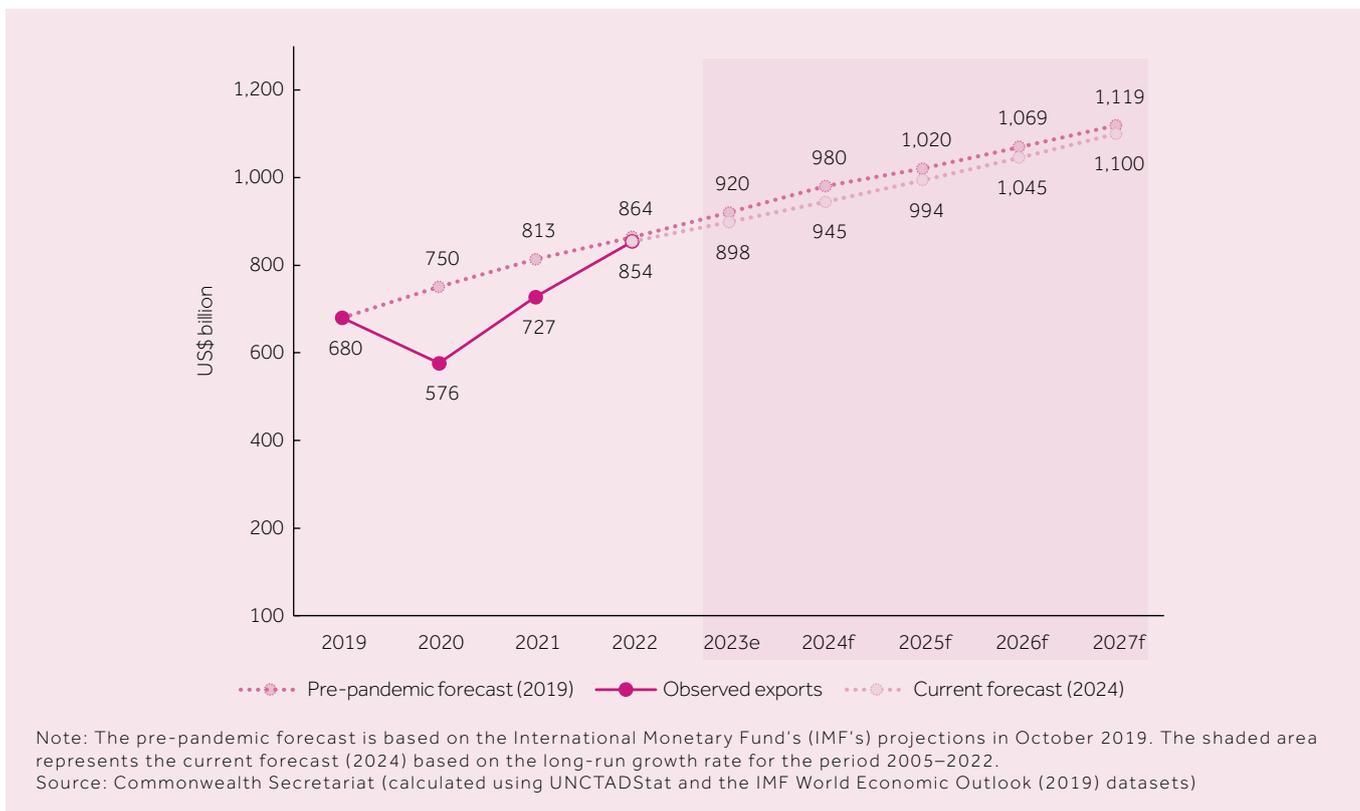
1.4.1 Outlook for intra-Commonwealth trade

The value of intra-Commonwealth goods and services exports reached a record high of US\$854 billion in 2022. These exports are projected to grow steadily over the next five years, surpassing \$1 trillion by 2026 (see Figure 1.12). While this growth is positive and intra-Commonwealth trade had almost returned to its pre-pandemic growth path by 2022, achieving the long-term goal of raising intra-Commonwealth trade to \$2 trillion by 2030 will be challenging.

The forecast faces downside risks due to geopolitical tensions and policy uncertainty. The ongoing conflict in Ukraine and the potential escalation of the Middle East conflict, which has already resulted in the rerouting of shipping lanes between Europe and Asia,¹⁰ along with tensions in other regions, could lead to trade fragmentation. Rising protectionism is another risk that could undermine the recovery of trade in 2024 and 2025. The number of new global trade restrictions each year has been steadily increasing, from about 313 in 2015 to almost 1,700 in 2023. By mid-2024, these measures had already reached almost 1,500.¹¹

Although intra-Commonwealth exports rebounded in 2021 and 2022, trade growth slowed in 2023 due to several factors: the dissipation of pent-up demand induced by the pandemic, a shift in consumer spending towards services and away from goods, geopolitical tensions, policy uncertainties, and ongoing supply chain restructuring. Moreover, global economic growth decelerated to 2.6 per cent in 2023 and is forecast to decline further to 2.4 per

FIGURE 1.12
FIVE-YEAR PROJECTIONS FOR INTRA-COMMONWEALTH TRADE (2023–2027)



cent in 2024 before rising to 2.7 per cent in 2025 (World Bank, 2024). Consequently, global trade in goods and services contracted by 2 per cent in 2023 (WTO, 2024c).

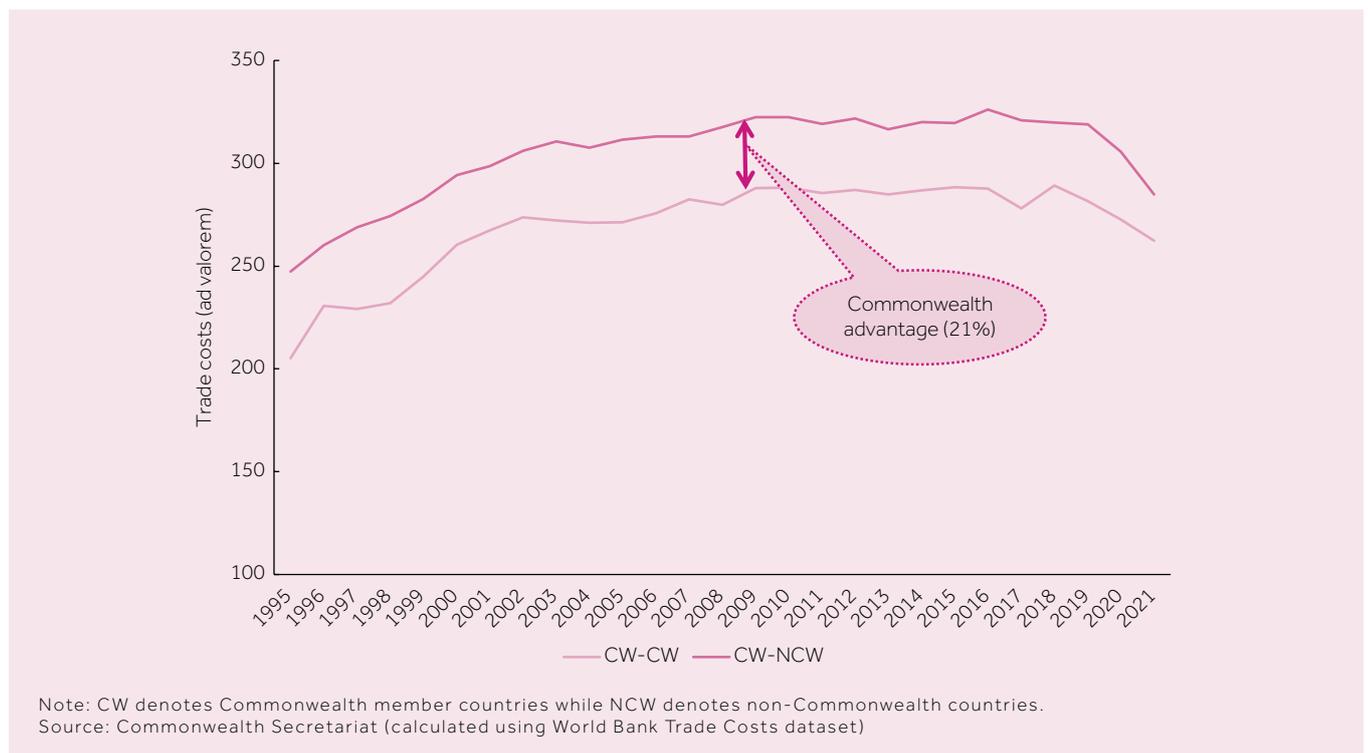
Despite these challenges, there are several positive signals indicating potential for expanding trade flows. Global trade growth is projected to rebound to 2.3 per cent in 2024 (WTO, 2024c). Inflation is expected to gradually decrease, which will allow real incomes to rise in many economies and ease access to capital and credit, thereby stimulating consumption of manufactured goods and commercial services and encouraging investment. The decline in inflation, coupled with the introduction of e-visa schemes by many economies, are anticipated to boost tourism and related travel services trade (WTO, 2024c). Within the Commonwealth, India's domestic market size, projected growth and renewed emphasis on foreign direct investment make it a potential engine for trade and economic development in the next decade (Gilbert et al., 2024). These developments could potentially strengthen the trade flows of many Commonwealth countries in both the short and medium terms, especially by harnessing the Commonwealth advantage.

1.4.2 Revisiting the Commonwealth advantage

Framing all these commercial transactions is the Commonwealth advantage, which continues to drive the growth of intra-Commonwealth trade in goods and services. An analysis of bilateral trade costs for different trading partners reveals that trade costs between Commonwealth country pairs have been consistently lower over time (Figure 1.13). On average, aggregate bilateral trade costs between Commonwealth country pairs are about 21 per cent lower than the costs of trading with non-Commonwealth countries (Commonwealth Secretariat, 2021).

New econometric analysis undertaken for this *Commonwealth Trade Review 2024* reveals a positive impact of Commonwealth membership on various export sectors, including merchandise exports (around 30 per cent increase over 2010–2022), food exports (22 per cent over the same period) – see Chapters 3 and 4 – and exports of modern services (400 per cent over 2000–2019). However, this did not extend to traditional services exports (Shingal, 2024). Modern services are largely digitally traded, which insulated them from the COVID-19 shock (see Box 1.2). Since 2005, exports of digital services have

FIGURE 1.13
AVERAGE TRADE COSTS DIFFERENTIAL FOR EXPORTS TO COMMONWEALTH PARTNERS VS OTHERS (1995–2021)



grown more rapidly than those of merchandise or traditional services, underlying further opportunities for Commonwealth countries to leverage digital trade for growth and development. Similarly, the growing importance of Commonwealth Asia suggests that other Commonwealth countries can gain significantly by integrating more with these countries, including through their goods and services value chains.

As global trade costs generally decline over time, fostering trade growth and increased prosperity towards achieving the Sustainable Development Goals (SDGs), the significance of the Commonwealth advantage may diminish. However, Commonwealth countries can still substantially reduce their trade costs by adopting and implementing digital trade facilitation measures (Box 1.2). An ambitious trade digitalisation strategy can reduce trade costs by approximately 15 per cent, whereas achieving basic compliance with the World Trade Organization (WTO) Trade Facilitation Agreement could reduce trade costs by only around 4 per cent (Commonwealth Secretariat and UNESCAP, 2024).¹² The UK, with the enactment of the Electronic Trade Documents Act in 2023, and digitally advanced members like Australia, New Zealand and Singapore, can play a leading role in efforts to enhance pan-Commonwealth collaboration on an inclusive and transformative trade digitalisation agenda, including addressing the digital divide.¹³

Commonwealth trade and the Commonwealth advantage may also evolve as geopolitical and geo-economic factors increasingly shape trade and international production networks. This could potentially enhance the Commonwealth advantage as Commonwealth partners become increasingly favourable locations for “friend-shoring” and for multinational enterprises and investors seeking to de-risk or move away from “politically distant” countries. For example, three South Asian economies – India, Bangladesh and Sri Lanka – could potentially benefit from the shift in supply chains from China. These countries possess competitive advantages in certain industries, such as textiles and electronics assembly, and could attract investments as alternative manufacturing hubs (Wignaraja, 2023; Gilbert et al., 2024).

1.4.3 Future drivers of Commonwealth trade

Looking ahead, six major trends and dynamics are likely to shape trade flows both globally and among Commonwealth countries. First, geopolitics and geo-economic strategic competition will continue to exert influence over bilateral trade partnerships and patterns. Since late 2022, there has been a noticeable rise

in trade between countries with similar geopolitical stances (UNCTAD, 2024). The potential for global trade fragmentation among major blocs with different institutions and norms poses a risk to Commonwealth countries, especially small states, LDCs and those in sub-Saharan Africa. Estimates suggest this fragmentation could reduce global output by 0.2 to 7 per cent, depending on the intensity of fragmentation, severely affecting trade, financial flows and technology exchanges (Garcia-Saltos et al., 2023). It is imperative for major trading economies to take measures to ensure that the poorest and most vulnerable countries are not disadvantaged.

Second, the resurgence of industrial policies and increased protectionism could distort trade and investment. Some countries are imposing tariffs increasingly as a policy response to China’s excess production across a range of goods and its deployment of vast subsidies to boost domestic production and jobs in strategic sectors like green industries, semiconductors and frontier technologies. A global subsidy competition would disadvantage Commonwealth countries (IMF, 2024). There is also a new scramble to secure access to critical minerals essential for the clean energy transition. Several Commonwealth countries are significant producers of these minerals, presenting potential opportunities to drive resource-based industrialisation through local value addition and linkages into the wider economy.

Third, strengthening regional trade and economic co-operation will remain a priority to foster economic growth, structural transformation and sustainable development, including efforts towards achieving food security (see Part II). The African Continental Free Trade Area (AfCFTA) and the Regional Comprehensive Economic Partnership (RCEP) in Asia–Pacific are the world’s largest trade agreements when measured, respectively, by number of members or economic size. Once fully implemented, these agreements, together with other mega-regionals like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), will significantly reshape the global trading landscape. Their implementation could provide impetus for global growth and spur trade expansion elsewhere, also benefiting non-members.

Fourth, climate change and sustainability considerations will increasingly impact trade by disrupting supply chains, altering trade routes and affecting production patterns, particularly in agriculture and food. Extreme weather events and rising sea levels can damage critical trade-related infrastructure such as ports, roads and warehouses, with Commonwealth

SIDS often among the most affected. Furthermore, the proliferation of climate-related trade measures aimed at achieving net zero emissions could potentially distort trade and investment. New traceability and due diligence measures for environmental, social and governance (ESG) standards in supply chains represent an additional “green squeeze” on capacity-constrained developing countries. These measures are expected to increase trade costs and potentially disadvantage smaller producers unfairly (Keane, 2023).

Fifth, digitalisation and frontier technologies are transforming global production, trade and supply chains. For example, digital trade facilitation measures have the potential to further reduce the costs of international business and bolster intra-Commonwealth trade (see Box 1.3). Moreover, the shift toward digitalisation holds significant promise. In 2022, around two-thirds of Commonwealth countries’ services exports (US\$911 billion) were delivered digitally, almost 9 percentage points higher than the global average.¹⁴ While the growing prospect of delivering services digitally across borders presents numerous new trading opportunities, it may also exacerbate digital divides within the Commonwealth and globally. In 2022, two-thirds of LDCs’ population was still offline (ITU, 2023). However, if these constraints are

addressed, digital trade could increasingly become a viable option for service providers in developing countries and LDCs.

Finally, shifting global population demographics will significantly impact trade, along with the importance of ensuring more inclusive trade opportunities for women and youth entrepreneurs and micro, small and medium enterprises. These dynamics will also necessitate enhanced productive capacity and increased trade and investment to enhance food security for an expanding, more urbanised population (see Chapter 6). Several populous Commonwealth countries are experiencing rapid growth, with India surpassing China in population size in 2023. Over the next decade, the Commonwealth is expected to experience much higher population growth than the global average, adding more than 385 million people by 2033.¹⁵ Fast growing populations are bolstering demand for goods and services while also placing increasing pressure on existing resources and the environment. Overall, more than half of the Commonwealth’s combined population is below the age of 25. In many countries, young people are more tech-savvy and innovative, meaning the Commonwealth’s youthful demographic profile is likely to be a key factor boosting digital trade and driving trade in frontier technologies and innovative goods and services going forward.

BOX 1.3

DIGITAL AND SUSTAINABLE TRADE FACILITATION IN THE COMMONWEALTH

Trade facilitation plays a key role in promoting trade and advancing sustainable development. It does this by fostering more efficient and transparent trade procedures, enhancing the resilience of global supply chains, and reducing overall trade costs. The 2023 United Nations Global Survey on Digital and Sustainable Trade Facilitation reveals that the average implementation rate in the Commonwealth countries that participated in the survey stands at 66 per cent, based on a set of 31 general trade facilitation measures. Developed countries recorded the highest implementation rate at 88 per cent. Among developing countries, those in Asia recorded the highest rate at 76 per cent, while the Caribbean and Pacific SIDS have the two lowest sub-regional implementation scores at 58 per cent and 46 per cent, respectively.

Overall, notable progress was made on the implementation of trade facilitation measures between 2021 and 2023. The average implementation rate rose from 59 per cent in 2021 to 66 per cent in 2023. Many developing countries are sharing their trade facilitation expertise and learning from each other on the digitalisation of trade processes and payment settlement systems.

Source: Commonwealth Secretariat and UNESCAP (2024)

1.5 Conclusion

International trade is the economic lifeblood of the Commonwealth, and revitalising and expanding these flows of goods and services are indispensable for economic growth and achieving the SDGs. With the COVID-19 pandemic behind us, attention is increasingly focused on charting a path towards inclusive and sustainable economic recovery and building more resilient supply chains. The Commonwealth's diverse members will face varied opportunities and challenges for economic and trade growth, depending on the structure of their economies, the composition of their exports, and their inherent features and vulnerabilities, from small states to LDCs.

While global economic prospects over the next few years will determine the speed and depth of trade recovery, stronger multilateral and regional co-operation will enable and enhance Commonwealth countries' participation in world trade, especially developing countries, LDCs and those graduating from this category. Similarly, Commonwealth countries' existing and future trade agreements offer untapped opportunities to expand trade and investment and deepen economic co-operation, including in services, digital trade and FinTech (financial technology).

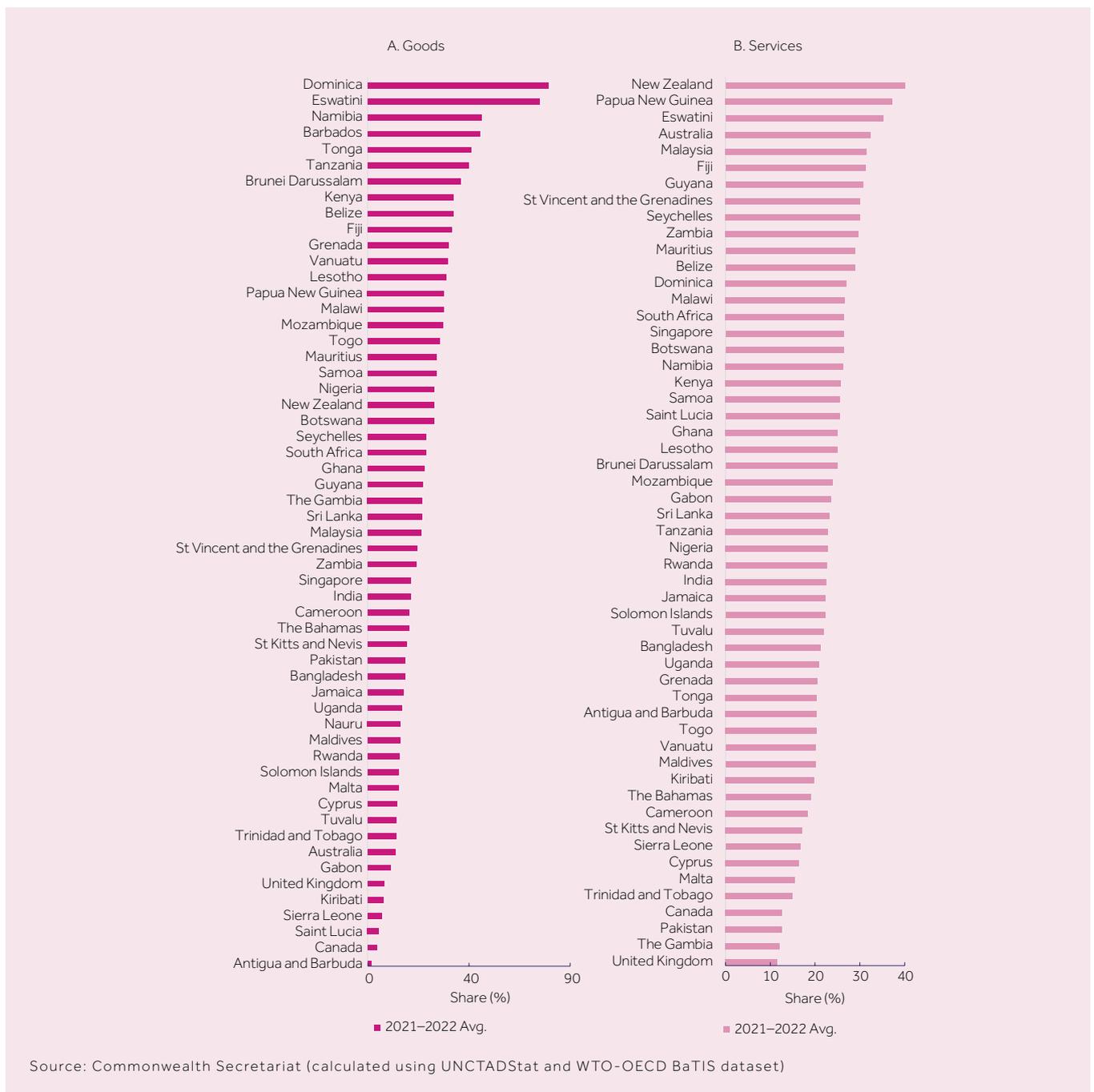
Digitalisation of trade also offers great promise. In 2022, digitally delivered services accounted for one-fifth of the Commonwealth's total goods and services exports. However, most African countries and the Pacific and

Caribbean SIDS are missing out from this digital uptake and remain marginalised from the bulk of digital trade flows, hamstrung by large and persistent digital divides.

With the great shift towards services sectors and the increasing dominance of services in global trade, the services-oriented economies need to ensure their services sectors are more resilient and innovative, including by adopting technologies. Commonwealth countries can harness digital technologies – with emphasis on building the necessary digital capabilities – to boost their trade (especially e-commerce and digitally deliverable services), improve competitiveness, adopt smarter paperless trade, and promote more sustainable and circular trade, especially for agriculture and fisheries.

Harnessing these opportunities requires concerted efforts by the public and private sectors. At an inter-governmental level, the ongoing efforts of the Commonwealth's Working Group on Trade and Investment hold great potential to drive collaboration between Commonwealth countries in support of enhanced intra-Commonwealth trade. Commonwealth traders and investors can proactively utilise the array of Commonwealth networks and initiatives, such as the Business Forum, small and medium-sized enterprise (SME) platforms, and the Commonwealth Standards Initiative, to enable regular interaction, information-sharing and identification of commercial opportunities. These efforts should be framed overall by the importance of ensuring inclusive trade for women and youth, and especially by promoting women's economic empowerment.

Annex 1.1 Relative significance of intra-Commonwealth merchandise trade in member countries' total trade (2021–2022 average)



Source: Commonwealth Secretariat (calculated using UNCTADStat and WTO-OECD BaTIS dataset)

Annex 1.2 Commonwealth export profile (2022)

| Economy/group | Global exports (US\$ million) | | | | Digitally deliverable services exports | | | Intra-Commonwealth trade (US\$ million) | | | Intra-Commonwealth share in globalexports (%) | | | Share in regional intra-Commonwealth exports (%) | | |
|---------------------------|-------------------------------|------------------|------------------|--------------------------------|--|-----------------------|----------------|---|------------------|-------------|---|------------------|------------|--|-------|----------|
| | Goods | Services | Goods & Services | Share of Services in Total (%) | Value | Share in Services (%) | Goods | Services | Goods & Services | Goods | Services | Goods & Services | Goods | Services | Goods | Services |
| Commonwealth | 3,357,914 | 1,445,470 | 4,803,383 | 30.1 | 932,653 | 64.5 | 575,905 | 277,636 | 853,542 | 17.2 | 19.2 | 17.8 | 100 | 100 | | |
| <i>of which</i> | | | | | | | | | | | | | | | | |
| Developed | 1,597,416 | 722,871 | 2,320,287 | 31.2 | 503,367 | 69.6 | 141,553 | 100,291 | 241,844 | 8.9 | 13.9 | 10.4 | 100 | 100 | | |
| Australia | 412,683 | 50,610 | 463,294 | 10.9 | 18,858 | 37.3 | 57,486 | 16,383 | 73,869 | 13.9 | 32.4 | 15.9 | 40.6 | 16.3 | | |
| Canada | 599,032 | 123,317 | 722,349 | 17.1 | 76,658 | 62.2 | 28,289 | 15,538 | 43,827 | 4.7 | 12.6 | 6.1 | 20.0 | 15.5 | | |
| Cyprus ^b | 4,363 | 21,215 | 25,578 | 82.9 | 15,124 | 71.3 | 661 | 3,499 | 4,160 | 15.1 | 16.5 | 16.3 | 0.5 | 3.5 | | |
| Malta ^b | 3,253 | 21,835 | 25,088 | 87.0 | 11,997 | 54.9 | 484 | 3,380 | 3,864 | 14.9 | 15.5 | 15.4 | 0.3 | 3.4 | | |
| New Zealand | 45,102 | 11,454 | 56,556 | 20.3 | 4,070 | 35.5 | 11,426 | 4,588 | 16,014 | 25.3 | 40.1 | 28.3 | 8.1 | 4.6 | | |
| United Kingdom | 532,982 | 494,440 | 1,027,422 | 48.1 | 376,660 | 76.2 | 43,208 | 56,903 | 100,111 | 8.1 | 11.5 | 9.7 | 30.5 | 56.7 | | |
| Developing | 1,760,497 | 722,599 | 2,483,096 | 29.1 | 429,286 | 59.4 | 434,352 | 177,345 | 611,697 | 24.7 | 24.5 | 24.6 | 100 | 100 | | |
| <i>by region</i> | | | | | | | | | | | | | | | | |
| Africa | 281,620 | 51,101 | 332,721 | 15.4 | 17,230 | 33.7 | 85,482 | 12,823 | 98,305 | 30.4 | 25.1 | 29.5 | 100 | 100 | | |
| Botswana ^b | 8,314 | 588 | 8,902 | 6.6 | 122 | 20.7 | 2,822 | 155 | 2,977 | 33.9 | 26.4 | 33.4 | 3.3 | 1.2 | | |
| Cameroon | 5,584 | 1,836 | 7,420 | 24.7 | 406 | 22.1 | 1,251 | 337 | 1,589 | 22.4 | 18.4 | 21.4 | 1.5 | 2.6 | | |
| Eswatin ^b | 2,034 | 63 | 2,098 | 3.0 | 34 | 53.6 | 1,691 | 22 | 1,713 | 83.1 | 35.2 | 81.7 | 2.0 | 0.2 | | |
| Gabon ^b | 9,076 | 201 | 9,277 | 2.2 | 42 | 20.8 | 1,062 | 48 | 1,109 | 11.7 | 23.7 | 12.0 | 1.2 | 0.4 | | |
| The Gambia ^{b,c} | 40 | - | 40 | - | 1 | - | 11 | - | 11 | 26.7 | 0.0 | 26.7 | 0.0 | 0.0 | | |
| Ghana | 17,494 | 8,302 | 25,797 | 32.2 | 5,033 | 60.6 | 4,810 | 2,083 | 6,893 | 27.5 | 25.1 | 26.7 | 5.6 | 16.2 | | |
| Kenya | 7,411 | 6,926 | 14,338 | 48.3 | 2,048 | 29.6 | 3,155 | 1,782 | 4,937 | 42.6 | 25.7 | 34.4 | 3.7 | 13.9 | | |
| Lesotho ^{b,c} | 894 | 14 | 908 | 1.5 | 4 | 28.5 | 354 | 3 | 357 | 39.6 | 25.0 | 39.3 | 0.4 | 0.0 | | |
| Malawi ^c | 900 | 417 | 1,317 | 31.7 | 170 | 40.7 | 338 | 111 | 450 | 37.6 | 26.7 | 34.1 | 0.4 | 0.9 | | |
| Mauritius ^{a,b} | 2,388 | 2,618 | 5,005 | 52.3 | 795 | 30.4 | 812 | 757 | 1,569 | 34.0 | 28.9 | 31.3 | 0.9 | 5.9 | | |

(Continued)

| Economy/group | Global exports (US\$ million) | | | | | | Digitally deliverable services exports | | | Intra-Commonwealth trade (US\$ million) | | | Intra-Commonwealth share (%) | | | Share in Commonwealth exports (%) | |
|------------------------------------|-------------------------------|----------------|------------------|--------------------------------|----------------|-----------------------|--|----------------|------------------|---|-------------|------------------|------------------------------|------------|------------------|-----------------------------------|----------|
| | Goods | Services | Goods & Services | Share of Services in Total (%) | Value | Share in Services (%) | Goods | Services | Goods & Services | Goods | Services | Goods & Services | Goods | Services | Goods & Services | Goods | Services |
| | | | | | | | | | | | | | | | | | |
| Mozambique ^c | 8,299 | 1,128 | 9,427 | 12.0 | 45 | 4.0 | 3,244 | 270 | 3,514 | 39.1 | 23.9 | 37.3 | 3.8 | 2.1 | | | |
| Namibia ^b | 5,828 | 925 | 6,753 | 13.7 | 202 | 21.8 | 3,006 | 244 | 3,250 | 51.6 | 26.3 | 48.1 | 3.5 | 1.9 | | | |
| Nigeria | 63,075 | 4,864 | 67,939 | 7.2 | 1,237 | 25.4 | 19,691 | 1,113 | 20,803 | 31.2 | 22.9 | 30.6 | 23.0 | 8.7 | | | |
| Rwanda ^c | 2,111 | 883 | 2,994 | 29.5 | 45 | 5.1 | 332 | 200 | 532 | 15.7 | 22.6 | 17.8 | 0.4 | 1.6 | | | |
| Seychelles ^b | 537 | 1,681 | 2,218 | 75.8 | 513 | 30.5 | 153 | 506 | 659 | 28.5 | 30.1 | 29.7 | 0.2 | 3.9 | | | |
| Sierra Leone ^c | 1,124 | 37 | 1,161 | 3.2 | 12 | 33.5 | 88 | 6 | 94 | 7.9 | 16.7 | 8.1 | 0.1 | 0.0 | | | |
| South Africa | 122,901 | 12,594 | 135,495 | 9.3 | 5,716 | 45.4 | 35,529 | 3,330 | 38,860 | 28.9 | 26.4 | 28.7 | 41.6 | 26.0 | | | |
| Tanzania ^c | 6,825 | 4,762 | 11,586 | 41.1 | 313 | 6.6 | 3,482 | 1,094 | 4,575 | 51.0 | 23.0 | 39.5 | 4.1 | 8.5 | | | |
| Togo ^c | 1,348 | 548 | 1,896 | 28.9 | 186 | 33.9 | 502 | 112 | 614 | 37.3 | 20.4 | 32.4 | 0.6 | 0.9 | | | |
| Uganda ^c | 3,772 | 1,781 | 5,553 | 32.1 | 270 | 15.1 | 634 | 373 | 1,007 | 16.8 | 21.0 | 18.1 | 0.7 | 2.9 | | | |
| Zambia ^c | 11,664 | 933 | 12,596 | 7.4 | 38 | 4.1 | 2,516 | 278 | 2,793 | 21.6 | 29.8 | 22.2 | 2.9 | 2.2 | | | |
| Asia | 1,434,643 | 655,981 | 2,090,624 | 31.4 | 410,003 | 62.5 | 336,972 | 161,035 | 498,007 | 23.5 | 24.5 | 23.8 | 100 | 100 | | | |
| Bangladesh ^c | 54,695 | 8,270 | 62,965 | 13.1 | 1,923 | 23.2 | 10,035 | 1,751 | 11,787 | 18.3 | 21.2 | 18.7 | 3.0 | 1.1 | | | |
| Brunei Darussalam ^b | 14,230 | 282 | 14,512 | 1.9 | 20 | 6.9 | 6,782 | 70 | 6,852 | 47.7 | 25.0 | 47.2 | 2.0 | 0.0 | | | |
| India | 453,415 | 309,374 | 762,789 | 40.6 | 219,256 | 70.9 | 98,149 | 69,798 | 167,947 | 21.6 | 22.6 | 22.0 | 29.1 | 43.3 | | | |
| Malaysia | 352,094 | 31,683 | 383,777 | 8.3 | 12,094 | 38.2 | 95,779 | 9,992 | 105,771 | 27.2 | 31.5 | 27.6 | 28.4 | 6.2 | | | |
| Maldives ^{a,b} | 400 | 4,696 | 5,096 | 92.2 | 37 | 0.8 | 65 | 943 | 1,008 | 16.4 | 20.1 | 19.8 | 0.0 | 0.6 | | | |
| Pakistan | 30,901 | 7,358 | 38,259 | 19.2 | 4,283 | 58.2 | 5,597 | 926 | 6,523 | 18.1 | 12.6 | 17.0 | 1.7 | 0.6 | | | |
| Singapore | 515,802 | 291,256 | 807,057 | 36.1 | 171,224 | 58.8 | 117,086 | 76,843 | 193,929 | 22.7 | 26.4 | 24.0 | 34.7 | 47.7 | | | |
| Sri Lanka | 13,107 | 3,062 | 16,169 | 18.9 | 1,167 | 38.1 | 3,479 | 712 | 4,191 | 26.5 | 23.2 | 25.9 | 1.0 | 0.4 | | | |
| Caribbean SIDS | 28,346 | 13,818 | 42,164 | 32.8 | 1,855 | 13.4 | 6,006 | 2,973 | 8,978 | 21.2 | 21.5 | 21.3 | 100 | 100 | | | |
| Antigua and Barbuda ^{a,b} | 22 | 970 | 992 | 97.8 | 105 | 10.8 | 0 | 198 | 198 | 1.3 | 20.4 | 20.0 | 0.0 | 6.7 | | | |
| The Bahamas ^{a,b} | 610 | 3,666 | 4,276 | 85.7 | 221 | 6.0 | 131 | 697 | 829 | 21.6 | 19.0 | 19.4 | 2.2 | 23.5 | | | |
| Barbados ^{a,b} | 498 | - | 498 | - | 191 | - | 283 | - | 283 | 56.9 | 0.0 | 56.9 | 4.7 | 0.0 | | | |
| Belize ^{a,b} | 518 | 850 | 1,368 | 62.2 | 167 | 19.6 | 227 | 246 | 473 | 43.9 | 28.9 | 34.6 | 3.8 | 8.3 | | | |
| Dominica ^{a,b} | 21 | 170 | 191 | 89.0 | 61 | 36.1 | 19 | 46 | 65 | 90.3 | 27.0 | 34.0 | 0.3 | 1.5 | | | |
| Grenada ^{a,b} | 37 | 661 | 699 | 94.6 | 162 | 24.6 | 15 | 136 | 151 | 40.5 | 20.6 | 21.6 | 0.3 | 4.6 | | | |

(Continued)

| Economy/group | Global exports (US\$ million) | | | Digitally deliverable services exports | | Intra-Commonwealth trade (US\$ million) | | | Intra-Commonwealth share (%) | | | Share in Commonwealth exports (%) | | |
|--|-------------------------------|---------------|------------------|--|---------------|---|---------------|---------------|------------------------------|-------------|-------------|-----------------------------------|-------------|-------------|
| | Goods | Services | Goods & Services | Share of Services in Total (%) | Value | Share in Services (%) | Goods | Services | Goods & Services | Goods | Services | Goods & Services | Goods | Services |
| Guyana ^{a,b} | 11,299 | 219 | 11,518 | 1.9 | 156 | 71.2 | 3,122 | 67 | 3,190 | 27.6 | 30.7 | 27.7 | 52.0 | 2.3 |
| Jamaica ^{a,b} | 1,901 | 4,522 | 6,424 | 70.4 | 439 | 9.7 | 323 | 1,007 | 1,329 | 17.0 | 22.3 | 20.7 | 5.4 | 33.9 |
| St Lucia ^{a,b} | 79 | 1,143 | 1,222 | 93.5 | 48 | 4.2 | 4 | 291 | 295 | 5.3 | 25.5 | 24.2 | 0.1 | 9.8 |
| St Kitts and Nevis ^{a,b} | 29 | 513 | 542 | 94.6 | 30 | 5.8 | 7 | 88 | 95 | 24.7 | 17.1 | 17.5 | 0.1 | 3.0 |
| St Vincent and the Grenadines ^{a,b} | 46 | 207 | 252 | 81.9 | 31 | 14.8 | 11 | 62 | 73 | 23.2 | 30.1 | 28.9 | 0.2 | 2.1 |
| Trinidad and Tobago ^{a,b} | 13,286 | 897 | 14,182 | 6.3 | 244 | 27.2 | 1,862 | 134 | 1,996 | 14.0 | 15.0 | 14.1 | 31.0 | 4.5 |
| Pacific SIDS | 15,888 | 1,699 | 17,587 | 9.7 | 198 | 11.6 | 5,892 | 514 | 6,406 | 37.1 | 30.3 | 36.4 | 100 | 100 |
| Fiji ^{a,b} | 1,055 | 1,329 | 2,384 | 55.7 | 50 | 3.8 | 401 | 415 | 816 | 38.0 | 31.3 | 34.2 | 6.8 | 80.8 |
| Kiribati ^{a,b,c} | 11 | 12 | 24 | 52.1 | 0 | 4.0 | 1 | 2 | 3 | 6.2 | 19.8 | 13.3 | 0.0 | 0.5 |
| Nauru ^{a,b} | 43 | 8 | 52 | 16.4 | - | - | 7 | - | 7 | 15.9 | 0.0 | 13.3 | 0.1 | 0.0 |
| Papua New Guinea ^{a,b} | 14,327 | 102 | 14,429 | 0.7 | 52 | 50.9 | 5,383 | 38 | 5,421 | 37.6 | 37.2 | 37.6 | 91.4 | 7.3 |
| Samoa ^{a,b} | 42 | 130 | 172 | 75.8 | 43 | 33.1 | 17 | 33 | 50 | 39.9 | 25.6 | 29.0 | 0.3 | 6.5 |
| Solomon Islands ^{a,b,c} | 335 | 70 | 405 | 17.4 | 20 | 28.9 | 59 | 16 | 74 | 17.5 | 22.3 | 18.4 | 1.0 | 3.1 |
| Tonga ^{a,b,c} | 13 | 44 | 58 | 76.7 | 21 | 47.4 | 6 | 9 | 15 | 45.3 | 20.4 | 26.2 | 0.1 | 1.8 |
| Tuvalu ^{a,b,c} | 0 | 3 | 3 | 98.1 | 1 | 19.4 | 0 | 1 | 1 | 13.5 | 22.0 | 21.8 | 0.0 | 0.1 |
| Vanuatu ^{a,b} | 61 | - | 61 | - | 10 | - | 18 | - | 18 | 30.1 | 0.0 | 30.1 | 0.3 | 0.0 |
| LDCs | 92,018 | 18,858 | 110,876 | 17.0 | 3,027 | 16.1 | 21,595 | 4,217 | 25,812 | 23.5 | 22.4 | 23.3 | 3.75 | 1.52 |
| SIDS | 47,558 | 24,511 | 72,070 | 34.0 | 3,398 | 13.9 | 12,928 | 5,693 | 18,620 | 27.2 | 23.2 | 25.8 | 2.24 | 2.05 |
| Small states | 95,592 | 69,634 | 165,227 | 42.1 | 30,943 | 44.4 | 29,800 | 13,113 | 42,913 | 31.2 | 18.8 | 26.0 | 5.17 | 4.72 |

Note: a represents 24 Commonwealth small island developing states (SIDS) and excludes Singapore; b represents 33 Commonwealth small states; c represents 14 least developed countries (LDCs). Source: Commonwealth Secretariat (calculated using UNCTADStat data)

Endnotes

- 1 This surge in exports can largely be attributed to price increases driven by inflationary pressures during the recovery period.
- 2 The Commonwealth's global exports of goods and services achieved cumulative annual growth of around 20 per cent in 2021 and 2022, surpassing the increase in global trade over the same period, which recorded growth of 18.3 per cent in this period.
- 3 In 2022, the value of Commonwealth Asian members' exports was 39 per cent above the pre-pandemic level in 2019, while the corresponding increase for European members was 16 per cent. Similarly, the expansion in African members' exports, at 24 per cent, was 10 percentage points below the Commonwealth average of 34 per cent. Overall, exports from developing countries expanded by 37 per cent, which is 7 percentage points more than the increase for developed countries at 30 per cent.
- 4 Excluding Singapore.
- 5 Almost US\$277 billion higher than in 2020.
- 6 However, its share in African members' intra-Commonwealth merchandise exports is relatively low, at 3.7 per cent.
- 7 Developing members export about 39 per cent of their services to Commonwealth countries compared with 25 per cent of merchandise, whereas developed members export about 14 per cent of their services to Commonwealth countries compared with 9 per cent of merchandise.
- 8 Intra-Commonwealth merchandise exports decreased by nearly US\$61 billion from \$435 billion in 2019 to \$374 billion in 2020.
- 9 World Trade Organization (2024) "Thirty years of trade growth and poverty reduction". www.wto.org/english/blogs_e/data_blog_e/blog_dta_24apr24_e.htm
- 10 The economic impact of the Suez Canal disruptions since December 2023, which stem from the Middle East conflict, has so far been relatively limited. However, some sectors, such as automotive products, fertilisers and retail, have already been affected by delays and increases in freight costs (WTO, 2024c).
- 11 Global Trade Alert (n.d.) "Global Dynamics: Total number of implemented interventions since November 2008". www.globaltradealert.org/global_dynamics/day-to_0704/flow_all
- 12 The Framework Agreement on Facilitation of Cross-border Paperless Trade (CPTA) provides a supportive platform for member countries to facilitate the electronic exchange of cross-border trade-related data and documents.
- 13 The UK's Electronic Trade Documents Act is an important legal and commercial development that is expected to boost the use of electronic trade documents, particularly electronic bills of lading, in global trade. Commonwealth Trade Ministers have established a Working Group on Legal Reform and Digitalisation to support members' alignment with the Model Law on Electronic Transferable Records (MLETR).
- 15 UNCTAD (2023) "Total population growth rates, annual, 1950–2050". <https://unctadstat.unctad.org/datacentre/dataviewer/US.PopGR>

Chapter 2: Intra- Commonwealth Investment and the Commonwealth Advantage

The Commonwealth is a major destination for global investment. However, to attract more investment and direct it to areas where it is most needed, Commonwealth governments must ensure their investment policies and strategies respond effectively to evolving global and regional dynamics.

This chapter maps the trajectory and performance of intra-Commonwealth investment, with a particular focus on recent investments over the past three years following the COVID-19 pandemic. Some of the key takeaways are:

- In 2023, Commonwealth countries collectively held US\$10.4 trillion – or around 21 per cent - of global foreign direct investment (FDI) inward stock.
- FDI inflows to the Commonwealth have grown faster than the worldwide average since 2015 and were worth \$254 billion in 2023.
- Intra-Commonwealth FDI inward stock has almost doubled since 2015 to US\$1.7 trillion in 2022. FDI flows between Commonwealth countries more than quadrupled in value over the same period and totalled \$172 billion in 2022.
- New productive greenfield investments in Commonwealth countries were worth US\$355 billion in 2023, split between \$77 billion in intra-Commonwealth investment and \$278 billion from the rest of the world.
- Greenfield FDI has created more than 2.1 million jobs in Commonwealth countries since 2021. Intra-Commonwealth investments contributed almost 17 per cent (or 362,333) of these jobs.

2.1 Introduction

Many Commonwealth countries, especially developing, small and vulnerable economies, face significant challenges in securing the investment needed to achieve the Sustainable Development Goals (SDGs). Addressing infrastructure gaps, combating climate change, accelerating clean energy transitions, developing resilient agri-food systems (which is crucial for attaining SDG 2 on zero hunger - see Part II), and reducing poverty and inequality are among their pressing development priorities, requiring substantial capital outlays. It is crucial to grow and diversify inward investment to meet these needs.

Commonwealth countries must do so amid challenging conditions for investment worldwide. The conflict in Ukraine and its repercussions for cross-border supply chains and trade in food (see Chapters 3 and 4) and other key commodities, soaring food and energy prices, cost of living crises, and high debt levels in many countries have weakened an embattled global economy still recovering from the COVID-19 pandemic. The resulting financial tightening, rising interest rates, weaker growth prospects and widespread uncertainty in capital markets have put strain on global investment flows (UNCTAD, 2023a; 2024b). This has made it even more difficult for many

Commonwealth countries – already grappling with internal shocks, challenging domestic investment conditions and, in some cases, structural constraints such as those faced by small states (see Box 2.2) – to attract foreign direct investment (FDI).

Greater intra-Commonwealth investment, leveraging the Commonwealth advantage (see Section 2.4), can play a central role in overcoming these challenges and driving increased trade and investment. This chapter maps the trajectory and performance of intra-Commonwealth investment since 2015, with a particular focus on recent investments between 2021 and 2023, situating these trends within the context of broader investment into Commonwealth countries, as well as global investment dynamics. The analysis focuses on FDI¹ as one component of wider cross-border investment,² recognising the linkages between FDI and trade and its importance as a source of non-debt-related financial resources to stimulate economic development. It examines trends in both overall FDI (Sections 2.2 and 2.3.1) and in productive greenfield investment (Section 2.3.2), a form of FDI where a parent company initiates a new venture in a foreign country, building operations from the ground up. The latter is especially important for economic development because it injects new capital into the economy, helping to build productive capacity and create new skilled or unskilled jobs depending on the nature of the investment (OECD, 2020).

2.2 Global investment in the Commonwealth

2.2.1 FDI inward stock

In 2023, Commonwealth countries held US\$10.4 trillion in global FDI inward stock. This stock has increased steadily since 2015, almost doubling in value (Figure 2.1A). It was also resilient during the COVID-19 pandemic, expanding in value in both 2020 and 2021. The Commonwealth's share of global FDI inward stock stood at 21.2 per cent in 2023 and has generally ranged between 21 and 22 per cent since 2015. This share declined at the start of the pandemic in 2020 and 2021 but rebounded in 2022 and 2023.

The distribution of this FDI stock is highly uneven across Commonwealth countries. The six developed countries held 62 per cent (US\$6.4 trillion) in 2023, while 38 per cent (\$4 trillion) was hosted by developing members (Figure 2.2A). Despite its importance for economic growth and development, vulnerable groups of Commonwealth countries face acute challenges in attracting and retaining investment, reflected in their relatively small shares of the overall Commonwealth inward stock. The 14 Commonwealth least developed countries (LDCs) hosted just 1.4 per cent (with a total value of \$145.6 billion), while the 33 small states – five of which are also LDCs and 24 of which are small island developing states (SIDS)³ – held 9.4 per cent (\$978 billion), as of 2023. A higher share (26.4 per cent) was hosted by Commonwealth SIDS (with a total value of almost \$2.8 trillion). However, this was

heavily concentrated in Singapore, which held almost 96 per cent of the global stock in Commonwealth SIDS in 2023.

The concentration of global FDI inward stock is also evident across Commonwealth regions. In 2023, member countries in Asia and Europe collectively hosted 70 per cent of this stock, whereas the 21 African members held just 4 per cent (Figure 2.2B). Countries in the Caribbean and Americas and the Pacific held larger shares (17 and 9 per cent, respectively), but the bulk of this stock was concentrated in the developed countries in these two regions, namely Canada, and Australia and New Zealand, respectively.

2.2.2 FDI inflows

FDI inflows tend to be more volatile year-on-year compared to inward stocks. These inflows to the Commonwealth from global sources have fluctuated considerably since 2015 (Figure 2.1B). The fluctuations generally coincided with major global economic events that had wider implications for investment. For instance, the jump in 2016 occurred amid rebounding oil and metal prices, as well as the start of a period of accelerating growth in global manufacturing output and trade (World Bank, 2019). Inflows to the Commonwealth plummeted in 2020 due to the COVID-19 pandemic and ensuing economic turmoil, rebounding to exceed pre-pandemic levels only in 2022, before dropping below the 2015 level in 2023 as the recovery slowed.

The decline in 2023 mirrors a wider slowdown in global FDI flows (see Box 2.1) as a series of escalating regional and global crises, tightening financing conditions and ongoing trade and geopolitical tensions suppressed

FIGURE 2.1
GLOBAL FDI INWARD STOCK AND INFLOWS TO THE COMMONWEALTH, US\$ BILLION (2015–2023)

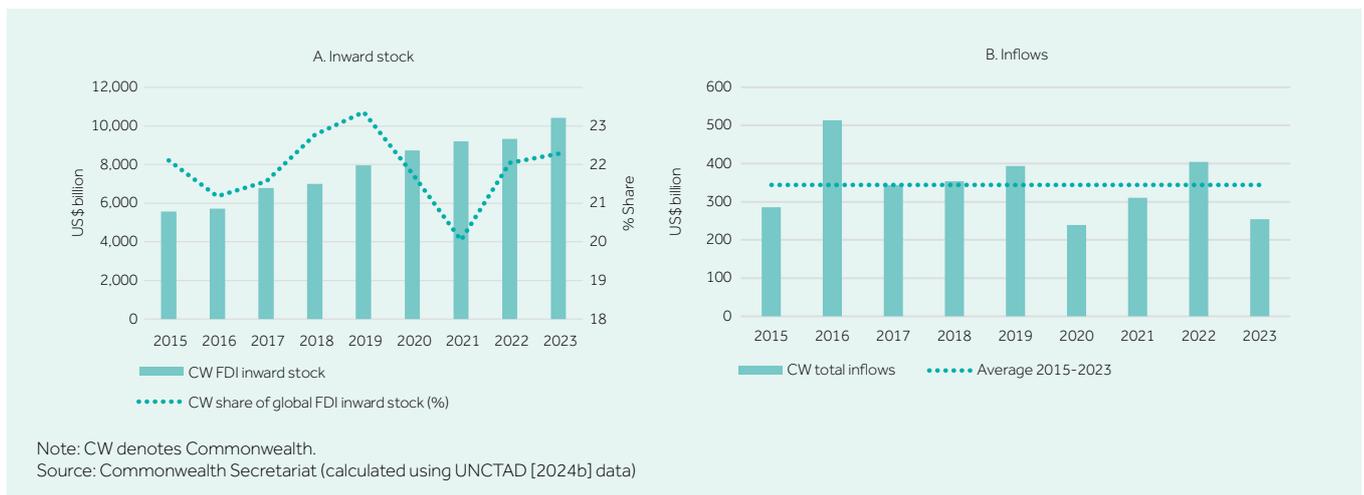
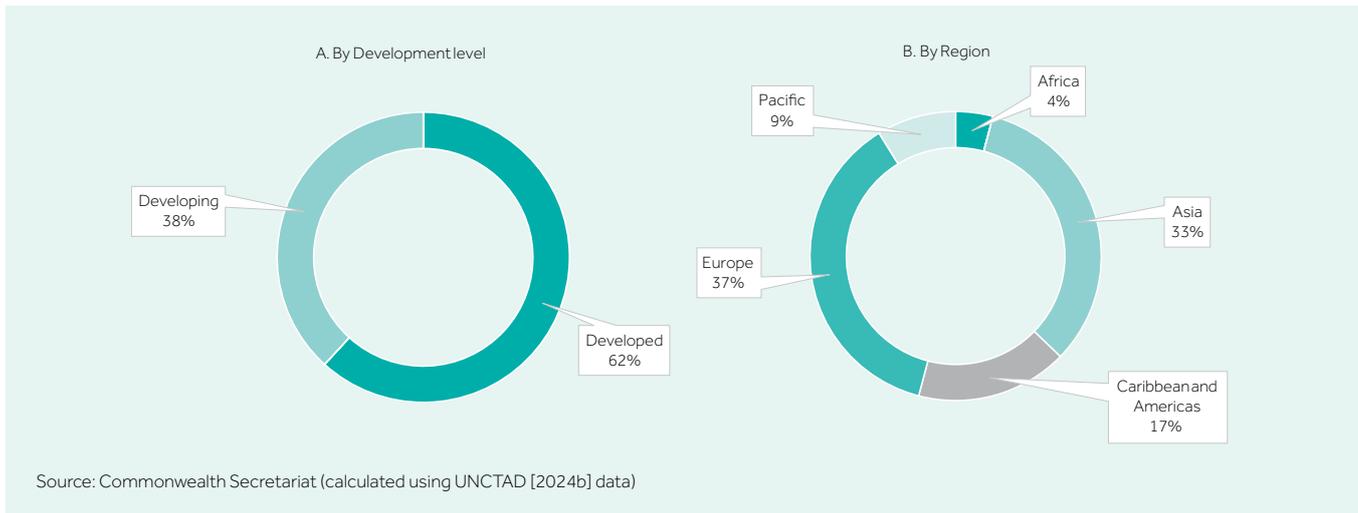


FIGURE 2.2
DISTRIBUTION OF GLOBAL FDI INWARD STOCK IN THE COMMONWEALTH (2023)



BOX 2.1

RECENT TRENDS IN GLOBAL FDI AND THEIR IMPLICATIONS

Global FDI flows amounted to US\$1.3 trillion in 2023, down by 2 per cent overall compared to 2022,⁷ but up by 9 per cent in developed economies (UNCTAD, 2024b). Flows to developing countries decreased by 7 per cent (to \$867 billion), despite a 15 per cent increase in greenfield investment project announcements (ibid.).⁸ FDI flows to LDCs rose by 17 per cent (or \$31 billion) in 2023 (following a 16 per cent decline in 2022), and those to landlocked developing countries and SIDS also increased (UNCTAD, 2023a; 2024b). However, much of this investment remains concentrated in a small number of countries, with many vulnerable economies still marginalised. For instance, despite an increase in FDI in absolute terms, LDCs only attracted 2.4 per cent of global FDI inflows in 2023.⁹

The subdued global FDI flows in 2022 and 2023 have prolonged a sustained period of stagnation that began in 2010 (UNCTAD, 2024a). Slow output growth, subdued commodity prices, lower and more volatile capital inflows to emerging markets and developing economies, rising geopolitical uncertainty and geo-economic fragmentation, escalating trade tensions, mounting public and private debt, lower cross-border investment by multinational corporations, and ongoing reconfiguration of international production networks have all contributed to slower global FDI growth – especially in manufacturing – over the last decade, which fell short of growth in global trade and gross domestic product (GDP) (Lakatos and Ohnsorge, 2017; Stamm and Vorisek, 2024; UNCTAD, 2024a). In developing countries, aggregate foreign investment into manufacturing has declined consistently for more than a decade (Blanchard et al., 2021). This diminishes prospects for building productive capacity in these countries and makes it more challenging for them to pursue traditional pathways to structurally transform their economies by developing capabilities in progressively more advanced, higher productivity manufacturing activities.

In contrast, cross-border FDI in services has grown steadily, outpacing global inflows to the primary and manufacturing sectors over the last three decades (Stephenson and Zahn, 2024; UNCTAD, 2019; UNCTAD, 2024a). This has been fuelled by greater internationalisation and enhanced tradability of services enabled by digital technologies. Digitalisation has supported the "servicification" and "servitisation" of manufacturing (Bolwijn et al., 2018; UNCTAD, 2020c; Stephenson and Zahn, 2024). On the back of these trends, services now account for 72 per cent of total FDI stock held globally (Stephenson and Zahn, 2024). These shifting dynamics potentially present new opportunities for developing countries to attract investment in pursuit of services-led development. This is an especially promising option for small states and SIDS since services tend to be less reliant on economies of scale and, increasingly, can be delivered digitally, creating new modes and means to supply international markets. To fully capitalise on these opportunities, these countries will need to grow capabilities in fast-growing, high-value services sectors through an intensive focus on human capital development (including digital skills) and concerted efforts to narrow digital divides and improve domestic regulatory frameworks governing services.

investment flows in many parts of the world, particularly in international project finance and cross-border mergers and acquisitions (UNCTAD, 2024b). However, in contrast to the global trend, the largest drop occurred in developed Commonwealth countries, where combined inflows fell from US\$158 billion in 2022 to under \$19 billion in 2023, largely due to sharp declines in inflows to the UK and Australia.

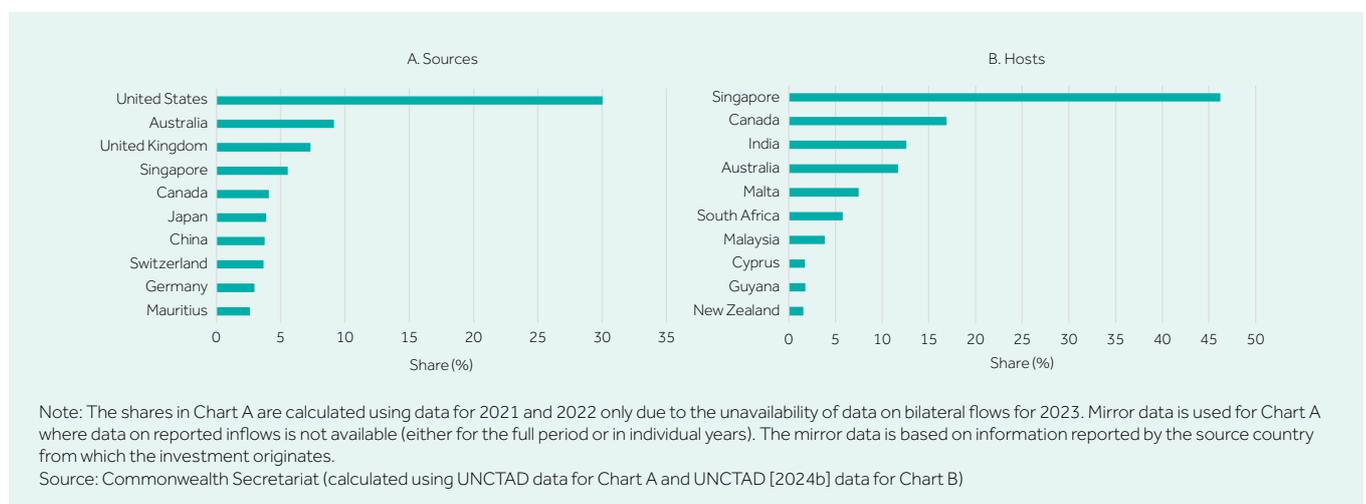
Commonwealth countries collectively attracted around US\$254 billion in FDI inflows in 2023. These inflows have grown considerably faster than the global average since 2015, expanding at an average annual rate of 5.6 per cent compared with a contraction of -0.9 per cent globally. As a result, the Commonwealth's share of global FDI inflows rose from close to 14 per cent in 2015 to around 19 per cent in 2023, albeit with considerable fluctuations year-on-year.

However, FDI inflows remain highly concentrated in a small number of Commonwealth countries,⁴ reflecting the pattern observed with inward stocks. On average for the most recent period (2021–2023), just five countries – Singapore (US\$142 billion annually),⁵ Canada (\$52 billion), India (\$41 billion), Australia (\$39 billion) and Malta (\$23 billion) – attracted nearly 95 per cent of all inflows (Figure 2.3B). The UK, a recipient

of sizeable FDI inflows in most years since 2015, recorded very large negative FDI positions in 2021 and 2023.⁶

This concentration means many vulnerable countries remain marginalised. The 14 Commonwealth LDCs attracted just 3.9 per cent, on average, of the FDI inflows to the Commonwealth between 2021 and 2023, with more than half going to Bangladesh and Mozambique. Similarly, if Singapore is excluded, the remaining countries in the group of SIDS received just 2.9 per cent. The 31 developing Commonwealth small states collectively attracted only 3.9 per cent.¹⁰ Attracting larger and more consistent inflows of investment into these countries is crucial to accelerate economic growth and transformation, enable access to key technologies, improve productivity, enhance productive capacity, and aid their integration into global value chains, international trade and the world economy (OECD, 2002; Read, 2007; Fauzel et al., 2017; Roudi et al., 2019; Yusheng et al., 2019; Tandrayen-Ragoobur and Fauzel, 2021; IMF, 2023a). Some small states and SIDS have deployed a range of policy measures and strategies to attract investment in support of broader development objectives, providing valuable insights for other structurally weak and vulnerable countries (Box 2.2).

FIGURE 2.3
TOP 10 SOURCES AND HOSTS OF GLOBAL FDI INFLOWS TO THE COMMONWEALTH (2021–2023, AVERAGE)



BOX 2.2**ATTRACTING INVESTMENT INTO SMALL STATES AND SIDS**

Most small states and SIDS face considerable challenges in attracting investment owing to their structural characteristics – small populations and markets, limited human capacity, lack of economic diversification – as well as their large exposure to climate change and natural disasters, and heightened vulnerability to external shocks and fluctuations in global investment flows. Despite these constraints, some small states have managed to enhance investment through a range of well-targeted, innovative, development-oriented policy measures and reforms that enabled them to leverage such investment flows in order to structurally transform and diversify their economic activities.

Guyana, for instance, has channelled revenues collected from major foreign investments in offshore oil and gas exploration and production to improve the country's overall investment environment, including through the development of critical transport and energy infrastructure. It has also used investment incentives to support diversification into agriculture, business support services, health, information technology (IT), manufacturing and energy.

Similarly, Botswana successfully channelled revenues from the diamond sector into the development of social and physical infrastructure as part of broader efforts to diversify the economy and enable economic activity in other areas. It has managed to increase the contribution of its services sector to GDP, particularly in FDI-led activities including hotels and restaurants, financial and business services. The country has also prioritised the development of institutional capacity to better support strategic investment attraction, prioritising aftercare, improving the investment climate and business facilitation.

Others, such as Brunei Darussalam and Lesotho, have targeted broader regulatory reform and investment facilitation measures, including by streamlining procedures and processes for business registration, licensing, accessing e-government services and customs administration, which have served to enhance the ease of doing business for investors.

Mauritius was able to diversify and structurally transform from a commodity-producing economy to develop a globally competitive services sector, by increasing value addition in well-established industries (textiles, sugar, tourism and fisheries), at the same time expanding into offering value-added services, including business process outsourcing. The positive economic performance of Mauritius has been attributed to a concerted policy effort towards maintaining a stable macroeconomic environment, including implementing investment reforms recommended by a 2001 UNCTAD Investment Policy Review, that contributed to a competitive investment climate. These included strengthening its investment promotion capacity, prioritising broader business and investment climate reforms, with emphasis on streamlining government and business operations, good governance, predictable regulations and establishing mechanisms to manage and track investment flows. This country is also addressing skills shortages through the creation of a Human Resources Development Council to encourage market-oriented skills development as well as investor-domestic skills transfer. In a similar move, Lesotho established two industry-government skills centres for the apparel and textile sectors.

Source: Kampel and Balchin (2024)

2.3 Intra-Commonwealth investment

2.3.1 Overall FDI trends

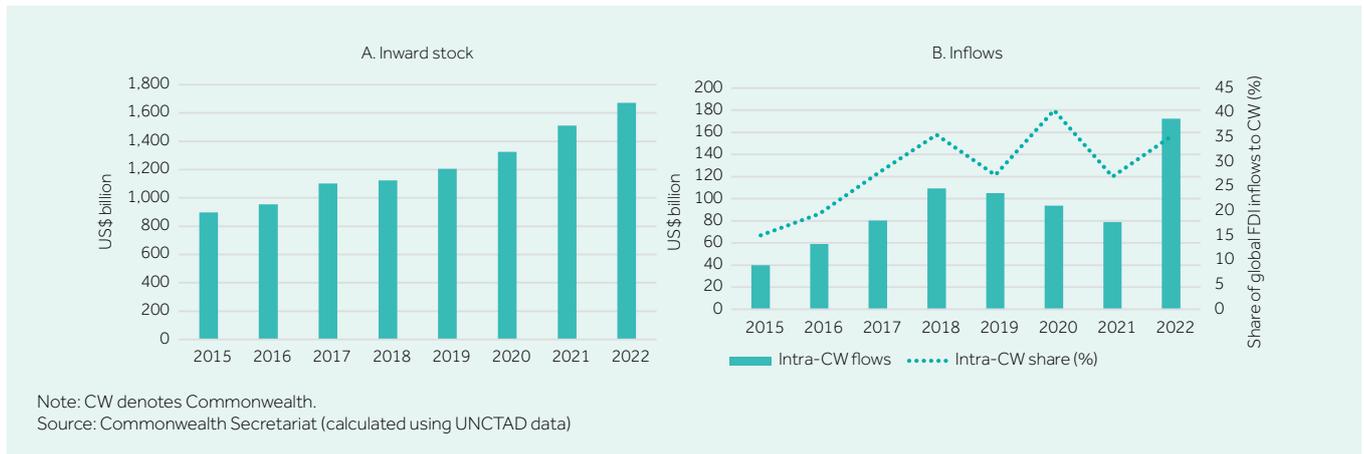
Inward stock

The value of intra-Commonwealth FDI inward stock reached nearly US\$1.7 trillion in 2022.¹¹ This has almost doubled since 2015, when it was \$896 billion, and grew in each consecutive

year up to 2022 (Figure 2.4A). Alongside this growth, the intra-Commonwealth share of global inward stock hosted by Commonwealth countries was higher in 2022 compared to 2015 (18.7 per cent versus 17.8 per cent) but dropped to 16.7 per cent in 2020 with the onset of the COVID-19 pandemic.¹²

As with the overall inward stock from global sources, intra-Commonwealth FDI inward stock is highly concentrated. In 2022, six countries – Singapore, India, the UK, Australia, Mauritius and Canada (ranked in order) – held 77 per cent of this stock; and the top 10 hosts, also including Barbados, New

FIGURE 2.4
INTRA-COMMONWEALTH FDI INWARD STOCK AND FLOWS, US\$ BILLION (2015–2022)



Zealand, South Africa and Malta, accounted for nearly 91 per cent. Vulnerable economies remain marginalised from the bulk of the investment. The 14 Commonwealth LDCs held less than 3 per cent of intra-Commonwealth FDI inward stock in 2022 and the 31 developing small states (excluding Cyprus and Malta) hosted less than 16 per cent. When Singapore is excluded, the remaining SIDS held a similar share (15 per cent).

The high level of concentration is also reflected in the sources of intra-Commonwealth FDI inward stock. As of 2022, seven investing countries – the UK, Canada, Australia, Singapore, Mauritius, India and Malaysia – collectively contributed nearly 90 per cent of this stock.

Inflows

Intra-Commonwealth FDI inflows totalled around US\$172 billion in 2022. These flows have more than quadrupled in value since 2015 (Figure 2.4B). They averaged \$92 billion annually between 2015 and 2022. Concurrently, the intra-Commonwealth share of overall inflows to Commonwealth countries has expanded considerably, rising from 15 per cent in 2015 to 35 per cent in 2022.¹³ There was a particularly sharp increase in this share at the onset of the COVID-19 pandemic (from around 27 per cent in 2019 to nearly 41 per cent in 2020), highlighting the importance of intra-Commonwealth investment during global crises.

Similar to FDI stocks, intra-Commonwealth flows are highly concentrated geographically and across development levels. Looking at averages for the most recent period (2021–2022), the six developed countries attracted 52 per cent of the inflows between 2021 and 2022, with the remaining 48 per cent distributed among the developing

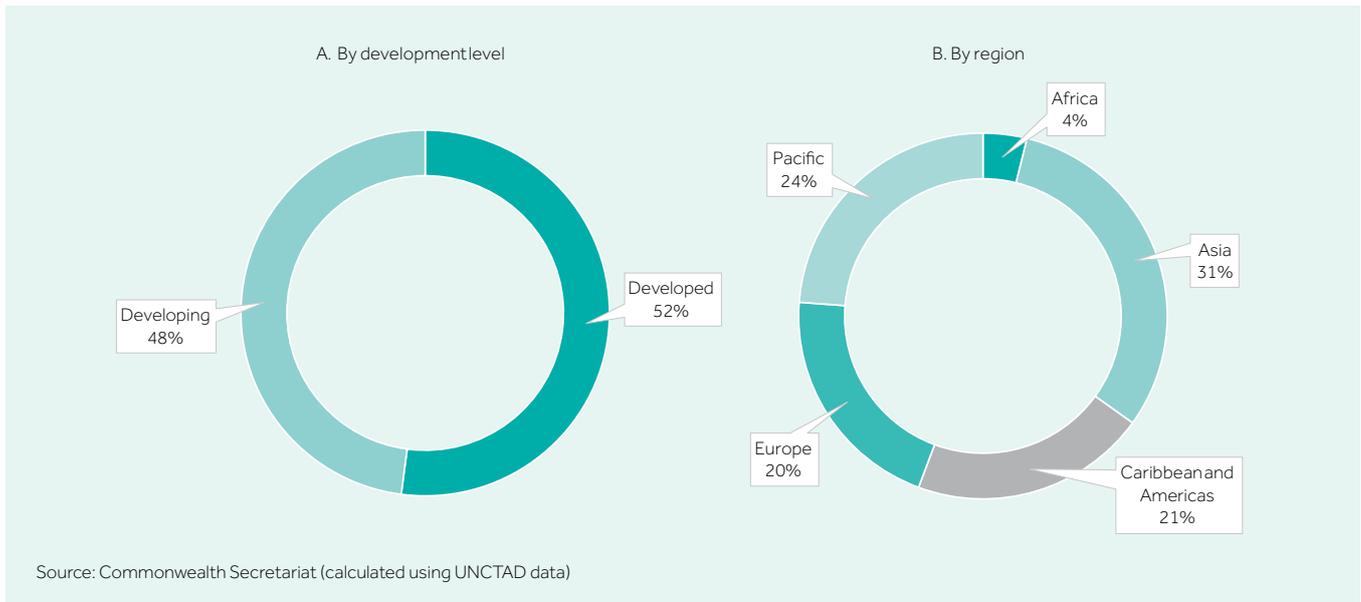
members (Figure 2.5A). This unequal distribution underscores the challenges faced by Commonwealth developing countries in attracting FDI. Geographically, nearly one-third of these inflows went to Asian member countries, almost one-quarter to those in the Pacific, and around one-fifth to each of the groups of member countries in the Caribbean and Americas and Europe, compared with only 4 per cent to African members (Figure 2.5B).

Vulnerable economies continue to be marginalised from the bulk of these flows. The 14 Commonwealth LDCs collectively received just 2.4 per cent, on average, between 2021 and 2022. Excluding Singapore, the remaining 24 SIDS attracted 12.9 per cent and the 33 Commonwealth small states welcomed a comparable share (12.8 per cent).

The highly concentrated nature of intra-Commonwealth FDI flows is evident in both the sources and hosts of these investments. On average in 2021 and 2022, the top five investing countries – Australia (nearly US\$45 billion annually), the UK (\$26 billion), Singapore (more than \$19 billion), Canada (\$17 billion) and Mauritius (close to \$9 billion) – contributed nearly 92 per cent of these flows. Five additional developing countries – three emerging economies (Malaysia, South Africa and India) and two SIDS (Trinidad and Tobago and Barbados) – ranked among the top 10 investors (Figure 2.6A).

Similarly, intra-Commonwealth FDI flows are concentrated in a small number of recipient countries. On average, the top five hosts absorbed 89 per cent of the inflows in 2021 and 2022. Six developing countries ranked among the top 10 recipients, including Mozambique (an LDC, with inflows averaging \$1.3 billion annually), along with

FIGURE 2.5
DISTRIBUTION OF INTRA-COMMONWEALTH FDI INFLOWS (2021–2022, AVERAGE)



India (\$27 billion), Barbados (nearly \$14 billion), Singapore (more than \$8 billion), South Africa (almost \$2 billion) and Papua New Guinea (\$843 million) (Figure 2.6B).

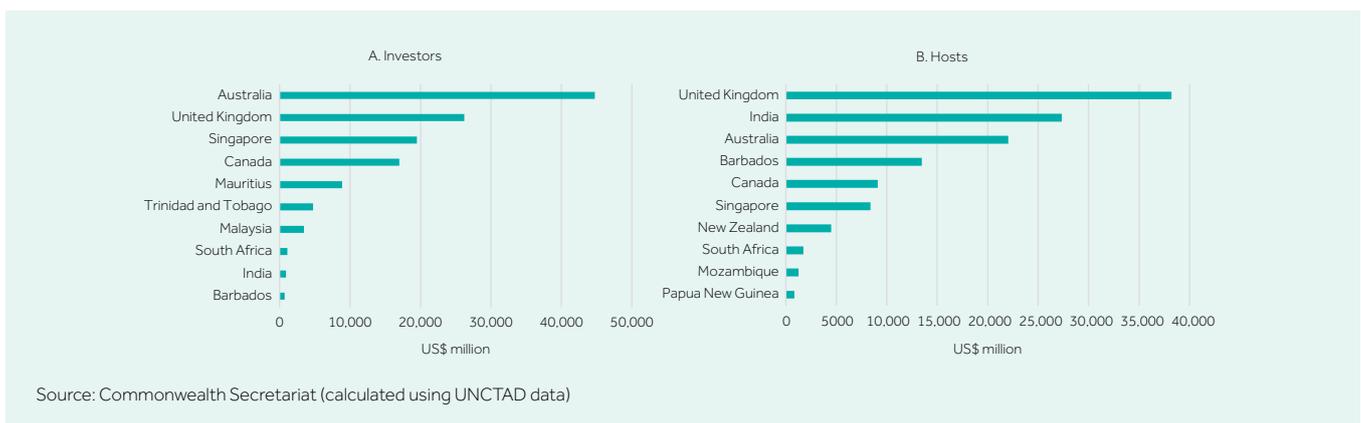
2.3.2 Intra-Commonwealth greenfield investment

Greenfield investments can play a pivotal role in expanding productive capacity across countries at all levels of development. These capital investments, targeting productive activities, often yield greater economic impacts than other forms of FDI and can create significant numbers of new jobs, increasingly in services (especially renewable

energy and software and IT services) as well as digital- and skill-intensive sectors more generally (Koczan et al., 2021; Irwin-Hunt, 2023), but also in labour-intensive manufacturing sectors such as textiles and apparel and food processing (Karlsson et al., 2009; Lipsey et al., 2010; Foster-McGregor et al., 2013; Cornia, 2016; Cruz et al., 2018). This section provides a detailed analysis of greenfield FDI inflows to the Commonwealth, based on highly disaggregated project-level data covering *announced* investments.¹⁴

The aggregate value of greenfield investments announced in the Commonwealth was US\$355 billion in 2023. This

FIGURE 2.6
TOP 10 INVESTING COUNTRIES AND HOSTS OF INTRA-COMMONWEALTH FDI INFLOWS (2021–2022, AVERAGE)



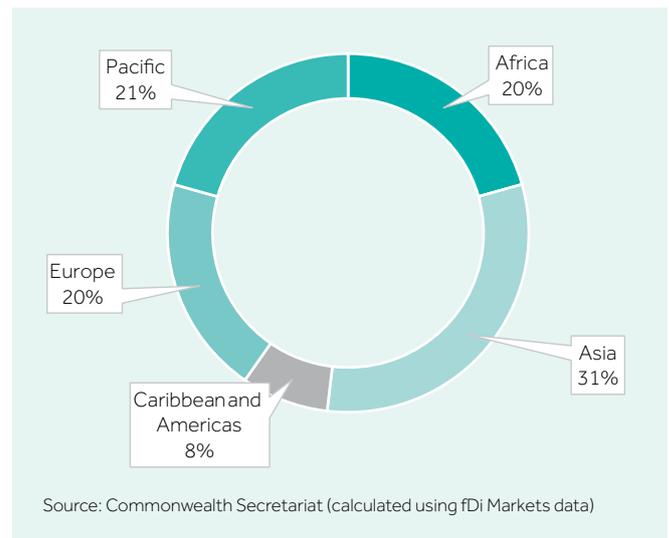
amount was split between \$77 billion in intra-Commonwealth investment¹⁵ and \$278 billion from the rest of the world. Reflecting the overall trend in greenfield inflows to the Commonwealth, intra-Commonwealth investments rebounded strongly after an initial dip at the start of the COVID-19 pandemic, tripling in value in both 2022 and 2023 compared to the investments announced in 2020 (Figure 2.7).

Despite this rebound, there remains significant potential to grow intra-Commonwealth greenfield investment, either complementing or substituting investments from non-Commonwealth partners. This strategy can leverage and strengthen the Commonwealth advantage in investment (see Section 2.4). This is evident from the intra-Commonwealth share of overall greenfield inflows, which has fluctuated significantly since 2015, with a lower share recorded in 2023 (21.7 per cent) compared to its peak in 2016 (24.8 per cent), and dips in 2017 and 2020 (see the dotted line in Figure 2.7).¹⁶ Nevertheless, there was a steady increase in the intra-Commonwealth share during the pandemic and subsequent recovery, underscoring the heightened importance of investment between Commonwealth countries during times of global economic crisis.

Geographical distribution and flows to vulnerable groups

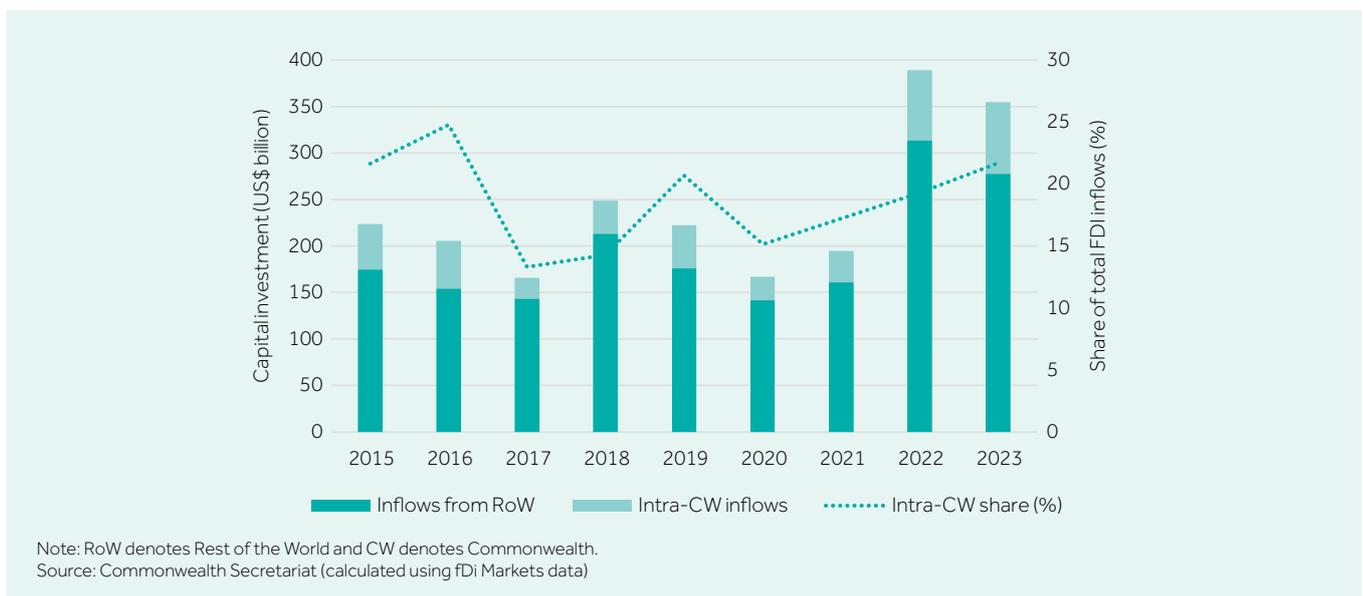
Geographically, Asia was the dominant destination for intra-Commonwealth greenfield investment between 2021 and 2023, attracting almost one-third of the total, with average inflows

FIGURE 2.8
REGIONAL DISTRIBUTION OF INTRA-COMMONWEALTH FDI INFLOWS (2021–2023, AVERAGE)



of almost US\$21 billion annually (Figure 2.8). This was mainly driven by large investments in India, Malaysia and Singapore, primarily targeting the semiconductors, renewable energy and software and IT services sectors in India, communications in Malaysia, and financial services and real estate in Singapore. Member countries in the Pacific, Africa and Europe attracted similar shares, averaging 20–21 per cent. In contrast, Canada and the Caribbean SIDS collectively attracted just 8 per cent.

FIGURE 2.7
GREENFIELD FDI INFLOWS TO THE COMMONWEALTH (2015–2023)



Across individual countries, these flows are highly concentrated both in terms of sources and destinations, reflecting patterns observed in overall FDI (see Section 2.3.1). Based on averages between 2021 and 2023, 92 per cent of the greenfield investment announced originated from just six countries (the UK, Canada, Singapore, India, Australia and Malaysia) with the top 10 collectively providing nearly 98 per cent (Table 2.1). In terms of destinations, almost 60 per cent of the overall investment was concentrated in just three countries (India, Australia and the UK), attracting annual investments averaging US\$15 billion, \$12 billion and \$11 billion, respectively; and around 87 per cent was announced in the top 10 hosts.

Despite comprising a significant portion of the Commonwealth membership, vulnerable groups of countries attract only limited shares of these greenfield investment inflows. Excluding Singapore, on average only 1.4 per cent (US\$866 million annually) of the intra-Commonwealth greenfield FDI announced between 2021 and 2023 was destined for Commonwealth SIDS. Similarly, the 33 small states collectively attracted just 3.2 per cent, averaging around \$2 billion.

The 14 Commonwealth LDCs performed relatively better, attracting almost 9 per cent (nearly US\$4.5 billion annually) of overall intra-Commonwealth greenfield investment, on average, between 2021 and 2023.¹⁷ This is a positive indicator for these countries in expanding their productive

capacity and provides a foundation for targeting greater inflows of productive capital into key industries and sectors that can drive structural transformation, particularly higher-value services such as business, financial and software and IT services, as well as more advanced manufacturing and industries supporting a green transition.

Sectoral composition

A significant portion of greenfield investment between Commonwealth countries since 2021 has targeted services. This sector absorbed 63 per cent (or more than US\$38 billion annually), on average, of the investment announced between 2021 and 2023 (Figure 2.9A). Within the sector, renewable energy (averaging around \$17.5 billion, 40 per cent of the investment in services), real estate (more than \$5.5 billion, 17 per cent) and communications (close to \$5.2 billion, 15 per cent) attracted the most investment.

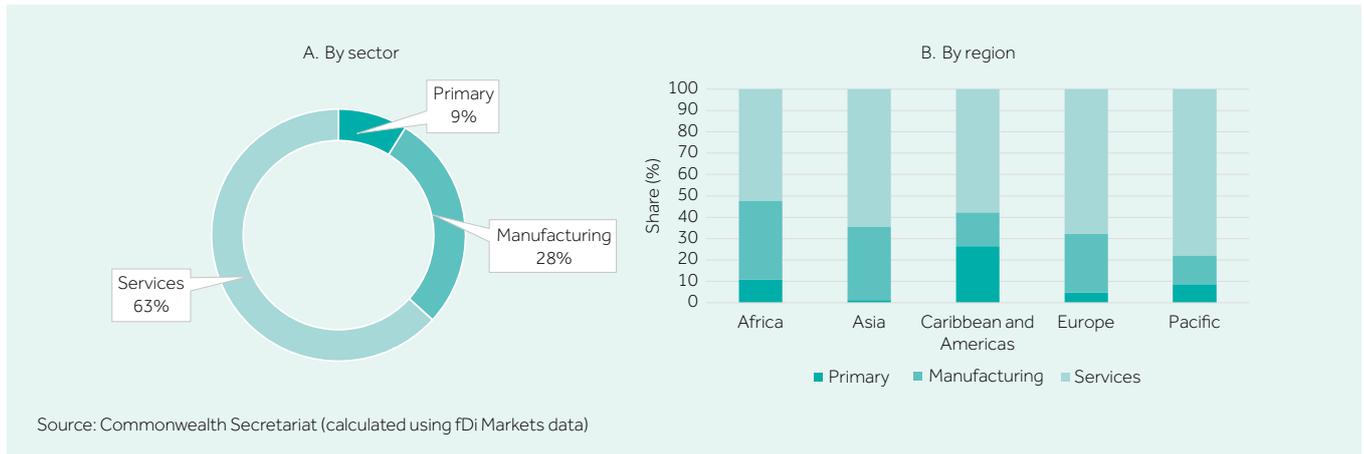
The dominance of services in intra-Commonwealth greenfield investment is also evident at the regional level, although the extent varies across regions (Figure 2.9B). The average share of services in overall intra-Commonwealth greenfield inflows between 2021 and 2023 ranged from 52 per cent in Africa, 58 per cent in the Caribbean and Americas, and 64 per cent in Asia to 68 per cent for European members and 78 per cent in the Pacific. Among vulnerable groups,

TABLE 2.1
TOP 10 INVESTING COUNTRIES AND HOSTS OF INTRA-COMMONWEALTH GREENFIELD FDI INFLOWS (2021–2023)

| Investing countries | | | | | Hosts | | | | |
|---------------------|-----------------|---|--------------|---------------------|--------------|-----------------|--|--------------|---------------------|
| Investing country | No. of projects | Avg. value of outward investment (US\$ million) | Avg. % share | No. of jobs created | Host country | No. of projects | Avg. value of inward investment (US\$ million) | Avg. % share | No. of jobs created |
| UK | 977 | 23,814 | 37.8 | 138,500 | India | 449 | 15,268.4 | 21.7 | 153,697 |
| Canada | 262 | 10,536 | 17.0 | 36,916 | Australia | 381 | 12,104.7 | 18.1 | 28,116 |
| Singapore | 260 | 8,052 | 13.7 | 43,058 | UK | 460 | 10,921.9 | 19.4 | 39,607 |
| India | 362 | 6,611 | 10.1 | 46,528 | Canada | 209 | 4,432.6 | 7.4 | 18,638 |
| Australia | 376 | 5,861 | 9.8 | 53,647 | South Africa | 136 | 3,034.4 | 4.8 | 14,311 |
| Malaysia | 36 | 2,569 | 4.0 | 8,747 | Malaysia | 141 | 2,448.0 | 4.3 | 19,921 |
| South Africa | 77 | 1,048 | 1.5 | 7,488 | Mozambique | 12 | 1,724.6 | 3.6 | 2,442 |
| Mauritius | 33 | 1,041 | 2.0 | 2,709 | Singapore | 314 | 1,679.6 | 3.4 | 11,085 |
| New Zealand | 59 | 596 | 0.9 | 3,931 | Kenya | 73 | 1,605.9 | 2.2 | 8,105 |
| Kenya | 33 | 421 | 0.7 | 5,438 | Nigeria | 54 | 1,210.9 | 2.3 | 5,537 |

Note: Numbers of projects and jobs created are cumulative totals from 2021 to 2023.
Source: Commonwealth Secretariat (calculated using fDi Markets data)

FIGURE 2.9
SECTORAL COMPOSITION OF INTRA-COMMONWEALTH GREENFIELD FDI INFLOWS (2021–2023, AVERAGE)



three-quarters of the capital invested through greenfield projects announced in SIDS was directed to services (with the largest shares going to financial services, real estate and business services), compared with 48 per cent in small states (mainly for renewable energy, transportation and warehousing, financial services and communication) and 43 per cent in Commonwealth LDCs (mostly targeting renewable energy and communications services).

Almost 28 per cent of intra-Commonwealth greenfield investment announced between 2021 and 2023 went into manufacturing, averaging more than US\$18 billion annually. The largest investments were earmarked for three industries: semiconductors (averaging around \$7.8 billion), metals (close to \$4.8 billion), and electronic components (nearly \$2 billion). Regionally, the highest shares were directed towards manufacturing in Africa (37 per cent) and Asia (34 per cent). Among vulnerable groups, more than one-third of inward investment (37 per cent) was directed to manufacturing industries in Commonwealth LDCs (averaging \$1.6 billion), compared to 21 per cent in small states (\$388 million) and almost 13 per cent in SIDS (\$306 million).

Around 9 per cent of intra-Commonwealth greenfield investment announced since 2021 has targeted primary sectors, averaging US\$5.2 billion annually. More than half (55 per cent, averaging almost \$2.9 billion) was directed to the coal, oil and gas industries, with the remainder invested in minerals. Across Commonwealth regions, investment in primary sectors was relatively more significant in the Caribbean and Americas (27 per cent, driven entirely by investments in Canada, mainly focused on minerals) and Africa (11 per cent,

averaging \$1.2 billion). Commonwealth small states and LDCs received larger shares of their overall greenfield investment in primary sectors (31 and 15 per cent, respectively) compared to most other country groups, highlighting their dependence on primary commodities and the broader structural constraints – including limited productive capacity, low productivity levels, shortages of human capital, and weak digital and technological capabilities – that hamper efforts to diversify their economies.

Job-creating impacts

In addition to building new facilities and adding productive capacity, greenfield investments often create jobs in recipient countries. Since 2021, they are estimated to have created more than 2.1 million jobs in Commonwealth countries, including nearly 1.4 million jobs in developing members. Intra-Commonwealth investments have contributed almost 17 per cent (or 362,333) of the jobs created overall, with even higher shares in members in Africa, the Caribbean and Americas, and Pacific, as well as in LDCs, small states and SIDS (Table 2.2).

In some Commonwealth regions, the employment intensity of greenfield FDI – measured by the number of jobs expected to be created per US\$1 million invested – was higher between 2021 and 2023 for intra-Commonwealth investments compared with those originating from the rest of the world. This was evident in Africa, the Caribbean and Americas (including when Caribbean SIDS are considered in isolation) and Europe and the Pacific (albeit both marginally), as well as for Commonwealth LDCs, SIDS and small states. However, it was not the case in Asia, nor when considering the Commonwealth as a whole or across the broader groups of developed and developing countries.

TABLE 2.2
JOBS CREATED THROUGH GREENFIELD FDI IN THE COMMONWEALTH (2021–2023)

| | Source of investment | | | Employment intensity by source of investment | |
|--------------------------|----------------------|----------|--------------------|--|----------|
| | Rest of world | Intra-CW | Intra-CW share (%) | Rest of world | Intra-CW |
| Commonwealth total | 1,782,819 | 362,333 | 16.9 | 2.4 | 2.0 |
| <i>Of which</i> | | | | | |
| Developed | 389,911 | 92,656 | 19.2 | 1.1 | 1.1 |
| Developing | 1,392,908 | 269,677 | 16.2 | 3.6 | 2.7 |
| <i>Of which</i> | | | | | |
| Africa | 93,931 | 70,546 | 42.9 | 1.1 | 2.0 |
| Asia | 1,281,119 | 193,549 | 13.1 | 4.7 | 3.1 |
| Caribbean and Americas | 100,713 | 22,344 | 18.2 | 1.1 | 1.6 |
| <i>Of which</i> | | | | | |
| Caribbean SIDS | 17,119 | 3,706 | 17.8 | 0.6 | 6.4 |
| Europe | 224,633 | 41,003 | 15.4 | 1.1 | 1.2 |
| Pacific | 82,423 | 34,891 | 29.7 | 0.8 | 0.9 |
| <i>Of which</i> | | | | | |
| Pacific SIDS | 739 | 1,876 | 71.7 | 1.1 | 1.1 |
| <i>Vulnerable groups</i> | | | | | |
| LDCs | 38,048 | 30,224 | 44.3 | 1.7 | 2.3 |
| SIDS | 79,500 | 17,857 | 31.7 | 0.4 | 1.7 |
| Small states | 28,248 | 13,091 | 18.3 | 2.0 | 3.1 |

Notes: Employment intensity is measured as the number of jobs created per US\$1 million in greenfield investment. CW denotes Commonwealth.
Source: Commonwealth Secretariat (calculated using fDi Markets data)

2.4 Drivers and prospects of investment in the Commonwealth

Previous empirical work has identified a significant advantage in investment, wherein bilateral investments are generally larger between Commonwealth countries compared to flows involving at least one non-Commonwealth country. Findings reported in the *Commonwealth Trade Reviews 2015 and 2018* indicated that, on average, Commonwealth country pairs attracted 10 per cent more FDI compared with Commonwealth and non-Commonwealth pairs, as well as pairs where neither partner was a Commonwealth member (Commonwealth Secretariat, 2015;

2018).¹⁸ Updated estimates for the *Commonwealth Trade Review 2021* revealed a persistent and strengthening Commonwealth advantage in investment. Before the COVID-19 pandemic, investment flows between Commonwealth countries were 27 per cent higher, on average, than those between other country pairs, based on data spanning the period from 2000 to 2018 (Commonwealth Secretariat, 2021). In turn, greenfield FDI flows between Commonwealth country pairs were around 19 per cent higher overall and 37 per cent higher for African members during this same period.

These estimates have now been revised and updated using an improved empirical methodology (see Shingal, 2024) and the latest available data on greenfield investment flows. Econometric estimations using this new methodology and updated timeframe confirm the positive impact of Commonwealth membership, with

the value of announced greenfield investment inflows between Commonwealth countries found to be 3.5 times greater, on average, over the period from 2003 to 2022. Informal colonial networks and linkages are positive drivers of the higher levels of intra-Commonwealth greenfield investment. Geographically, the magnitude of the effect of Commonwealth membership varies across regions and is found to be strongest for member countries in Europe.

The analysis reveals that the positive effect is driven entirely by the pre-2010 period, particularly by a strengthening of the advantage between 2007 and 2010. More recently, the resilience of the Commonwealth advantage in investment has been tested by a series of global economic shocks – including the US–China trade war, the COVID-19 pandemic and the ongoing conflict in Ukraine – which have severely impacted investment flows worldwide. While there is considerable variation across the Commonwealth membership, the empirical results indicate that the overall Commonwealth advantage in investment has fluctuated in recent years and generally not been resilient in the face of these shocks. This highlights the need to tackle challenges to intra-Commonwealth investment with renewed vigour if all Commonwealth countries are to maximise the benefits of membership and expand inflows of productive investment (see Box 2.3).

Looking ahead, six major trends and dynamics are likely to shape investment flows, both globally and among Commonwealth countries, in the short-to-medium term. First, accelerating and deepening technological transformations are rapidly expanding the scope for investment in emerging and frontier

technologies, including artificial intelligence (AI), blockchain, 3D printing, robotics and others. These technologies are transforming activities in a range of industries and sectors, including agriculture and food production (see Part II), and are likely to attract greater investment aimed at enhancing their productive applications as they become more prevalent.

Second, sustainability considerations will exert growing influence on investment-related decisions, with significantly greater focus on supporting decarbonisation efforts (Eccles and Klimenko, 2019; Bondar et al., 2024). Interest and investment in renewable and clean energy technologies have already expanded exponentially; but there remains a need to upscale investment in these and other technologies that support environmental sustainability within the Commonwealth. More investment is also needed in climate mitigation, adaptation and resilience solutions. This should include greater focus on market-driven, sustainable investments in the green and blue economies (Zahn, 2021; Zezas, 2024).

While creating new opportunities, sustainability considerations may also halt or redirect investment flows. For instance, emissions targets, measures to shore up supply chain resilience, carbon border adjustment mechanisms and similar trade-related sustainability measures may influence decisions regarding where to locate export-focused investments (UNCTAD, 2024a). Small and vulnerable economies in the Commonwealth could be disadvantaged in their efforts to attract investment if they are disproportionately burdened in complying with these measures. The administrative burden and compliance costs associated with carbon pricing and similar

BOX 2.3

GROWING COMMONWEALTH COLLABORATION ON INVESTMENT

At the 2023 Commonwealth Trade Ministers Meeting, a commitment was made to explore mutually beneficial investment initiatives and partnerships across the Commonwealth, particularly those supporting high-quality investments in infrastructure, including clean and green infrastructure, as cornerstones of sustainable economic growth and productive capacity. A Working Group on Trade and Investment and a Sub-Action Group on Investment, co-chaired by the UK and Malaysia, have been established and are actively engaged in generating an investment plan of action and other activities aimed at increasing investment flows between Commonwealth members. The Sub-Action Group is a multi-stakeholder partnership involving the Commonwealth Enterprise and Investment Council, the Commonwealth Businesswomen's Network, the Sustainable Markets Initiative, Bloomberg NEF, and other implementing partners.

The Commonwealth Connectivity Agenda on Trade and Investment, adopted at the 2018 Commonwealth Heads of Government Meeting (CHOGM), provides a dedicated platform for inter-governmental collaboration. It facilitates the exchange of best practices and experiences and supports domestic and cross-country reforms, including in investment-related areas. These initiatives offer unique opportunities for fostering collaborative investment efforts across the Commonwealth.

measures may be much higher for firms in these countries, as they often have fewer resources and limited access to technical and financial assistance for implementation compared to competitors in more developed economies. As a result, these exporters may lose market share to firms in countries with more advanced carbon emission mitigation measures (Vickers et al., 2021), making them less attractive to investors. Although many small and vulnerable Commonwealth countries are largely shielded from the immediate effects of most carbon pricing instruments due to their narrow production and export structures, this could become more problematic if such measures are extended to cover more sectors in the future.

Third, governments and their development partners are intensifying efforts to mobilise investment in support of the SDGs as we enter the latter half of the 2030 Agenda for Sustainable Development. There will be increased scrutiny on how FDI and other forms of investment can help fill major financing gaps. The UN Conference on Trade and Development (UNCTAD, 2024b) estimates that the overall investment gap across all SDG sectors has widened to US\$4 trillion, up from \$2.5 trillion in 2015.

Fourth, there is growing emphasis on environmental, social and governance (ESG) considerations in investor decision-making. This is driven partly by mounting pressure to comply with ESG standards and disclosure requirements in both investing and host countries (Zahn, 2021).¹⁹ This may place additional administrative burdens and compliance costs on firms in Commonwealth countries, while also increasing the responsibility of Commonwealth governments to strengthen policy, legislative and regulatory frameworks governing ESG to ensure they remain competitive investment destinations.

Fifth, the pivot towards services-oriented investment (see Box 2.1) is likely to continue. Commonwealth countries can capitalise on this momentum to attract greater investment across various services sectors and position themselves as destinations for offshoring of services activities (UNCTAD, 2024a). Moreover, rapid digitalisation and technological advances are generating opportunities for Commonwealth countries, including small states and SIDS, to attract investment in digitally deliverable services, which are increasingly dominating global trade in services (see Chapter 1).

Finally, the emphasis on building supply chain resilience as well as greater near-shoring and friend-shoring are amplifying the importance of regional value chains in shaping cross-

border production networks. This could create opportunities for Commonwealth countries to benefit from regional FDI flows by positioning themselves as suppliers within regional production hubs. Smaller Commonwealth economies can pursue closer regional integration to capitalise on growth in market-seeking FDI. Those strategically located near regional production hubs, with favourable access to key export markets and suitable infrastructure, will be well-positioned to attract inward investment from regional partners.

2.5 Conclusion

Commonwealth countries continue to attract investors – from within the Commonwealth and outside – seeking profitable returns. This is evident, as highlighted in this chapter, in the recent growth in FDI into the Commonwealth. The value of FDI stock hosted by Commonwealth countries has increased steadily since 2015 and they now collectively hold more than one-fifth of the global stock. The intra-Commonwealth component of this stock has almost doubled since 2015. FDI inflows to the Commonwealth have been more volatile but grew much faster than the global average during this period. Flows between Commonwealth countries have been a key driver of this rapid growth and more than quadrupled in value between 2015 and 2023.

However, much of the FDI flowing into Commonwealth countries – from both Commonwealth and non-Commonwealth partners – is concentrated in a few mostly developed economies and larger or more advanced developing members. Many structurally weak or vulnerable countries remain on the periphery, excluded from the bulk of the investment, despite the potential for FDI to stimulate growth and development in their economies.

There thus remains significant room and potential to grow intra-Commonwealth FDI, either complementing or substituting investments from non-Commonwealth partners. To drive greater investment into Commonwealth countries and direct it to areas where it is most needed, Commonwealth governments must ensure their investment policies and strategies are agile and responsive to evolving global and regional investment dynamics. Continuous structural reforms, aligned with developments in global capital markets, are crucial to foster a conducive environment for investment. These reforms should focus on strengthening institutions that support investment

promotion and facilitation, and on reducing or eliminating barriers to private sector entry. More broadly, enhancing legal frameworks, enforcing contracts and the rule of law rigorously, and implementing balanced and appropriately tailored regimes to protect intellectual property rights can reassure foreign investors about the security of their investments. These types of policy, regulatory and institutional reforms can be particularly impactful for SIDS and other vulnerable countries where investments may be perceived as riskier and attracting scalable investments is more challenging due to the structural challenges they face (Terauds and Zhuawu, 2021).

Financial sector reforms and deepening can also encourage inward investment and maximise its benefits. These may include measures to develop domestic capital markets, mitigate risks associated with capital market instability, enhance liquidity in domestic financial systems, ease regulations on cross-border financial flows, and to develop FinTech and other digital infrastructure solutions to enhance participation in financial markets.

From a trade perspective, eliminating trade-restricting measures alongside wider efforts to grow intra-Commonwealth trade can help to encourage productive investment to capitalise on opportunities in both domestic and international markets within and beyond the Commonwealth. This requires reducing tariffs and eliminating non-tariff barriers, improving trade-related infrastructure, and simplifying trade facilitation, including through digital trade initiatives and improvements to logistics. Significant collaboration is already underway within the Commonwealth to address some of these challenges and grow intra-Commonwealth trade and investment (Box 2.3).

Wider regional arrangements and collaborations can also help to spur investment between Commonwealth countries. For example, the Protocol on Investment under the African Continental Free Trade Area, once fully ratified and implemented, will assist African Commonwealth members in advancing investment policy reforms, improving their investment governance, and enhancing their capacity for investment negotiations with third parties. Ultimately, this initiative will help grow intra-African investment flows, especially with several Commonwealth African countries being major sources of these flows. Similarly, the pursuit of Asia-Pacific investment integration through the Regional Comprehensive Economic Partnership, one of the world's largest trade and investment agreements with 15 member countries²⁰ covering rough 30 per cent of global GDP, is likely to significantly boost investment flows to the Commonwealth's Asia-Pacific members.

The Investment Facilitation for Development Agreement, involving more than 120 World Trade Organization (WTO) members, could potentially help to boost FDI inflows to Commonwealth countries that have joined the initiative, if eventually successfully integrated into the WTO's legal framework.²¹ The strategic participation of Commonwealth countries in regional and multilateral arrangements, guided by their unique national circumstances, interests and priorities, is likely to significantly influence their future prospects for FDI within a global economy that is increasingly politically and economically fragmented.

Annex 2.1 Intra-Commonwealth FDI inflows, US\$ million (2015–2022)

| Commonwealth region | Commonwealth country | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------|----------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Africa | Botswana | 9.9 | -5.2 | -2.0 | - | - | -3.9 | 4.3 | 0.0 |
| | Cameroon | 8.7 | 6.5 | 27.9 | - | - | -6.2 | 2.4 | 0.0 |
| | Eswatini | - | - | 1.3 | - | - | - | - | - |
| | Gabon | 6.5 | -0.3 | 25.7 | - | - | - | - | - |
| | The Gambia | 2.3 | 2.2 | 4.5 | - | - | - | - | - |
| | Ghana | 26.7 | 121.2 | 116.0 | -13.2 | 1.9 | 29.1 | 410.2 | 0.0 |
| | Kenya | 271.8 | 287.4 | 353.5 | 383.7 | 274.5 | 89.2 | -71.7 | 0.0 |
| | Lesotho | 49.4 | 45.1 | - | - | - | - | 1.0 | - |
| | Malawi | 55.0 | 10.9 | 4.2 | 11.7 | -10.0 | 20.0 | 19.4 | 0.0 |
| | Mauritius | 116.0 | 108.5 | 203.7 | 170.4 | 185.1 | 95.4 | 72.7 | -288.8 |
| | Mozambique | 1,516.3 | 1,416.7 | 451.0 | 583.4 | 931.7 | 1,469.2 | 2,541.7 | 0.0 |
| | Namibia | 1.5 | 2.7 | 2.6 | -0.2 | - | - | 1.1 | 0.0 |
| | Nigeria | 1,539.7 | 2,358.7 | 1,761.5 | -516.3 | 427.6 | -1.7 | 0.0 | 0.0 |
| | Rwanda | 218.5 | 212.0 | 227.3 | 251.0 | 273.0 | 197.1 | 0.0 | - |
| | Seychelles | 20.2 | 37.6 | 8.3 | 1.1 | 20.0 | 26.3 | 1.9 | 0.0 |
| | Sierra Leone | 3.3 | 7.5 | 7.6 | 1.0 | - | 2.1 | 4.8 | 0.0 |
| | South Africa | 1,638.7 | 1,323.8 | 1,342.9 | 3,365.7 | 3,182.9 | 3,003.3 | 3,490.6 | -34.3 |
| | Tanzania | 36.6 | 58.7 | 59.9 | -115.8 | 12.8 | 25.1 | -4.0 | 0.0 |
| | Togo | 0.4 | 0.2 | 21.2 | 0.7 | -0.8 | - | -939.8 | - |
| | Uganda | 216.4 | 334.7 | 355.0 | 322.7 | -56.9 | - | - | - |
| Zambia | 666.5 | -108.5 | 370.7 | 807.5 | 245.0 | 252.0 | 675.8 | 0.0 | |
| Asia | Bangladesh | 817.1 | 1,216.1 | 857.1 | 912.0 | 934.9 | 840.0 | 0.0 | 1,270.3 |
| | Brunei Darussalam | 131.7 | -357.9 | -16.0 | -296.8 | -202.7 | -51.6 | -125.6 | -97.1 |
| | India | 21,639.2 | 21,627.4 | 24,028.2 | 23,122.0 | 21,892.0 | 25,400.0 | 27,600.0 | 27,100.0 |
| | Malaysia | 55.0 | 10.9 | 4.2 | 11.7 | -10.0 | 20.0 | 19.4 | 0.0 |
| | Maldives | 0.2 | 0.1 | -0.1 | - | - | - | -1.2 | - |
| | Pakistan | 172.4 | 226.6 | 399.4 | 328.1 | 254.0 | 309.0 | 161.9 | 48.6 |
| | Singapore | 6,558.3 | 10,655.1 | 4,349.0 | 9,860.6 | 12,556.6 | 17,219.7 | 242.7 | 16,540.0 |
| | Sri Lanka | 190.0 | 490.0 | 526.0 | 552.0 | 443.0 | 227.0 | 282.0 | 542.0 |
| Caribbean and Americas | Antigua and Barbuda | - | 40.5 | - | - | - | 25.2 | 38.6 | - |
| | The Bahamas | 75.8 | -130.4 | 955.7 | - | -2,579.2 | 58.5 | -2,631.9 | -781.4 |
| | Barbados | 1,041.4 | 1,341.3 | 10,466.4 | 41,382.4 | 26,984.9 | 24,449.3 | 19,741.2 | 7,225.4 |
| | Belize | - | 19.7 | - | - | -549.7 | - | 64.5 | 0.0 |
| | Canada | -3,442.3 | -1,990.8 | 3,732.8 | 5,290.1 | 7,769.9 | 1,759.7 | 8,773.6 | 9,397.2 |
| | Dominica | - | 6.8 | - | - | - | - | 3.8 | - |
| | Grenada | - | 20.3 | - | - | - | - | 2.8 | 0.0 |

(Continued)

| Commonwealth region | Commonwealth country | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|-------------------------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|
| | Guyana | – | 1.4 | –3.9 | – | – | 2.9 | 0.0 | 0.0 |
| | Jamaica | 22.9 | 4.1 | 15.4 | – | – | 6.6 | 32.2 | – |
| | Saint Lucia | 366.7 | 41.9 | –1.3 | – | – | – | –39.4 | 0.0 |
| | St Kitts and Nevis | 3.1 | 4.1 | – | – | – | 2.5 | 3.8 | – |
| | St Vincent and The Grenadines | – | 16.2 | – | – | 1.8 | 0.3 | 1.1 | 10.5 |
| | Trinidad and Tobago | 223.6 | –277.2 | –594.1 | –594.3 | 61.7 | 52.0 | 262.4 | –1,844.9 |
| Europe | Cyprus | 1,396.9 | 3,345.1 | 363.8 | 415.7 | –1,086.8 | –1,420.7 | –1,052.6 | 844.8 |
| | Malta | –1,091.3 | 192.3 | 595.7 | 643.0 | 1,297.1 | 738.2 | 277.8 | –70.6 |
| | United Kingdom | 12,358.3 | 3,911.5 | 9,059.4 | 8,189.1 | 2,466.0 | 7,057.3 | –4,018.2 | 80,466.9 |
| Pacific | Australia | –8,843.9 | 11,231.7 | 18,948.3 | 15,561.7 | 25,619.6 | 7,170.3 | 20,367.0 | 23,742.7 |
| | Fiji | 123.6 | 8.1 | – | 42.1 | 61.6 | 5.8 | 28.9 | 22.9 |
| | Kiribati | – | – | – | – | – | – | 0.0 | 0.0 |
| | Nauru | – | – | – | – | – | – | – | – |
| | New Zealand | 849.4 | 1,259.3 | 1,033.8 | –977.7 | 3,124.1 | 4,718.4 | 2,389.3 | 6,587.1 |
| | Papua New Guinea | 642.1 | –133.6 | 171.3 | –302.0 | 414.8 | 35.9 | 4.9 | 1,663.2 |
| | Samoa | – | –2.2 | 5.4 | – | – | – | 2.3 | 4.2 |
| | Solomon Islands | –6.7 | 5.4 | 2.6 | – | – | – | –6.8 | 6.2 |
| | Tonga | – | – | – | – | – | – | 30.5 | 0.0 |
| | Tuvalu | – | – | – | – | – | – | 0.0 | 0.0 |
| | Vanuatu | 193.5 | 78.1 | 1.3 | 5.2 | – | – | 7.5 | 0.0 |
| Intra-Commonwealth Total | | 39,881.3 | 59,082.1 | 80,243.5 | 109,398.5 | 104,940.6 | 93,823.5 | 78,672.9 | 172,355.1 |

Note: '–' Denotes no data. Mirror data is used where data on reported inflows (either for the full period or in individual years) is not available. The mirror data is based on information reported by the source country from which the investment originates.

Source: Commonwealth Secretariat (calculated using UNCTAD data)

Annex 2.2 Intra-Commonwealth greenfield FDI inflows, US\$ million (2015–2023)

| Commonwealth region | Commonwealth country | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|----------------------|--------|--------|-------|-------|-------|-------|-------|--------|--------|
| Africa | Botswana | 28 | 19 | – | 11 | 28 | 123 | 316 | 18 | 994 |
| | Cameroon | 291 | 107 | – | 53 | 20 | 10 | 10 | 17 | 218 |
| | Eswatini | – | – | – | – | – | 10 | 115 | – | – |
| | Gabon | – | – | – | 111 | 436 | 2,368 | – | – | 196 |
| | The Gambia | – | – | 19 | 100 | – | – | – | – | 1 |
| | Ghana | 177 | 320 | 214 | 230 | 573 | 261 | 527 | 878 | 1,261 |
| | Kenya | 519 | 138 | 265 | 584 | 858 | 434 | 198 | 502 | 4,118 |
| | Lesotho | – | – | 156 | 110 | 321 | 6 | – | – | – |
| | Malawi | 10 | – | – | 10 | 47 | 56 | – | – | 763 |
| | Mauritius | 31 | 252 | 14 | 35 | 86 | – | 38 | 5 | 88 |
| | Mozambique | 1,886 | 1,761 | 224 | 312 | 46 | 108 | 2,404 | 310 | 2,460 |
| | Namibia | 60 | 2 | 59 | 674 | 70 | 57 | 175 | 347 | 599 |
| | Nigeria | 2,937 | 2,622 | 666 | 1,761 | 1,715 | 3,064 | 1,312 | 943 | 1,377 |
| | Rwanda | 267 | 150 | 28 | 5 | 69 | – | 111 | 240 | 197 |
| | Seychelles | – | 10 | – | 10 | 29 | – | 120 | 15 | – |
| | Sierra Leone | – | – | – | – | – | – | 51 | 28 | 450 |
| | South Africa | 950 | 450 | 351 | 2,762 | 461 | 986 | 1,420 | 1,807 | 5,876 |
| | Tanzania | 475 | 136 | 227 | 196 | 47 | 62 | 931 | 198 | 669 |
| | Togo | – | 10 | – | – | 2,099 | – | 312 | – | 70 |
| | Uganda | 725 | 61 | 79 | 2,330 | 132 | 334 | 36 | 155 | 123 |
| Zambia | 251 | 41 | 1,211 | 142 | 153 | 242 | 804 | 1,506 | 675 | |
| Asia | Bangladesh | 2,343 | 4,785 | 205 | 292 | 1,487 | 228 | 327 | 148 | 387 |
| | Brunei Darussalam | 51 | 21 | – | 5 | 45 | 45 | – | – | – |
| | India | 14,837 | 17,552 | 4,060 | 6,594 | 2,850 | 1,446 | 2,709 | 33,047 | 10,049 |
| | Malaysia | 3,414 | 2,384 | 745 | 2,151 | 2,781 | 3,965 | 1,962 | 1,734 | 3,649 |
| | Maldives | 56 | 181 | – | 168 | 4 | 2 | – | 111 | – |
| | Pakistan | 1,867 | 480 | 153 | 313 | 344 | 24 | 66 | 45 | 88 |
| | Singapore | 1,474 | 4,029 | 1,125 | 1,772 | 1,738 | 963 | 2,195 | 1,052 | 1,792 |
| | Sri Lanka | 1,022 | 426 | 387 | 498 | 339 | 684 | 58 | 91 | 2,193 |
| Caribbean and Americas | Antigua and Barbuda | 400 | – | – | – | 62 | – | – | 5 | – |
| | The Bahamas | – | – | – | 34 | – | – | 33 | 33 | – |
| | Barbados | – | 84 | 140 | 23 | – | – | 1 | – | – |
| | Belize | – | – | – | – | – | – | – | – | 3 |
| | Canada | 1,050 | 478 | 789 | 1,842 | 2,287 | 3,161 | 2,869 | 1,945 | 8,485 |
| | Dominica | – | – | – | – | 123 | – | – | – | – |
| | Grenada | – | – | – | – | 89 | – | 2 | – | – |

(Continued)

| Commonwealth region | Commonwealth country | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Guyana | 17 | 1 | 10 | – | – | 1 | 128 | 3 | 3 |
| | Jamaica | 2 | 77 | 134 | 10 | 2 | – | 32 | – | 7 |
| | Saint Lucia | 120 | 89 | 33 | – | 23 | 2 | – | – | – |
| | St Kitts and Nevis | | | | | | | | | |
| | St Vincent and The Grenadines | – | – | – | – | – | – | – | – | – |
| | Trinidad and Tobago | 123 | 305 | 123 | – | 2 | – | 123 | 181 | 26 |
| Europe | Cyprus | 12 | 49 | 31 | 94 | 15 | 67 | 40 | 199 | 15 |
| | Malta | 15 | 18 | 9 | 235 | 134 | 4 | 68 | 146 | 8 |
| | United Kingdom | 7,585 | 5,179 | 4,825 | 6,481 | 3,470 | 1,674 | 9,015 | 15,669 | 8,081 |
| Pacific | Australia | 4,668 | 8,320 | 5,454 | 5,072 | 21,888 | 4,015 | 4,033 | 11,188 | 21,093 |
| | Fiji | 37 | 21 | 10 | – | – | – | – | 42 | 4 |
| | Kiribati | | | | | | | | | |
| | Nauru | | | | | | | | | |
| | New Zealand | 510 | 352 | 328 | 495 | 1,110 | 901 | 973 | 1,083 | 762 |
| | Papua New Guinea | 225 | 30 | – | 12 | – | – | 52 | 1,015 | 3 |
| | Samoa | – | – | – | 52 | – | – | – | – | 102 |
| | Solomon Islands | – | – | – | – | – | – | – | – | – |
| | Tonga | – | – | – | – | – | – | – | 328 | 92 |
| | Tuvalu | | | | | | | | | |
| Vanuatu | – | – | – | – | – | – | – | – | 7 | – |
| Intra-Commonwealth Total | | 48,432 | 50,939 | 22,075 | 35,576 | 45,985 | 25,301 | 33,564 | 75,037 | 76,972 |

Note: No data for Kiribati, Nauru, St Kitts and Nevis, or Tuvalu.

Source: Commonwealth Secretariat (calculated using fDi Markets data)

Endnotes

- 1 FDI is a form of cross-border investment in which a company, multinational corporation or individual investor resident in one country establishes a lasting interest, influence and control over an enterprise resident in another country (UNCTAD, 2007). It can take two different forms: greenfield investment or mergers and acquisitions.
- 2 While recognising their importance for economic development and, in some cases, food security, other forms of foreign investment, such as portfolio investment, commercial loans or remittances, are not examined, primarily because the available data on these flows does not allow for a similarly comprehensive analysis.
- 3 Excluding Singapore.
- 4 The majority of these inflows also originated from a small number of investing countries, with the United States alone providing 30 per cent (or more than US\$118 billion annually, on average) between 2021 and 2022. The top five sources together accounted for more than half (56 per cent) of the total inflows (Figure 2.3A).
- 5 In addition to attracting substantial investment on its own, Singapore is also a major pass-through destination for FDI, particularly for flows to India. A Double Taxation Avoidance Agreement between India and Singapore has encouraged Indian companies to establish manufacturing and servicing operations in Singapore, using the country as a regional base for operations in the Asia-Pacific, thereby facilitating these flows (Rajan, 2018).
- 6 FDI financial transactions may be negative in cases where there is a divestment in assets, a parent company borrows money from an affiliate, an affiliate repays a loan to its direct investor, or reinvested earnings are negative (see: www.oecd.org/daf/inv/FDI-statistics-explanatory-notes.pdf).
- 7 If volatile financial flows to a limited number of European conduit economies are excluded, global FDI flows were 10 per cent lower in 2023 compared with 2022 (UNCTAD, 2024b).
- 8 The overall number of greenfield FDI projects announced globally increased by 2 per cent between 2022 and 2023, led by growth in manufacturing investment, mainly in developing countries (UNCTAD, 2024b).
- 9 Growth in FDI inflows to LDCs lagged equivalent growth in inflows of other external sources of finance (official development assistance [ODA] and remittances) over the last decade (UNCTAD, 2023b).
- 10 This share rises to 13.1 per cent when the two developed small states, Cyprus and Malta, are included.
- 11 The figures reported in Section 2.3.1 are calculated using data on bilateral FDI stocks and flows provided by UNCTAD. The analysis covers the period from 2015 to 2022, as no bilateral data was available for 2023. Mirror data is used where data on reported inflows is not available (either for the full period or in individual years). The mirror data is based on information reported by the source country from which the investment originates. All calculations for the shorter period (2021–2022) are based on annual averages.
- 12 This share averaged 17.9 per cent annually between 2015 and 2022.
- 13 This share averaged 28.5 per cent annually between 2015 and 2022.
- 14 This data is drawn from the fDi Markets database maintained by *The Financial Times*, which tracks greenfield FDI projects announced across the world. As the data covers only investment announcements, it does not include information on whether the investments are actually realised. Nevertheless, the data provides important insights into investor sentiment and anticipated greenfield investment flows at a highly disaggregated level. The data for 2015–2023 spans 50 Commonwealth countries, with no data for Kiribati, Nauru, Solomon Islands, St Kitts and Nevis, St Vincent and the Grenadines, and Tuvalu. All calculations for the shorter period (2021–2023) are based on annual averages and cover 46 Commonwealth countries, with no data for Brunei Darussalam, Dominica, Lesotho and Saint Lucia in addition to the other countries listed for the longer period.
- 15 These investment inflows were split almost exactly in half between developing and developed Commonwealth countries in 2023.
- 16 Intra-Commonwealth inflows averaged US\$46 billion annually between 2015 and 2023.
- 17 A considerable share of this investment, averaging more than US\$1.7 billion annually, was directed to Mozambique.
- 18 The estimates computed through this earlier work have identified sizeable differences across Commonwealth and non-Commonwealth investment partners.

19 For example, the recently approved EU Corporate Sustainability Due Diligence Directive (CSDDD) introduces obligations for large EU and non-EU companies related to compliance with human rights and the impact on the environment in their operations and supply chains.

20 Five Commonwealth countries are members of RCEP: Australia, Brunei Darussalam, Malaysia, New Zealand and Singapore.

21 Not all Commonwealth WTO members are parties to the Investment Facilitation for Development Agreement, and some WTO members have raised concerns regarding its proposed incorporation into the WTO's Annex 4 as a plurilateral agreement. However, the agreement is open to all WTO members to join.

Part II: Commonwealth Trade and Investment in the Food Sector

Actual and projected Commonwealth food imports, 2000–2033

Commonwealth members' food imports more than quadrupled between 2000 and 2022. A further \$100 billion of imports will be needed by 2033.



Intra-Commonwealth food imports

Commonwealth countries source around a quarter of their food imports from fellow members.



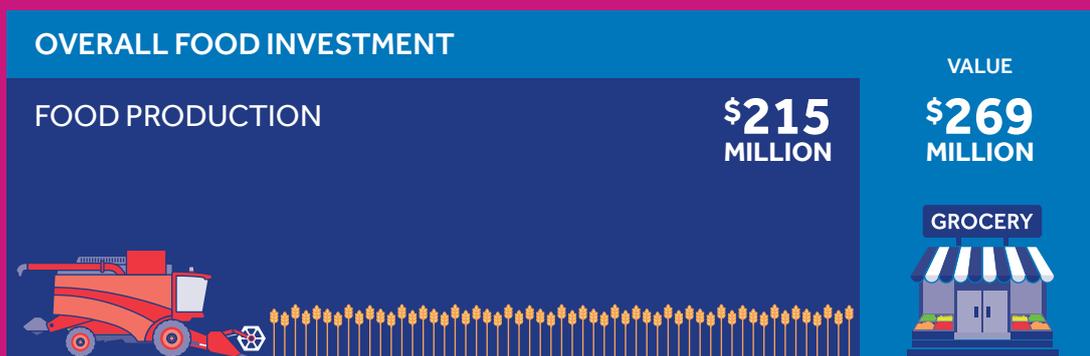
The Commonwealth advantage in food

Commonwealth members have 22% more food trade with each other than with non-members. Intra-Commonwealth food trade rises to 33% when countries have a FTA with each other.



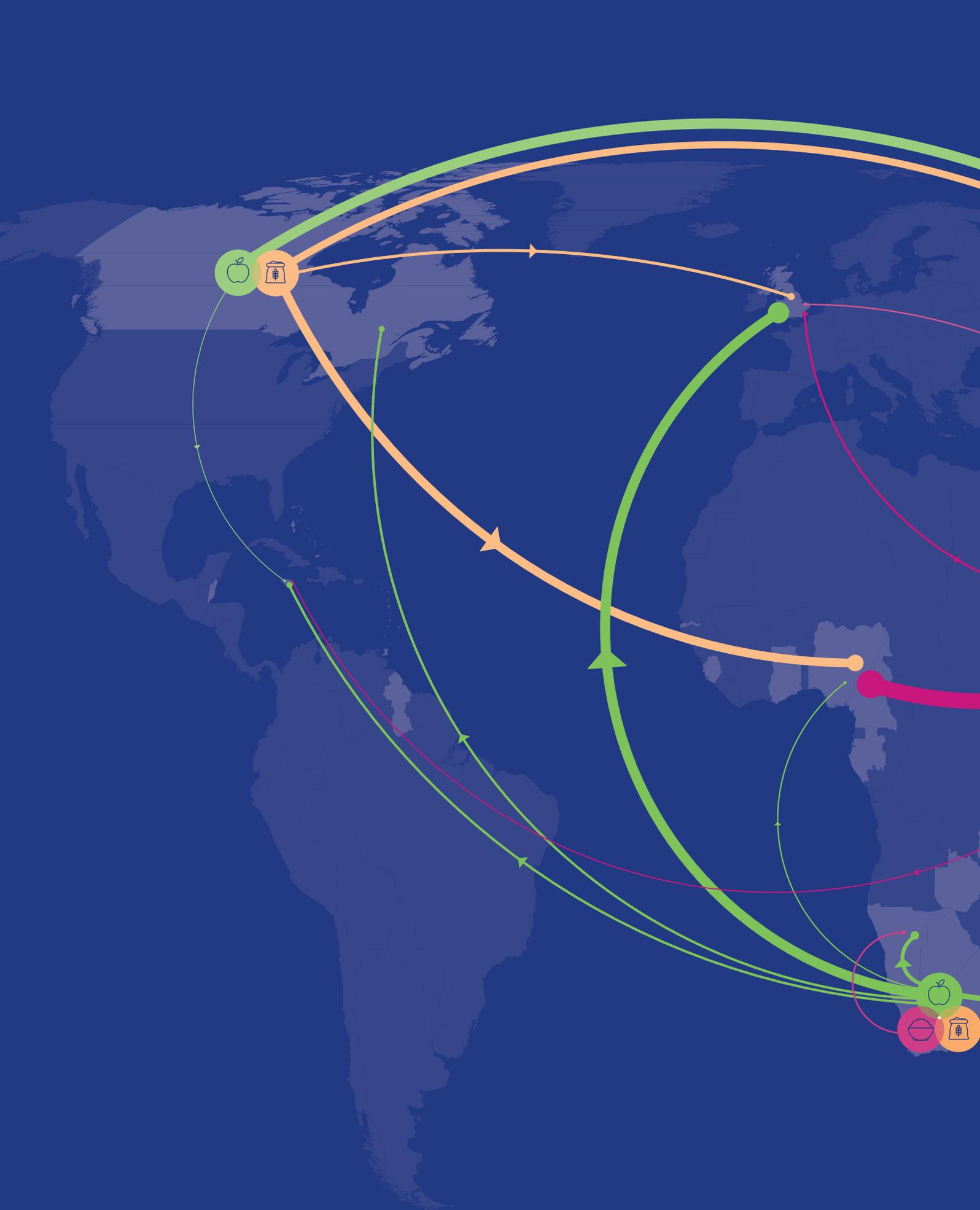
Investment in the Commonwealth food sector in 2023

The value of intra-Commonwealth greenfield FDI announced in the food sector, which includes investment in food and beverage retail and wholesale, food services, bakeries and so on, reached \$269 million in 2023. Of this total, \$215 million targeted food production, with vegetables, fruits and nuts, and cereals and oils the top sectors.



SECTORS



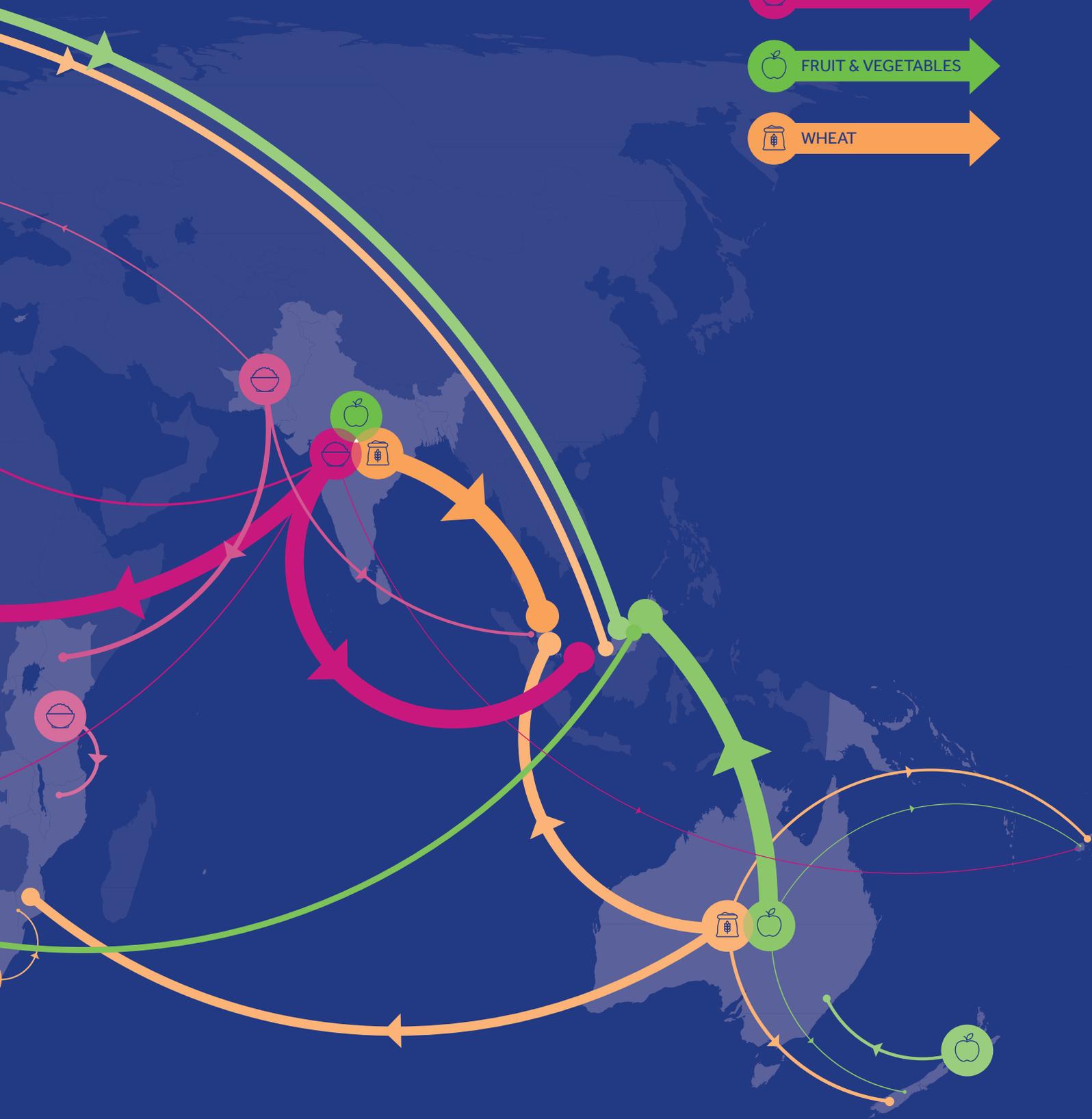


Map

An illustrative map of top export and import flows of rice (pink), wheat (orange) and fruit and vegetables (green) between Commonwealth countries in 2022.

FLOWS LEGEND

-  RICE
-  FRUIT & VEGETABLES
-  WHEAT



Chapter 3: Mapping Food Trade in the Commonwealth

3.1 Introduction

International trade in food products is a vital component of merchandise trade and is crucial for achieving the zero-hunger goal (SDG 2) of the United Nations' 2030 Agenda for Sustainable Development. Overall, Commonwealth members are net food exporters due to several large producers like Canada, India, Australia and Malaysia (ranked in order). However, 40 Commonwealth members are net importers of essential food,¹ including 37 developing countries² and 3 developed countries (Cyprus, Malta and the UK). In some of these countries, the share of food in merchandise imports is as high as 30 per cent.

In recent years, rising food prices, coupled with tightening financial conditions and supply chain disruptions, have adversely affected access to and affordability of food in many of these countries. This heightens food insecurity fears in least developed countries (LDCs), small states and other vulnerable net food-importing developing countries that rely heavily on imports to meet their food security needs. Moreover, the shifts in production patterns due to climate change, along with a growing population and evolving consumption patterns, will likely drive increased trade in food products in the coming years. Building open, diverse, sustainable and resilient food supply chains, while harnessing the benefits of international trade, investment and innovation, is crucial for ensuring food security in the Commonwealth,

particularly for the 40 net importers of basic foods. A phased Commonwealth Food Supply Arrangement could further facilitate this trade and related investments (see Chapter 6).

This chapter explores the food trade landscape of Commonwealth countries to identify gaps and opportunities for expanding food trade within the Commonwealth. This is important to ensure that trade continues to play a central role in helping Commonwealth countries to meet their food security needs, while also supporting broader growth and development. Given the lack of consensus regarding a universal definition of 'food', it focuses on trade in essential foods only, excluding beverages, tobacco and other food items³ not immediately needed for human consumption, which do not directly contribute to food security. The chapter is divided into six sections. Section 3.2, which follows, maps the trends in Commonwealth food trade, examining the regional distribution and composition of imports and their significance in merchandise trade. Section 3.3 focuses on intra-Commonwealth trade in food products. Section 3.4 highlights the food trade of small states, small island developing states (SIDS) and LDCs. Section 3.5 discusses the drivers of food trade in the Commonwealth, with a focus on demographics, diasporas and the Commonwealth effect. Section 3.6 concludes the chapter, setting the stage for an in-depth analysis of processed food, an essential component of food trade and also important for investment, job creation and value addition, in Chapter 4.

3.2 Commonwealth countries' global food trade

As a group, Commonwealth countries are large traders of essential food products. In 2022, they accounted for around 15 per cent (or US\$224 billion) of global food imports and 18 per cent of food exports (\$263 billion) (Figure 3.1).

Overall, Commonwealth countries combined are net exporters of food, with food exports surpassing imports in value terms (Box 3.1). Commonwealth countries' global food exports have more than quadrupled over the past two decades, growing from US\$60 billion in 2000 to more than \$263 billion in 2022 (Figure 3.1). Their imports have also increased during this period, but the growth in exports has outpaced imports, resulting in a positive overall food trade balance since 2010. In 2022, Commonwealth countries collectively exported \$40 billion more in food products than they imported.

However, these trends vary widely across different Commonwealth countries (Annex 3.3). Three developed country members play a significant role in driving net food exports. Canada is the largest food exporter within

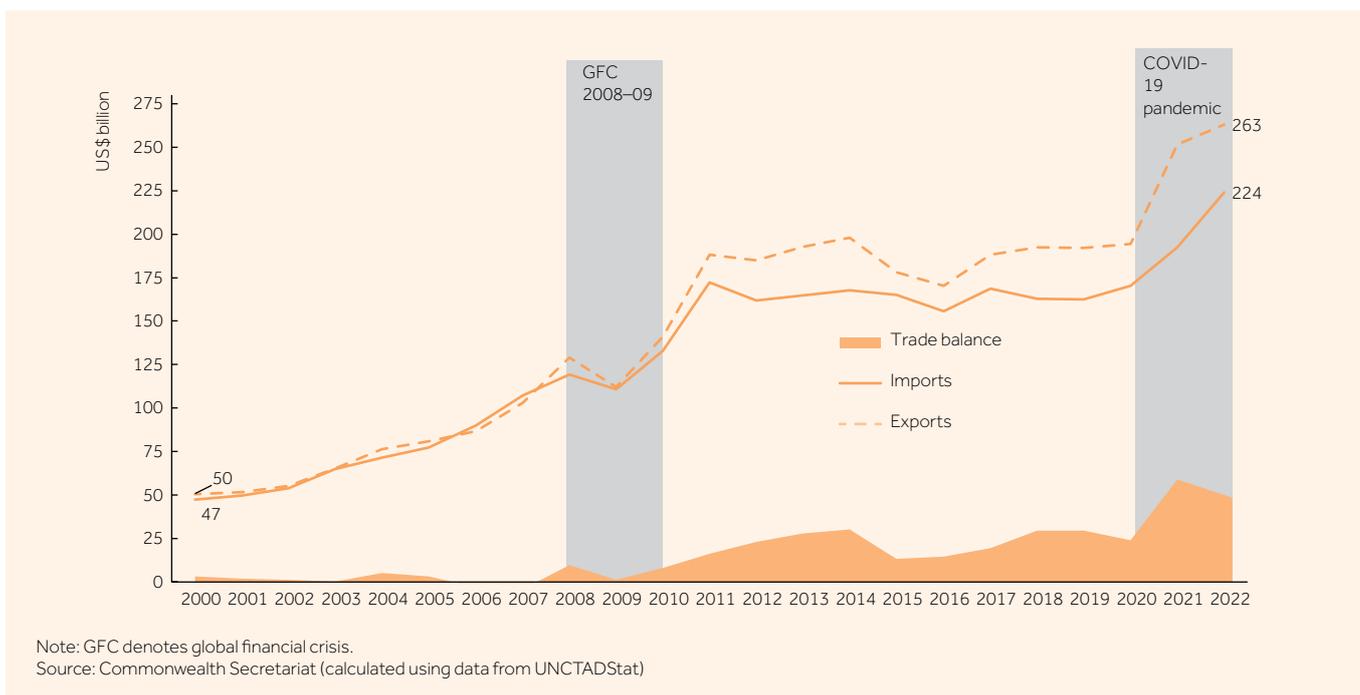
the Commonwealth, ranking among the world's top 10 exporters – with a share of around 3.8 per cent of global and 24 per cent of Commonwealth food exports. Australia and New Zealand also have positive food trade balances.

In contrast, Cyprus, Malta and the UK are net food importers, with their trade deficits widening over time. The UK is among the largest global importers, ranking sixth in 2022. It accounts for 3.3 per cent of global food imports and 24 per cent of Commonwealth food imports, with a total value of US\$53 billion.

In Commonwealth developing countries, African members have consistently been net food importers, with their trade deficits widening over time. The Caribbean SIDS also show a similar trend. Conversely, Asian members and Pacific SIDS have generally registered export surpluses over the past two decades.

Commonwealth countries' food trade has remained relatively stable during global crises such as the global financial crisis (GFC) of 2008–2009 and the COVID-19 pandemic in 2020 but, in both cases, expanded sharply afterwards. During these turbulent times, members' food exports and imports grew considerably in value, primarily due to a hike in food prices (Ali, 2022). The elevated food

FIGURE 3.1 COMMONWEALTH COUNTRIES' GLOBAL FOOD TRADE, US\$ BILLION (2000–2022)



BOX 3.1**COMMONWEALTH COUNTRIES' GLOBAL FOOD EXPORTS**

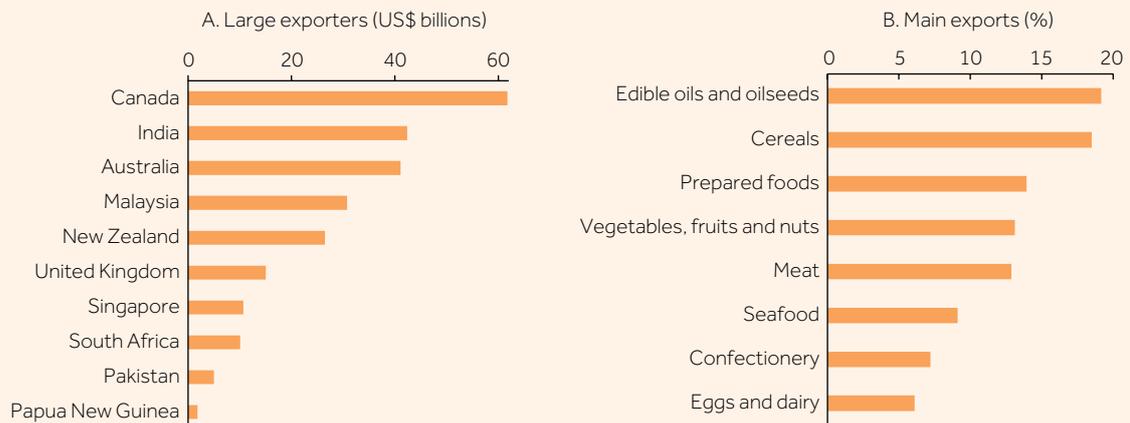
There are 16 net food-exporting Commonwealth members, although five countries account for nearly 80 per cent of this trade: Canada (24 per cent), India (16 per cent), Australia (16 per cent), Malaysia (12 per cent) and New Zealand (10 per cent) (Figure 3.2A). The involvement of these countries in a phased Commonwealth Food Supply Arrangement, as discussed in Chapter 6, would be crucial. Singapore has a relatively large food processing industry (contributing around 1 per cent of GDP) that relies on importing unprocessed foods, to be processed in the country for local consumption and exports (see Chapter 4 for details).

When considering the proportion of food in their total merchandise trade, the top food exporting countries are Seychelles (69 per cent), Belize (62 per cent) and New Zealand (60 per cent), followed by Malawi (27 per cent) and Solomon Islands (25 per cent).

The composition of the food export basket varies significantly, with a notable share of edible oils and cereals, followed by prepared foods, fruits and vegetables, meat, and seafood (including aquaculture) (Figure 3.2B). African members predominantly export basic food items, accounting for 73 per cent of their export basket, whereas Pacific countries primarily export seafood (see Box 3.2).

Similar to the pattern of food imports, the USA is the main export market for Commonwealth countries, accounting for around 21 per cent of total food exports. China ranks as the second-largest export market, with around 16 per cent of food exports from Commonwealth developed countries and around 10 per cent from Asian countries. African members primarily export to EU countries under preferential trade arrangements such as economic partnership agreements and the EU's Generalised Scheme of Preferences (GSP), including GSP+ and Everything But Arms (EBA) for LDCs. Meanwhile, Asian and Caribbean countries engage in substantial intra-regional trade.

FIGURE 3.2
COMMONWEALTH COUNTRIES' GLOBAL FOOD EXPORTS (2022)



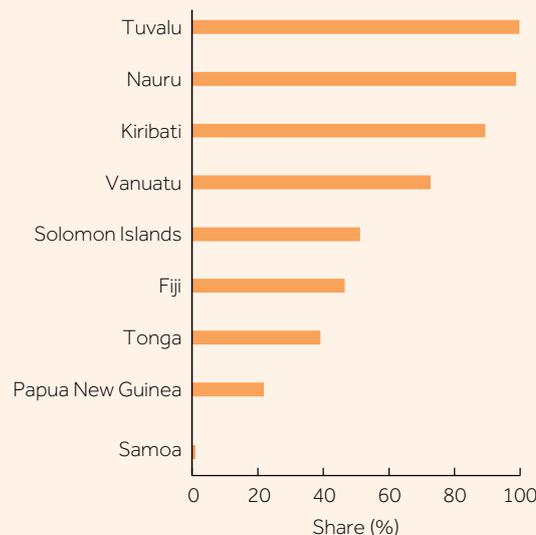
Source: Commonwealth Secretariat (calculated using data from UNCTADStat)

BOX 3.2**FISHERIES EXPORTS FROM THE COMMONWEALTH**

Commonwealth countries export fish and fish products worth US\$24 billion annually. This amounts to about 16 per cent of global exports from this sector, with developing countries contributing around half of these. SIDS usually have a large share of fisheries in their merchandise exports. The Pacific SIDS depend the most on fisheries exports, followed by the Caribbean SIDS. For eight SIDS, the share of fisheries in food exports ranges from 20 to 90 per cent, highlighting the importance of this

sector for these economies (Figure 3.3). The Pacific region's heavy dependence on fisheries reflects its vast marine area, which is more than 20 times its land area.

FIGURE 3.3
FISHERIES' SHARE IN THE GLOBAL FOOD EXPORTS OF THE PACIFIC SIDS (2022)



Source: Commonwealth Secretariat (calculated using data from UNCTADStat)

These exports are under threat because global fish stocks are depleting rapidly because of over-exploitation, poor governance, habitat degradation and climate impacts (Commonwealth Secretariat, 2022). This has created significant challenges to the economic, social and environmental sustainability of the fisheries sector. To address this depletion, WTO members agreed on the Fisheries Subsidies Agreement in 2022 (see Chapter 6).

prices following the GFC never returned to pre-crisis levels, but rather plateaued for over a decade, followed by another spike during the COVID-19 pandemic.

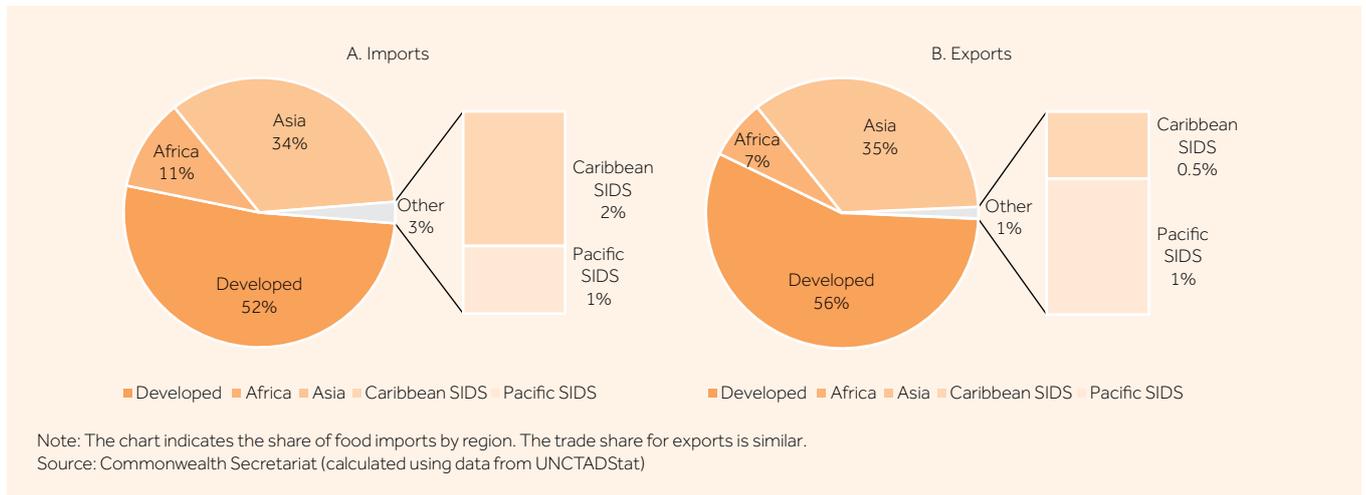
3.2.1 Distribution of Commonwealth countries' global food trade

In contrast to the distribution of merchandise trade (see Chapter 1), developed countries within the Commonwealth are significant traders of food products. They account for approximately 56 per cent of the Commonwealth's total food exports and 52 per cent of its food imports (Figure 3.4). Except for Cyprus and Malta as SIDS, they are major agricultural producers and exporters due to their vast arable land, favourable climates (ample sunshine and water), advanced agricultural technologies, and efficient farming practices. These countries also invest significantly in research and development (R&D) and modern infrastructure to enhance productivity and export capacity.

Developing countries account for 48 per cent of food imports within the Commonwealth. This relatively modest share, despite comprising 95 per cent of the Commonwealth's population, reflects widespread subsistence agriculture and artisanal fisheries, generally lower affordability of imported food and high trade costs. Asian members have the largest share of food imports (34 per cent), followed by African countries (11 per cent). These shares also do not correspond proportionally to their population size,⁴ suggesting greater reliance on domestic production to meet food needs, import baskets that include more affordable and basic foodstuffs, or a combination of both factors. Caribbean SIDS account for 2 per cent of the Commonwealth's total food imports and 0.5 per cent of exports. However, for Pacific SIDS, the share of exports (1 per cent) is comparable to that of imports.

In terms of the distribution of Commonwealth countries' food imports, five countries collectively accounted for almost three-quarters of total imports: the UK (24 per cent) was the largest

FIGURE 3.4
COMMONWEALTH COUNTRIES' GLOBAL FOOD TRADE BY REGION AND DEVELOPMENT LEVEL (2022)



importer, followed by Canada (16 per cent), India (14 per cent), Malaysia (9 per cent) and Australia (6 per cent) (Figure 3.5A).

Commonwealth countries have a diverse network of trading partners for food imports. Overall, the USA is the leading supplier, particularly to the developed countries and Caribbean SIDS. Other major suppliers to Commonwealth countries include Indonesia, Malaysia (the largest intra-Commonwealth food exporter), China and Brazil. African Commonwealth member countries primarily import food from South Africa, Malaysia, Brazil and India. Indonesia is a leading supplier to Asian Commonwealth member countries, followed by Malaysia, Brazil and India. This trade is largely driven by the export of edible oils and oilseeds from Indonesia

and Malaysia to India. Pacific SIDS rely predominantly on Australia and New Zealand for their food imports. For a detailed overview of these trade flows, refer to Annex 3.1.

3.2.2 Composition of Commonwealth countries' global food imports

Commonwealth countries import a wide range of food products, with basic food items comprising over 75 per cent of this basket (Figure 3.5B). Fruits and vegetables, along with edible oils and oilseeds, form the largest segments, accounting for about 22 per cent and 21 per cent of imports, respectively. These are followed by prepared foods – discussed in greater detail in Chapter 4 – and cereals. Meat and seafood each hold a relative share of about 8 per cent.

FIGURE 3.5
COMMONWEALTH COUNTRIES' GLOBAL FOOD IMPORTS (2022)

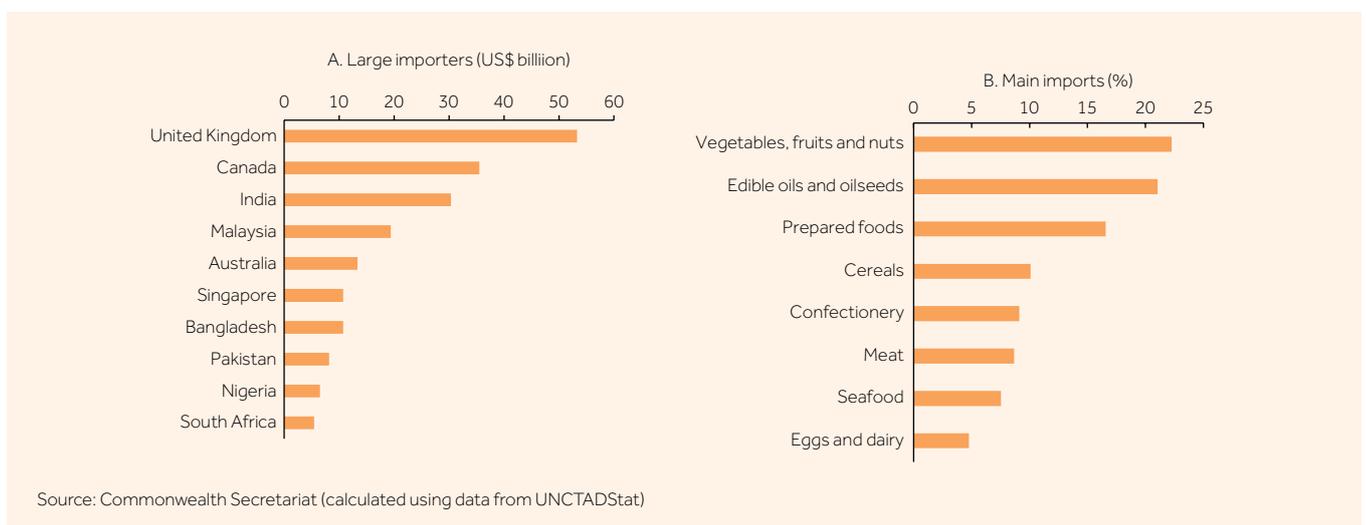
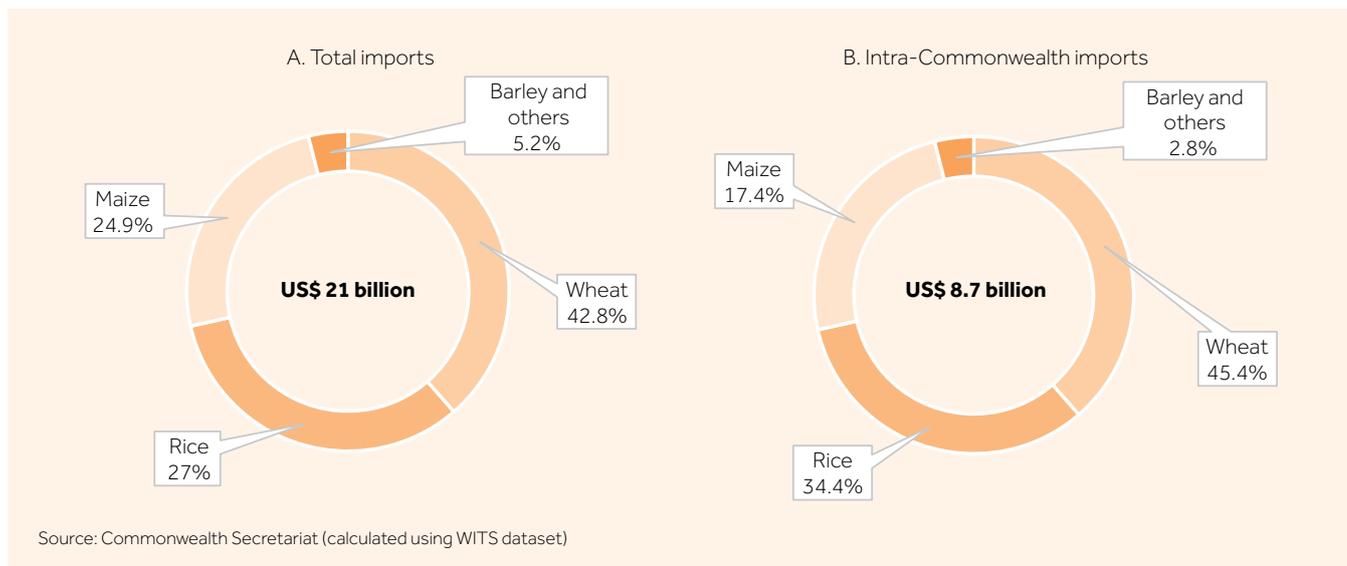


FIGURE 3.6
COMPOSITION OF COMMONWEALTH COUNTRIES' CEREAL IMPORTS (2022)



In 2022, Commonwealth countries imported edible oils and oilseeds valued at over US\$43 billion, nearly double the value of cereal imports (\$21 billion) and four times greater than wheat imports. Edible oils are nutritious fats that are extracted from various plants and seeds and are used for cooking and food preparation, such as olive oil, canola oil, sunflower oil, soybean oil, palm oil and coconut oil. Oilseeds are seeds that are used to produce edible oils, such as sunflower seeds.

Cereals, including wheat, maize, rice and other grains, is the fourth largest category of food imports, accounting for about 10 per cent of total food imports in 2022 (Figure 3.6). Among these, wheat alone accounts for 43 per cent of the total, while rice and maize each make up about 25 per cent (Figure 3.6A). However, as Figure 3.6B shows, there is greater reliance on wheat and rice imports from within the Commonwealth (see Section 3.1)

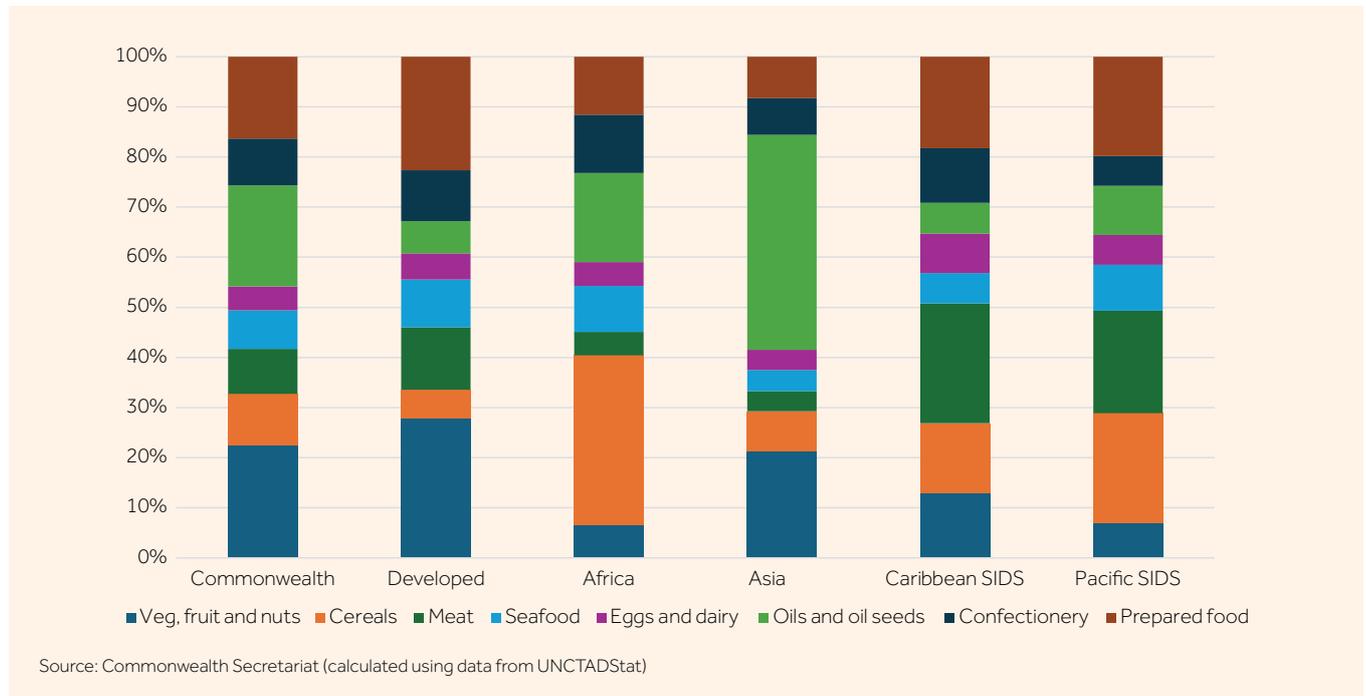
The food import basket of Commonwealth countries shows considerable diversity, reflecting different dietary habits and preferences across levels of development and geographic regions (Figure 3.7). Developed countries collectively have the highest share of imports of vegetables, fruits and nuts (28 per cent) and prepared foods (23 per cent), and the lowest relative share of cereal imports. This may be due to limited

domestic or seasonal production of fruits and vegetables and high per capita purchasing power, which increases the demand for processed and ready-to-eat food products, as discussed in the next chapter. The low share of cereal imports reflects the high domestic cereal production and exports by countries such as Australia and Canada.

In developing countries, African members have the largest share of cereals in their imports (34 per cent), while edible oils are the biggest category for Asian members (43 per cent). With its vast population, India is the largest importer of edible oils in the Commonwealth, contributing nearly half of total imports in 2022. In contrast, the Caribbean and Pacific SIDS are the largest relative importers of meat, accounting for 24 per cent and 20 per cent, respectively. These two groups also import a high share of prepared foods – potentially reflecting the demands of the tourism industry – a share only exceeded by Commonwealth developed countries (EU, 2017).

Multiple and diverse trading partners for basic foods can enhance resilience against shocks – from natural disasters like droughts and floods to supply chain disruptions – and so enhance food security. Commonwealth countries' cereal imports are a case in point (Figure 3.8). The EU is the largest supplier to developed and African Commonwealth countries. India is the primary source of cereals for Asian members and

FIGURE 3.7
COMPOSITION OF GLOBAL FOOD IMPORTS IN COMMONWEALTH COUNTRIES, AVERAGE % (2021–2022)



also supplies significant quantities of rice to African countries. Caribbean SIDS predominantly import cereals from the USA, while Pacific SIDS primarily import from Australia. Besides sourcing from multiple suppliers, regional trade also plays a crucial role in enhancing resilience (see Section 3.3).

3.2.3 Significance of food in the Commonwealth's merchandise trade

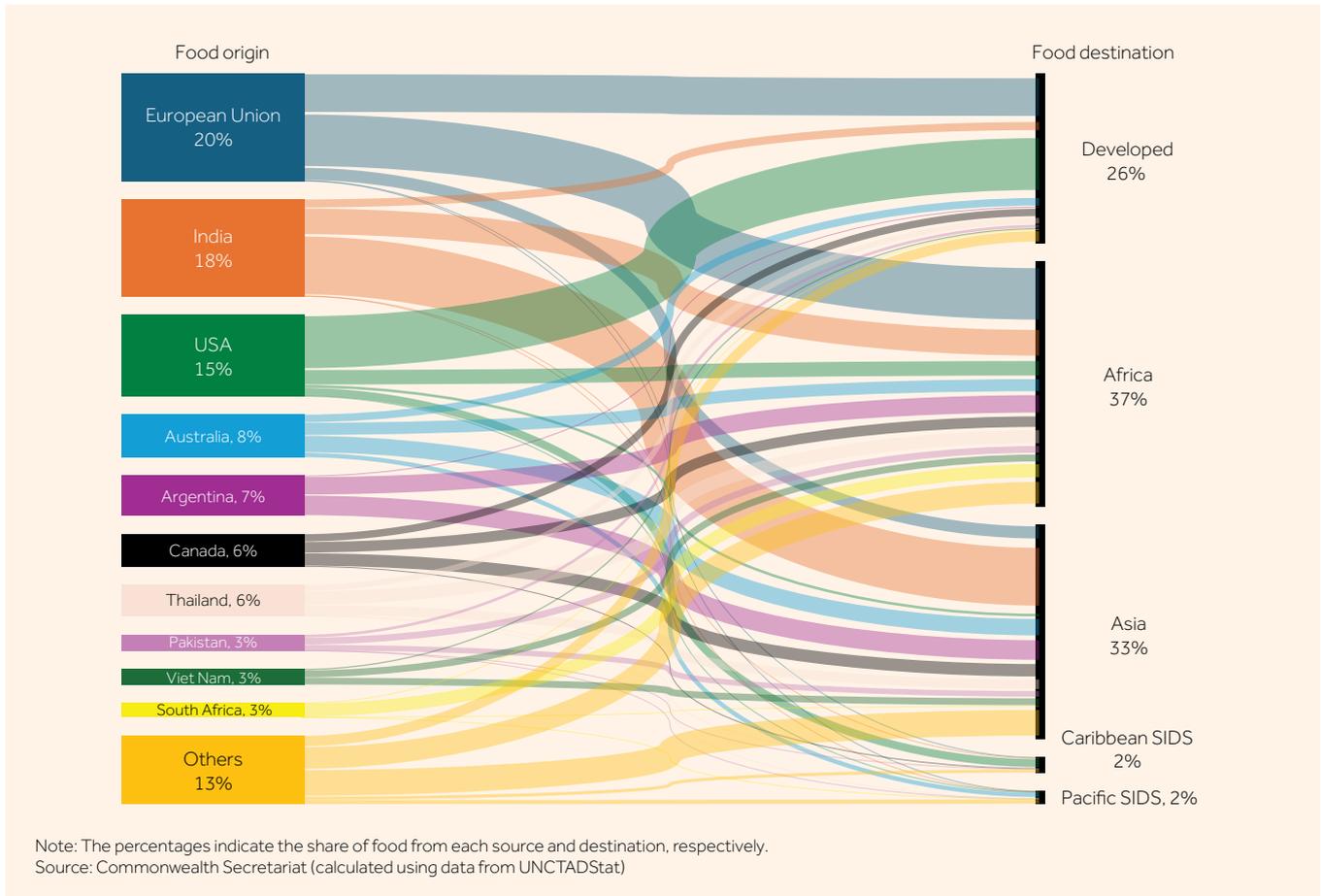
Most Commonwealth countries depend on international trade to meet their essential food requirements and enhance food security. In 2022, 40 Commonwealth countries were net importers of essential food items such as cereals, edible oils, fruits and vegetables.

The share of food in merchandise trade varies widely among Commonwealth countries. Combined, food constitutes approximately 5.8 per cent of merchandise imports, which is very similar to the global average of 6.1 per cent (Figure 3.9). Overall, the Pacific SIDS have the highest dependence on food imports in the Commonwealth,⁵ particularly Tonga, Kiribati and Samoa. Other countries such as The Gambia, Rwanda and Grenada (ranked in order) also have imports exceeding 20 per cent of merchandise trade (Annex 3.1).

Compared to its relatively lower share in merchandise imports, food represents a higher share of merchandise exports at 8 per cent among Commonwealth countries, above the global average of 6.2 per cent. However, countries' reliance on food exports varies considerably across different levels of development and geographical regions (see Figure 3.9).

Commonwealth countries' food trade has demonstrated resilience to supply chain shocks. During crises, the share of food products in merchandise trade has notably increased. For instance, during the GFC of 2008–2009, Commonwealth countries saw their food imports rise from 4.8 per cent to 5.6 per cent, while exports increased from 5.9 per cent to 6.7 per cent. A similar trend was observed during the COVID-19 pandemic, reaching an all-time high of 7.6 per cent. However, compared to the GFC, the increase in the value of food imports, driven by price hikes, was much more severe during the pandemic. Moreover, despite a global slowdown in merchandise trade growth in 2023 (see Chapter 1), the value of food trade grew by one per cent in 2023, further highlighting the importance of trade in enhancing food security (WTO, 2024c).

FIGURE 3.8
SOURCES OF COMMONWEALTH'S CEREAL IMPORTS, BY REGION (2022)



3.3 Intra-Commonwealth food trade

Food plays a significant role in intra-Commonwealth merchandise trade. In 2022, food imports were valued at US\$53 billion. The value of this food trade has tripled since 2005.

The share of intra-Commonwealth food imports was almost 24 per cent in 2022, exceeding the overall share of merchandise trade, which was 19 per cent among members (see Chapter 1).⁶ This may indicate similar dietary habits and preferences across different regions of the Commonwealth and demand for ethnic foods by large diaspora communities (see Section 3.5). Additionally, it underscores the huge dependence of vulnerable economies on food imports from other Commonwealth countries. Small states and LDCs source nearly half of their food from within the Commonwealth (see Section 3.4) and

could benefit from a phased Commonwealth Food Supply Arrangement, as outlined later in the Review (see Chapter 6).

Five Commonwealth members account for half of all intra-Commonwealth food imports. India is the largest importer, followed by Malaysia, Bangladesh, the UK, Singapore and Australia (Figure 3.10A). Edible oils and oilseeds account for 25 per cent of intra-Commonwealth food imports, followed by vegetables, fruits and nuts (18 per cent) and cereals (15 per cent) (Figure 3.10B). The relatively high share of edible oils and oilseeds (the second largest category in overall Commonwealth food imports) is driven by edible oils exports from Malaysia, which accounts for 76 per cent of intra-Commonwealth edible oils exports, to Asia, which accounts for 61 per cent of intra-Commonwealth edible oil imports.

In terms of food exports, the leading countries are Malaysia, India, Australia, New Zealand, South Africa and Canada, together accounting for two-thirds of these intra-Commonwealth food shipments.

FIGURE 3.9
FOOD SHARE IN MERCHANDISE TRADE, BY DEVELOPMENT LEVEL AND REGION, % (2022)

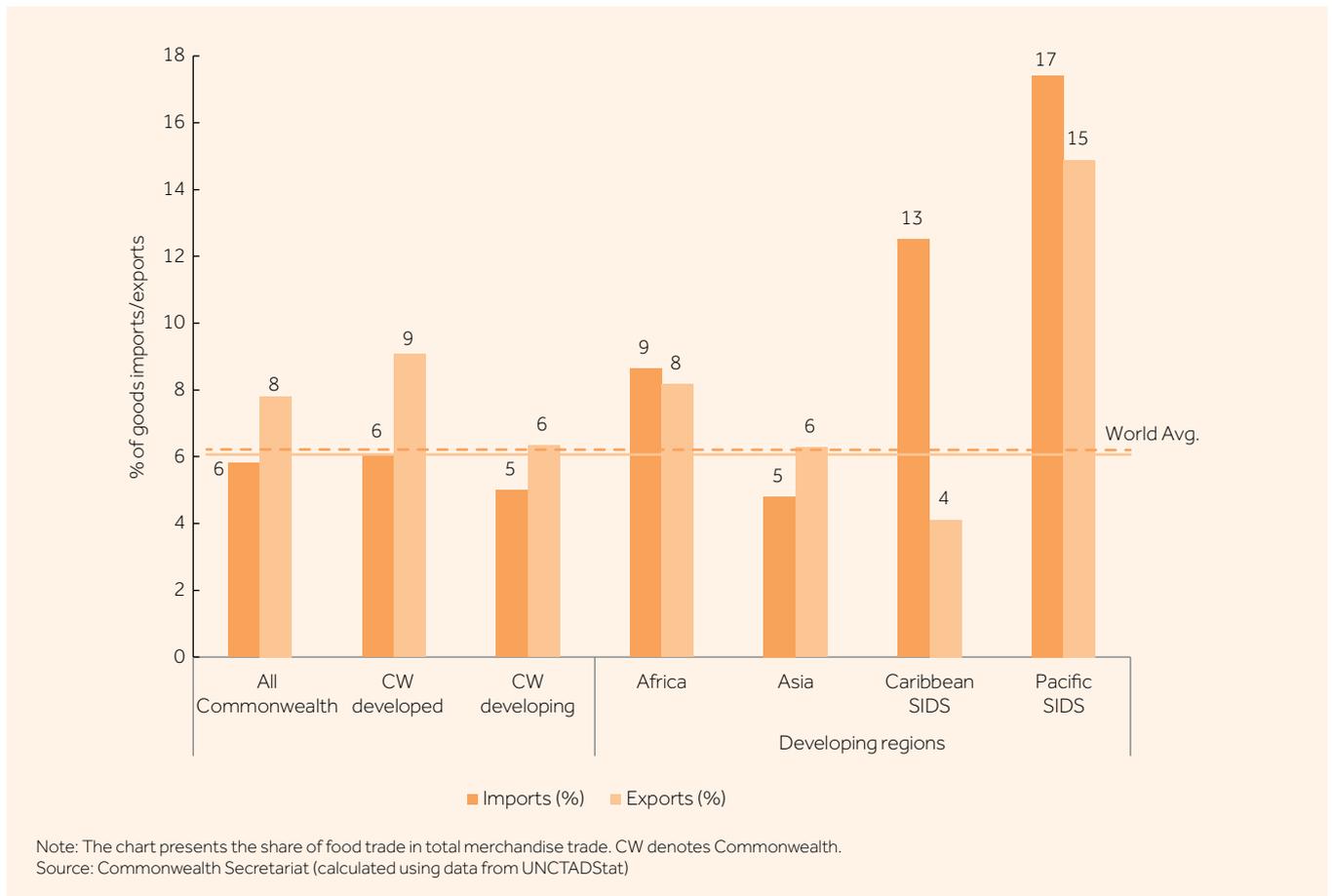


FIGURE 3.10
COMMONWEALTH COUNTRIES' INTRA-COMMONWEALTH FOOD IMPORTS (2022)

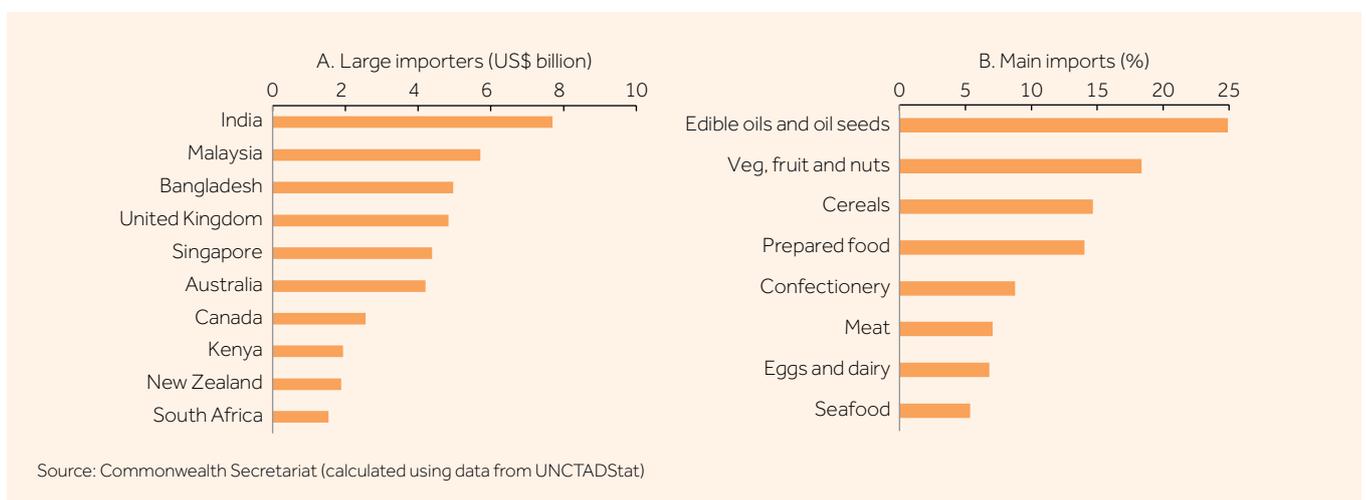
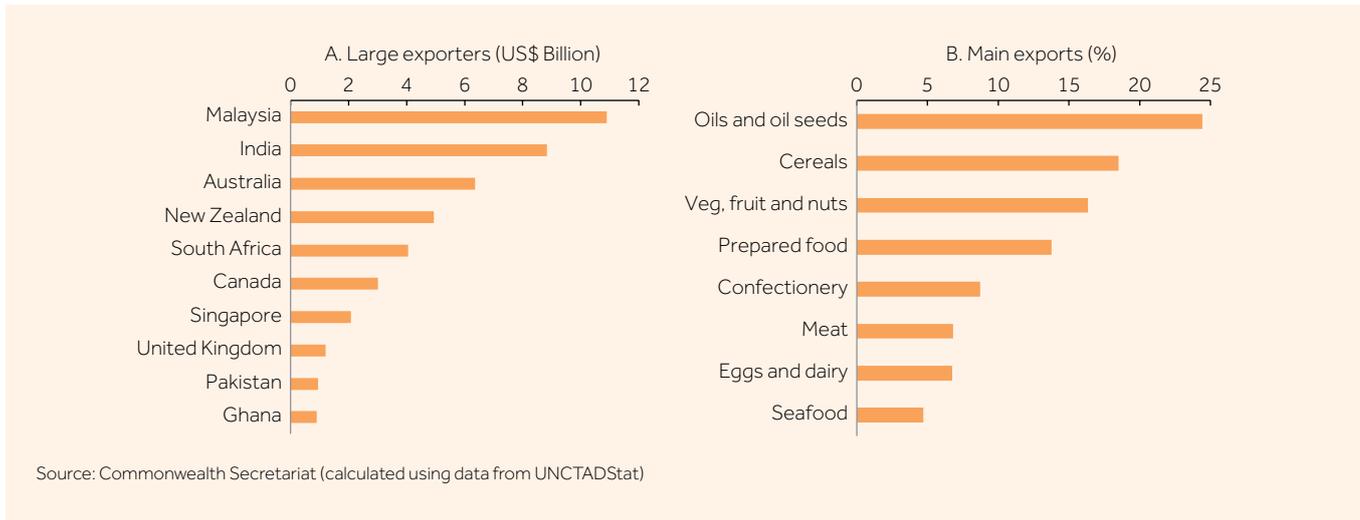


FIGURE 3.11
COMMONWEALTH COUNTRIES' INTRA-COMMONWEALTH FOOD EXPORTS (2022)

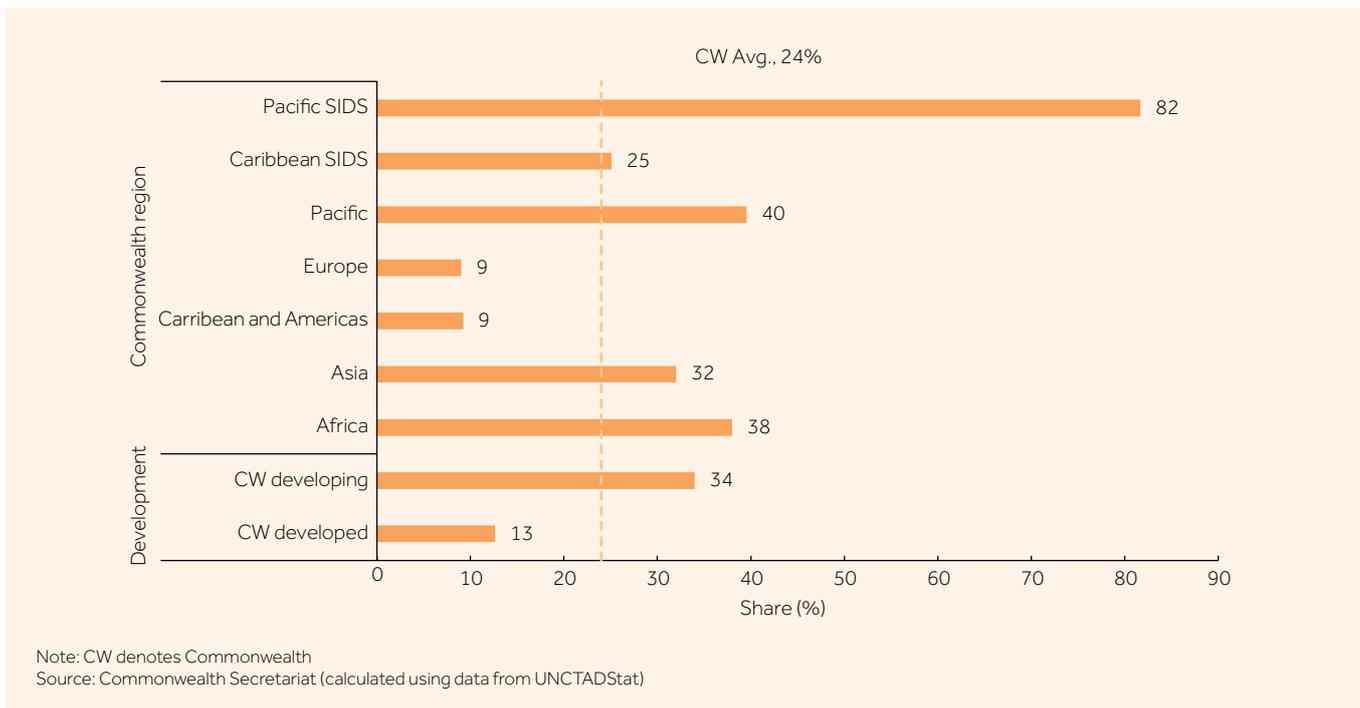


3.3.1 Regional distribution of intra-Commonwealth food trade

Overall, Commonwealth developing countries depend the most on intra-Commonwealth food trade, sourcing 34 per cent of their food from within the Commonwealth.

In contrast, the developed countries source only 13 per cent of their food from other Commonwealth countries. However, these averages mask wide variations across countries and regions (Figure 3.12). The Pacific SIDS have the highest share of intra-Commonwealth food

FIGURE 3.12
INTRA-COMMONWEALTH FOOD IMPORTS, BY COMMONWEALTH REGION, % (2022)

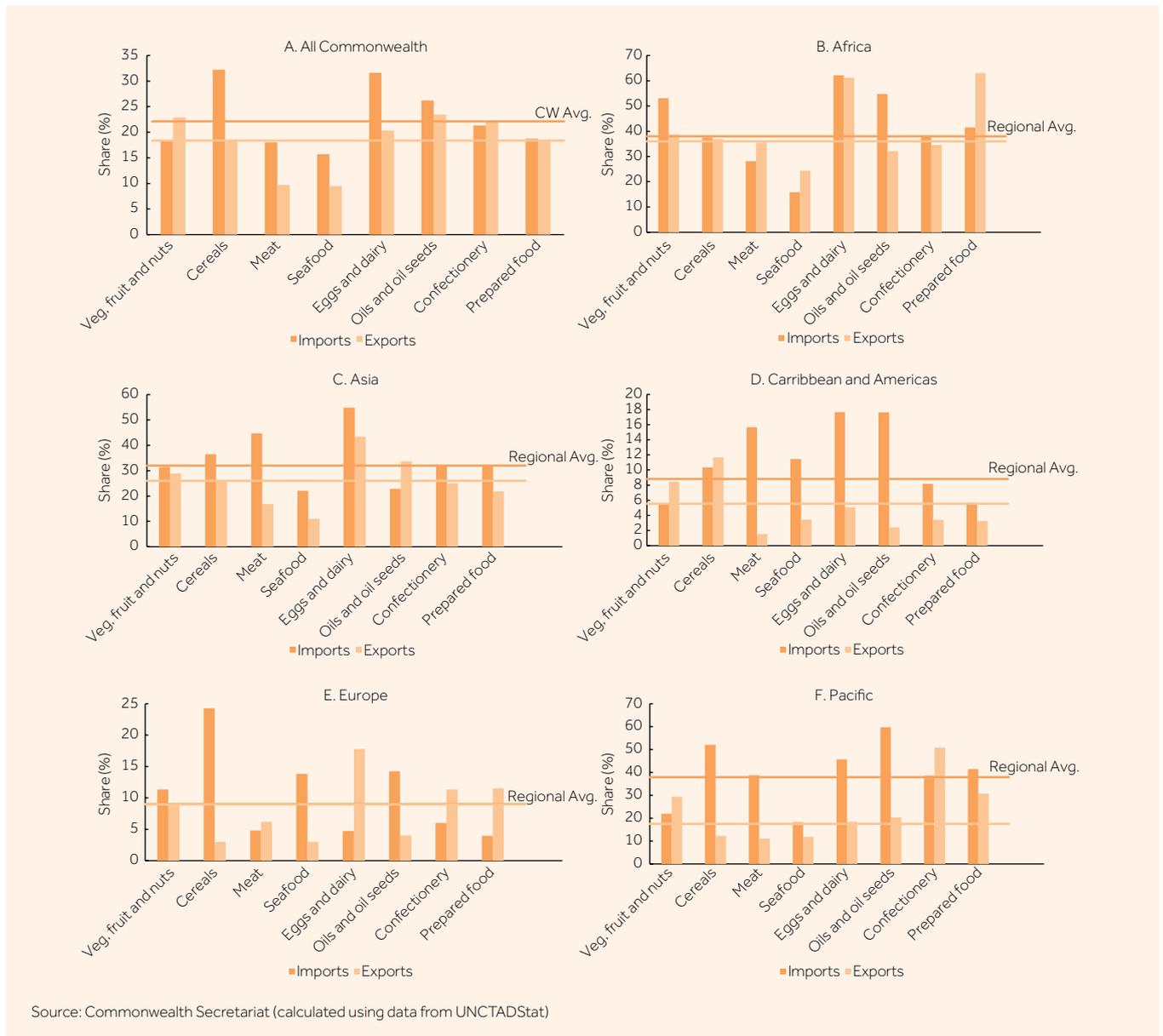


trade at 82 per cent, primarily supplied by Australia and New Zealand. This is followed by African (38 per cent) and Asian (32 per cent) member countries.

In Africa, the intra-Commonwealth food import share of 38 per cent is significantly higher than the averages for both the Commonwealth (24 per cent) and developing countries (34 per cent) (Figure 3.13B). This large intra-Commonwealth food trade reflects the role of the Southern

African Customs Union (SACU), where Botswana, Eswatini, Lesotho and Namibia rely on Commonwealth countries for more than two-thirds of their food imports (Annex 3.1). As a share of total imports, African countries mainly import fruits, vegetables and nuts, prepared foods, dairy products and edible oils, from other Commonwealth countries, with South Africa being a major supplier of fruits and vegetables, and Malaysia providing edible oils (Annex 3.2).

FIGURE 3.13
INTRA-COMMONWEALTH FOOD IMPORTS, BY PRODUCT AND REGION, % (2022)



Asian Commonwealth countries also have a higher-than-average share of intra-Commonwealth food imports at 32 per cent. In this region, Bangladesh, Brunei Darussalam, Maldives and Sri Lanka heavily depend on intra-Commonwealth food imports, sourcing 50 per cent of their supplies from other member countries. They primarily import eggs and dairy products, meat, cereals and confectionery items.

Pacific Commonwealth members – Australia, New Zealand and Pacific SIDS – have substantial intra-Commonwealth food trade. They import edible oils, cereals, and eggs and dairy, and export confectionery and prepared foods (Figure 3.13F). However, there is wide variation between the shares of intra-Commonwealth food imports (40 per cent) and exports (19 per cent). New Zealand and Australia are key suppliers in this region, exporting cereals, meat and dairy products to both regional and global markets.

European Commonwealth countries – Cyprus, Malta and the UK – import about 10 per cent of their food from the Commonwealth, focusing on cereals, edible oils, fruits and vegetables, and seafood (Figure 3.13E), while exporting eggs and dairy products and prepared food. The relatively low share of intra-Commonwealth food trade in this region is due to Cyprus and Malta's EU membership and the UK's established trade linkages with the EU, with major suppliers being the Netherlands, Ireland, Spain and Germany (Figure 3.13E).

Overall, the Caribbean and Americas region, including Canada and Caribbean SIDS, has a similar pattern to the European region, with low shares of intra-Commonwealth trade: 9 per cent of intra-Commonwealth imports and 6 per cent of intra-Commonwealth exports. This low share reflects these economies' close trade integration with the USA, their primary supplier of almost all food products, including prepared foods, vegetables and fruits, and cereals (Figure 3.13D). However, Caribbean SIDS have a relatively higher share of intra-Commonwealth food trade, sourcing around 25 per cent of their imports from the Commonwealth and sending about 40 per cent of their exports to Commonwealth members (Annex 3.1).

3.3.2 Composition of intra-Commonwealth food trade

Commonwealth countries engage in a diverse range of food trade. However, three food items – cereals, edible oils and oilseeds, and fruits and vegetables – constitute the bulk of intra-Commonwealth food trade.

Cereals, the main staple food in various Commonwealth regions, particularly in Asia and Africa, the two most populous regions in the Commonwealth, account for about 33 per cent of this trade. In 2022, intra-Commonwealth trade in cereals reached US\$9 billion, with wheat, a staple in many Commonwealth countries, accounting for nearly half of these imports, followed by rice and maize. Box 3.4 provides an overview of intra-Commonwealth food supply corridors in wheat, rice, edible oils, and fruits and vegetables.

BOX 3.4

FIVE DYNAMIC INTRA-COMMONWEALTH FOOD SUPPLY CORRIDORS

Rice: Two South Asian Commonwealth members, India and Pakistan, are leading rice exporters globally as well as within the Commonwealth. African Commonwealth countries are the largest destinations for South Asian rice. Following Africa, around one-third of intra-Commonwealth rice trade is absorbed in Asia, with Malaysia, Sri Lanka and Singapore being the top importers. Other Commonwealth regions, such as Europe, the Caribbean, and the Pacific, also import rice from India and Pakistan, but their shares are relatively small, reflecting the smaller populations and different dietary habits of these regions.

Wheat: Wheat accounts for about 45 per cent of intra-Commonwealth cereal trade (or US\$4 billion). In 2022, the three largest wheat suppliers were Australia, Canada and India, in that order. South Africa also exported small shipments of wheat, mainly to other African countries. Australia and Canada are also large suppliers of wheat to African members. In 2022, these countries accounted for more than half of the intra-Commonwealth wheat supplies of African members. European Commonwealth members largely source wheat from Canada, while Australia is a leading supplier of wheat to Pacific members.

Edible oils: Malaysia is the leading supplier of edible oils, while Asian and African countries are the primary importers, reflecting the dietary habits of large populations in these regions. With extensive oil palm plantations, Malaysia is one of the

world's largest producers and exporters of the derived palm oil. Its favourable climate and extensive agricultural infrastructure have made palm oil the dominant food trade commodity. Malaysia also exports soybean oil, sunflower oil and coconut oil, but these are significantly overshadowed by palm oil.

Fruits and vegetables: European Commonwealth members, mainly the UK, are key destinations for South African vegetable exports, the largest intra-Commonwealth exporter (21%), followed by African and Asian members. Overall, Asian members are the largest destination, absorbing more than half of total intra-Commonwealth fruit and vegetable exports, although only 9 per cent comes from South Africa. Instead, the largest supplier to Asia is Australia, which exports only a small fraction destined for Pacific members. Overall, New Zealand is a leading source of fruits and vegetables for Pacific countries.

Legumes and pulses: Commonwealth countries have significant trade in legumes (for example, beans, lentils, peas, peanuts, soybeans and chickpeas) and pulses (that is, dried edible seeds of legume plants) valued at US\$2.2 billion in 2022. Australia and Canada are among the world's largest producers and exporters of chickpeas and lentils, respectively. They account for more than two-thirds of intra-Commonwealth pulses trade. Other significant suppliers include Tanzania, Mozambique and Uganda. Asia is the primary recipient, accounting for about 88 per cent of intra-Commonwealth trade in pulses, with a large share directed towards India. Africa and Europe are secondary recipients, while the Caribbean and Pacific regions receive a minimal share.

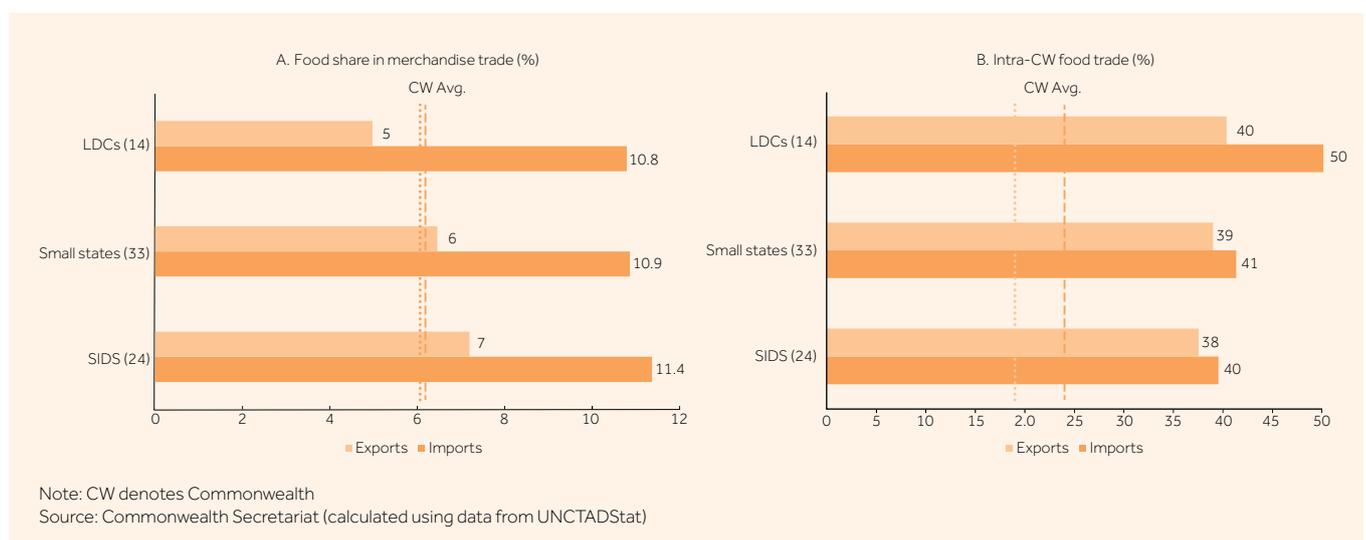
3.4 Food trade of Commonwealth LDCs and small states

The Commonwealth membership includes 14 LDCs and 33 small states, of which 25 are SIDS. These vulnerable groups rely heavily on international trade for their food supplies.

Commonwealth LDCs, in particular, depend significantly on food imports. The share of food in their merchandise imports is almost double the global average (11 per cent compared to 6 per cent), making them extremely vulnerable to disruptions in food supply chains (Figure 3.14).

In 2022, Commonwealth LDCs imported food products worth around US\$17 billion. These 14 LDCs accounted for about 16 per cent of the Commonwealth's total food imports, with over half of this amount consisting of basic foods.

FIGURE 3.14
INTRA-COMMONWEALTH FOOD TRADE OF VULNERABLE GROUPS (2022)



Bangladesh, the largest LDC in terms of population, imports about two-thirds of all food imported by LDCs, with African LDCs importing most of the remainder. Across various food categories, LDCs' reliance on imported cereals is particularly high: cereals account for 35.5 per cent of LDCs' food imports compared to the world average of 13 per cent. For some LDCs, supply is highly concentrated; for example, Bangladesh imports 62 per cent of its cereals (such as rice, wheat and maize) from India. In contrast, supply is relatively diversified for others; for instance, 60 per cent of African LDC cereal imports are sourced from five different countries, bolstering resilience.⁷ Fifty (50) per cent of LDC food imports are sourced from Commonwealth countries, a relatively high share primarily driven by Bangladeshi cereal imports from India.

Similarly, Commonwealth small states, which includes the 25 SIDS, are largely reliant on food imports. Food accounts for 11 per cent of their merchandise imports. These countries have a significant reliance on intra-Commonwealth trade for both food imports and exports, with shares of imports ranging from a low of 5 per cent in Belize to a high of 89 per cent in Tuvalu, and a simple average of 41 per cent. With respect to exports, intra-Commonwealth trade is relatively lower, with a range of 0.3 per cent in Antigua and Barbuda to 69 per cent in Seychelles, and a simple average of 39 per cent (Annex 3.1).

Some of these vulnerable countries are net food exporters, with food being their key export commodity. These include three LDCs (Malawi, Solomon Islands and Tanzania, in that order) and seven small states, including five SIDS (Papua New Guinea, Nauru, Solomon Islands, Seychelles, Belize, Eswatini and Namibia).

3.5 Drivers of food trade in the Commonwealth

Most Commonwealth countries depend on international trade to meet their essential food requirements and enhance food security. Commonwealth developing countries, especially LDCs and small states, depend significantly more on food imports from other Commonwealth members compared to the developed countries. Long-term food trade forecasts, based on empirical estimations using gross domestic product (GDP) data from the United States Department of Agriculture, suggest that intra-Commonwealth food exports could nearly double

in the next decade, potentially reaching US\$97 billion, barring any disruptions from global macroeconomic or health shocks (Shingal, 2024). Three factors will continue to drive the growth of food trade among Commonwealth countries and the world.

Population demographics is the first factor. With a combined population of 2.7 billion people, the Commonwealth includes several highly populous countries – India, Pakistan, Bangladesh, South Africa and Nigeria – some of which are among the top 10 fastest-growing countries globally.⁸ Over the next decade, the Commonwealth is projected to add 385 million people,⁹ creating a demand surge that will require an additional US\$100 billion in food imports by 2033, as discussed in Chapter 6.

While birth rates in Asian countries are expected to slow down, Africa's population is projected to rise exponentially, significantly increasing demand for agricultural and food products. Population growth in Africa, combined with rapid urbanisation and a growing middle class, is already shifting consumption patterns and dietary preferences. This includes a growing demand among young consumers for processed foods (see Chapter 4). Consumers across Africa are increasingly seeking higher quality, ready-to-cook or ready-to-eat foods that are easy to prepare. Projections indicate that Africa's urban food market could reach US\$150 billion by 2030, with smallholder farmers potentially capturing up to \$30 billion of that total (AUDA-NEPAD, 2021). However, the widespread shift towards ultra-processed and unhealthy foods at lower prices in many developing countries and LDCs poses potential health risks to consumers (see Chapter 4).

The second factor is the presence of large and dynamic diasporas. With more than 25 million people in diaspora communities within the Commonwealth (Commonwealth Secretariat, 2018), these networks play a pivotal role in fostering food trade between their countries of origin and their residence. These vibrant networks serve as cultural conduits, connecting culinary traditions, flavours and heritage across borders. Through a network of ethnic restaurants, food markets and food festivals, and by adapting traditional recipes to incorporate new ingredients, they incentivise food trade between Commonwealth members. Diaspora communities' deep market insights and connections along supply chains on both ends facilitate trade partnerships, bridging gaps, reducing information asymmetries and fostering collaborative opportunities.

As technology evolves, these networks have grown increasingly entrepreneurial and can help cultivate sustainable innovation practices in the food sector. Leveraging their reputations and expertise, they accelerate trade, investment and innovation in the food sector (Nurse, 2016). Recognising the diaspora's influential role can enhance food trade strategies. Governments, businesses and communities can actively engage diaspora networks to promote collaboration, exchange knowledge and build sustainable partnerships.

The third factor is the Commonwealth advantage. Building on the broader Commonwealth trade cost advantage discussed in Chapter 1, Commonwealth membership typically results in countries trading 22 per cent more food, on average, with each other compared to non-members. This effect increases to 33 per cent for Commonwealth countries that are also members of the same trade agreement (see Box 3.5). This enhanced Commonwealth effect on regional economic integration is examined in greater detail in Chapter 6.

BOX 3.5

THE COMMONWEALTH EFFECT ON FOOD TRADE

The results from gravity estimation on aggregate food exports using BACI data from 2010–2022 suggest that Commonwealth membership is associated with a 22 per cent increase in food exports, on average (column 1). This estimated Commonwealth trade effect is statistically significant at the 10 per cent significance level. In addition to this substantial effect, preferential trade arrangement (PTA) membership between Commonwealth countries is associated with a further enhanced trade effect of around 11 per cent, as shown in column (1).

TABLE 3.1
COMMONWEALTH EFFECT ON FOOD TRADE

| | (1) | (2) | (3) | (4) |
|---------------------|-------------------------|------------------------|------------------------|-------------------------|
| Dependent variables | X^{Food}_{ijt} | $X^{\text{F&V}}_{ijt}$ | X^{CER}_{ijt} | X^{FISH}_{ijt} |
| CWijt | 0.198* | 0.684*** | 0.464* | 0.402*** |
| | (0.109) | (0.178) | (0.254) | (0.136) |
| PTAijt | 0.112*** | 0.052** | 0.064 | -0.005 |
| | (0.030) | (0.025) | (0.059) | (0.028) |
| Observations | 153,206 | 213,458 | 112,384 | 105,405 |
| Pseudo-R2 | 0.996 | 0.980 | 0.956 | 0.978 |
| Exporter-Year FE | YES | YES | YES | YES |
| Importer-Year FE | YES | YES | YES | YES |
| Exp.-Imp. FE | YES | YES | YES | YES |

Note: Food includes all products from HS1–24, F&V (fruits and vegetables, HS 6–14), CER (cereals, HS 10–11) and fish products (HS 3). Robust standard errors are included in parentheses. Levels of significance: *10%, **5%, ***1%. See Shingal (2024) for the full estimation details.

An analysis of the Commonwealth trade effect for broad food sectors shows a Commonwealth advantage in exporting fruits and vegetables (column 2), cereals (column 3), and fish products (column 4). These findings align with descriptive statistics on the imports of essential foods by Commonwealth countries, which reveal substantial intra-Commonwealth trade in these sectors. Other food sectors, such as meat, also show a positive effect of Commonwealth membership, but the estimated coefficient is not statistically significant. These effects are largely driven by historical linkages, PTA membership and contiguity, further highlighting the role of regional integration and trade agreements in driving food trade.

Source: Shingal (2024)

3.6 Conclusion

The Commonwealth faces significant challenges in addressing food insecurity, exacerbated by rapid population growth and contemporary challenges such as supply chain disruptions, climate change and biodiversity loss. As these countries experience economic growth, rising incomes and increased urbanisation, the demand for quality food will increase substantially, adding further pressure to expand food supplies.

Trade can play a crucial role in aligning food supply with the growing demand. In 2022, Commonwealth countries accounted for around 18 per cent of global food imports and 15 per cent of food exports, making the Commonwealth a significant player in the global food market. Collectively, Commonwealth members are net food exporters and have maintained a positive food trade balance since 2010.

However, this situation varies widely across countries and regions. Many Commonwealth countries rely heavily on imported food to meet their requirements and maintain food security. In 2022, Commonwealth member countries imported US\$224 billion worth of food products. Forty (40) members were net importers of cereals, fruits and vegetables, edible oils and oilseeds, meat and seafood. But the Commonwealth

also includes major food exporters like Canada, India, Australia and Malaysia (ranked in order), making Commonwealth countries net food exporters overall. In 2022, Commonwealth food exports were worth US\$263 billion, with food exports comprising 9 per cent of their total merchandise exports.

The presence of both significant food producers and numerous net food importers within the Commonwealth presents a unique opportunity to enhance intra-Commonwealth trade and investment, especially by leveraging the Commonwealth advantage. By focusing on regional trade and food supply corridors for staples, particularly involving large regional food exporters within the Commonwealth, member countries can better meet the rapidly growing demand and boost intra-Commonwealth food trade. Furthermore, maintaining functional supply chains and avoiding trade-restrictive policies is vital for ensuring food security across the Commonwealth, as discussed in Chapter 6.

Having explored the broad food trade landscape of Commonwealth countries, the next chapter delves into the food supply chains for processed products, which constitute nearly half of the total food imports by Commonwealth members. Chapter 4 maps these widely traded processed food products to identify consumer preferences, strategic choices and potential opportunities for increased investment.

Annex 3.1 Intra-Commonwealth food trade (value and share) (2022)

| Region/Country | Imports (value, US\$ million, and share (%)) | | | | | | Exports (value, US\$ million, and share (%)) | | | | | | |
|------------------------------|--|------------------|-------------|----------------|-----------|-----------------------|--|------------------|-------------|----------------|-----------|-----------------------|---------------------|
| | Food | | | Food | | | Food | | | Food | | | |
| | Total merchandise | Value | % total | from CW | % from CW | Share of intra-CW (%) | Total merchandise | Value | % total | to CW | % to CW | Share of intra-CW (%) | Share of region (%) |
| World | 25,699,974 | 1,558,522 | 6.06 | 278,668 | 18 | - | 24,917,562 | 1,549,212 | 6.22 | 228,652 | 15 | - | 100 |
| Commonwealth of which | 3,865,350 | 224,304 | 5.80 | 53,021 | 24 | 100 | 3,392,529 | 263,263 | 7.76 | 49,352 | 19 | 100 | 100 |
| Developed | 1,791,228 | 107,993 | 6.03 | 13,640 | 13 | 25.7 | 1,597,416 | 145,201 | 9.09 | 15732 | 11 | 31.9 | 100 |
| Australia | 309,189 | 13,375 | 4.33 | 4,207 | 31 | 7.9 | 412,683 | 41,110 | 9.96 | 6356 | 15 | 12.9 | 28.3 |
| Canada | 583,549 | 35,540 | 6.09 | 2,560 | 7 | 4.8 | 599,032 | 61,756 | 10.31 | 3014 | 5 | 6.1 | 42.5 |
| Cyprus ^b | 12,205 | 1,164 | 9.54 | 76 | 7 | 0.1 | 4,363 | 462 | 10.58 | 188 | 41 | 0.4 | 0.3 |
| Malta ^b | 8,519 | 669 | 7.86 | 71 | 11 | 0.1 | 3,253 | 407 | 12.51 | 23 | 6 | 0.0 | 0.3 |
| New Zealand | 54,219 | 3,939 | 7.27 | 1,890 | 48 | 3.6 | 45,102 | 26,446 | 58.64 | 4937 | 19 | 10.0 | 18.2 |
| United Kingdom | 823,547 | 53,305 | 6.47 | 4,835 | 9 | 9.1 | 532,982 | 15,021 | 2.82 | 1214 | 8 | 2.5 | 10.3 |
| Developing by region | 2,074,122 | 116,312 | 5.61 | 39,381 | 34 | 74.3 | 1,795,113 | 118,062 | 6.58 | 33,620 | 28 | 68.1 | 100 |
| Africa | 335,334 | 29,020 | 8.65 | 11,133 | 38 | 21.0 | 289,118 | 23,651 | 8.18 | 8,626 | 36 | 17.5 | 100 |
| Botswana ^b | 8,087 | 768 | 9.50 | 645 | 84 | 1.2 | 8,314 | 69 | 0.83 | 54 | 78 | 0.1 | 0.3 |
| Cameroon | 9,131 | 1,379 | 15.10 | 326 | 24 | 0.6 | 8,198 | 967 | 11.79 | 143 | 15 | 0.3 | 4.1 |
| Eswatini ^b | 1,666 | 271 | 16.29 | 264 | 97 | 0.5 | 2,288 | 468 | 20.44 | 401 | 86 | 0.8 | 2.0 |
| Gabon ^b | 2,838 | 518 | 18.25 | 58 | 11 | 0.1 | 9,075 | 66 | 0.73 | 0 | 0 | 0.0 | 0.3 |
| The Gambia ^{b,c} | 1,404 | 483 | 34.40 | 85 | 18 | 0.2 | 432 | 93 | 21.51 | 38 | 41 | 0.1 | 0.4 |
| Ghana | 20,247 | 2,469 | 12.19 | 471 | 19 | 0.9 | 20,471 | 3,289 | 16.06 | 901 | 27 | 1.8 | 13.9 |
| Kenya | 21,166 | 3,110 | 14.69 | 1,940 | 62 | 3.7 | 7,411 | 1,235 | 16.67 | 475 | 38 | 1.0 | 5.2 |
| Lesotho ^{b,c} | 1,856 | 328 | 17.67 | 322 | 98 | 0.6 | 894 | 33 | 3.68 | 31 | 96 | 0.1 | 0.1 |
| Malawi ^c | 1,586 | 123 | 7.78 | 90 | 73 | 0.2 | 900 | 243 | 27.00 | 197 | 81 | 0.4 | 1.0 |
| Mauritius ^{a,b} | 6,609 | 990 | 14.98 | 462 | 47 | 0.9 | 2,388 | 537 | 22.48 | 155 | 29 | 0.3 | 2.3 |
| Mozambique ^c | 14,671 | 1,569 | 10.69 | 963 | 61 | 1.8 | 8,299 | 704 | 8.49 | 394 | 56 | 0.8 | 3.0 |

(Continued)

| Region/Country | Imports (value, US\$ million, and share (%)) | | | | | | Exports (value, US\$ million, and share (%)) | | | | | | | |
|------------------------------------|--|---------------|-------------|---------------|-----------|---------------------|--|-----------------------|---------------|-------------|---------------|---------------------|-------------|-----------------------|
| | Total merchandise | Food | | | | Share of region (%) | Total merchandise | Food | | | | Share of region (%) | | |
| | | Value | % total | from CW | % from CW | | | Share of intra-CW (%) | Value | % total | to CW | | % to CW | Share of intra-CW (%) |
| Namibia ^b | 7,795 | 773 | 9.92 | 525 | 68 | 1.0 | 2.7 | 5,828 | 1,052 | 18.05 | 398 | 38 | 0.8 | 4.4 |
| Nigeria | 60,351 | 6,536 | 10.83 | 1,429 | 22 | 2.7 | 22.5 | 63,075 | 1,373 | 2.18 | 270 | 20 | 0.5 | 5.8 |
| Rwanda ^c | 3,569 | 1,065 | 29.84 | 606 | 57 | 1.1 | 3.7 | 2,111 | 401 | 19.02 | 28 | 7 | 0.1 | 1.7 |
| Seychelles ^{a,b} | 1,364 | 297 | 21.75 | 59 | 20 | 0.1 | 1.0 | 537 | 372 | 69.27 | 79 | 21 | 0.2 | 1.6 |
| Sierra Leone ^c | 2,025 | 411 | 20.31 | 104 | 25 | 0.2 | 1.4 | 1,317 | 78 | 5.94 | 7 | 9 | 0.0 | 0.3 |
| South Africa | 136,207 | 5,432 | 3.99 | 1,534 | 28 | 2.9 | 18.7 | 122,901 | 10,046 | 8.17 | 4049 | 40 | 8.2 | 42.5 |
| Tanzania ^c | 14,219 | 991 | 6.97 | 469 | 47 | 0.9 | 3.4 | 6,825 | 1,278 | 18.73 | 648 | 51 | 1.3 | 5.4 |
| Togo ^c | 3,041 | 383 | 12.60 | 115 | 30 | 0.2 | 1.3 | 1,348 | 249 | 18.51 | 58 | 23 | 0.1 | 1.1 |
| Uganda ^c | 8,450 | 555 | 6.57 | 414 | 75 | 0.8 | 1.9 | 4,842 | 531 | 10.97 | 259 | 49 | 0.5 | 2.2 |
| Zambia ^c | 9,050 | 568 | 6.28 | 250 | 44 | 0.5 | 2.0 | 11,664 | 566 | 4.86 | 43 | 8 | 0.1 | 2.4 |
| Asia | 1,687,134 | 81,993 | 4.86 | 25,914 | 32 | 48.9 | 100 | 1,446,814 | 90,880 | 6.28 | 23,555 | 26 | 47.7 | 100 |
| Bangladesh ^c | 95,547 | 10,246 | 10.72 | 4971 | 49 | 9.4 | 12.5 | 66,866 | 924 | 1.38 | 400 | 43 | 0.8 | 1.0 |
| Brunei Darussalam ^b | 9,184 | 524 | 5.71 | 357 | 68 | 0.7 | 0.6 | 14,230 | 37 | 0.26 | 9 | 25 | 0.0 | 0.0 |
| India | 720,441 | 30,363 | 4.21 | 7,692 | 25 | 14.5 | 37.0 | 453,415 | 42,348 | 9.34 | 8831 | 21 | 17.9 | 46.6 |
| Malaysia | 293,797 | 19,406 | 6.61 | 5,716 | 29 | 10.8 | 23.7 | 352,094 | 30,720 | 8.72 | 10,893 | 35 | 22.1 | 33.8 |
| Maldives ^{a,b} | 3,516 | 592 | 16.83 | 291 | 49 | 0.5 | 0.7 | 400 | 56 | 14.11 | 16 | 28 | 0.0 | 0.1 |
| Pakistan | 70,781 | 8,201 | 11.59 | 1,089 | 13 | 2.1 | 10.0 | 30,901 | 5,001 | 16.19 | 952 | 19 | 1.9 | 5.5 |
| Singapore | 475,578 | 10,737 | 2.26 | 4,388 | 41 | 8.3 | 13.1 | 515,802 | 10,708 | 2.08 | 2085 | 19 | 4.2 | 11.8 |
| Sri Lanka | 18,291 | 1,924 | 10.52 | 1,411 | 73 | 2.7 | 2.3 | 13,107 | 1,087 | 8.29 | 370 | 34 | 0.8 | 1.2 |
| Caribbean SIDS | 40,327 | 3,524 | 8.74 | 885 | 25 | 1.7 | 100 | 39,040 | 1,167 | 2.99 | 479 | 41 | 1.0 | 100 |
| Antigua and Barbuda ^{a,b} | 1,738 | 81 | 4.65 | 23 | 28 | 0.0 | 2.3 | 2,391 | 7 | 0.28 | 0 | 7 | 0.0 | 0.6 |
| The Bahamas ^{a,b} | 10,898 | 445 | 4.08 | 24 | 5 | 0.0 | 12.6 | 3,957 | 123 | 3.11 | 6 | 5 | 0.0 | 10.5 |
| Barbados ^{a,b} | 2,308 | 252 | 10.90 | 92 | 37 | 0.2 | 7.1 | 341 | 27 | 7.78 | 21 | 78 | 0.0 | 2.3 |
| Belize ^{a,b} | 1,586 | 152 | 9.58 | 7 | 5 | 0.0 | 4.3 | 348 | 217 | 62.49 | 77 | 35 | 0.2 | 18.6 |
| Dominica ^{a,b} | 389 | 38 | 9.71 | 13 | 33 | 0.0 | 1.1 | 39 | 7 | 16.97 | 4 | 66 | 0.0 | 0.6 |

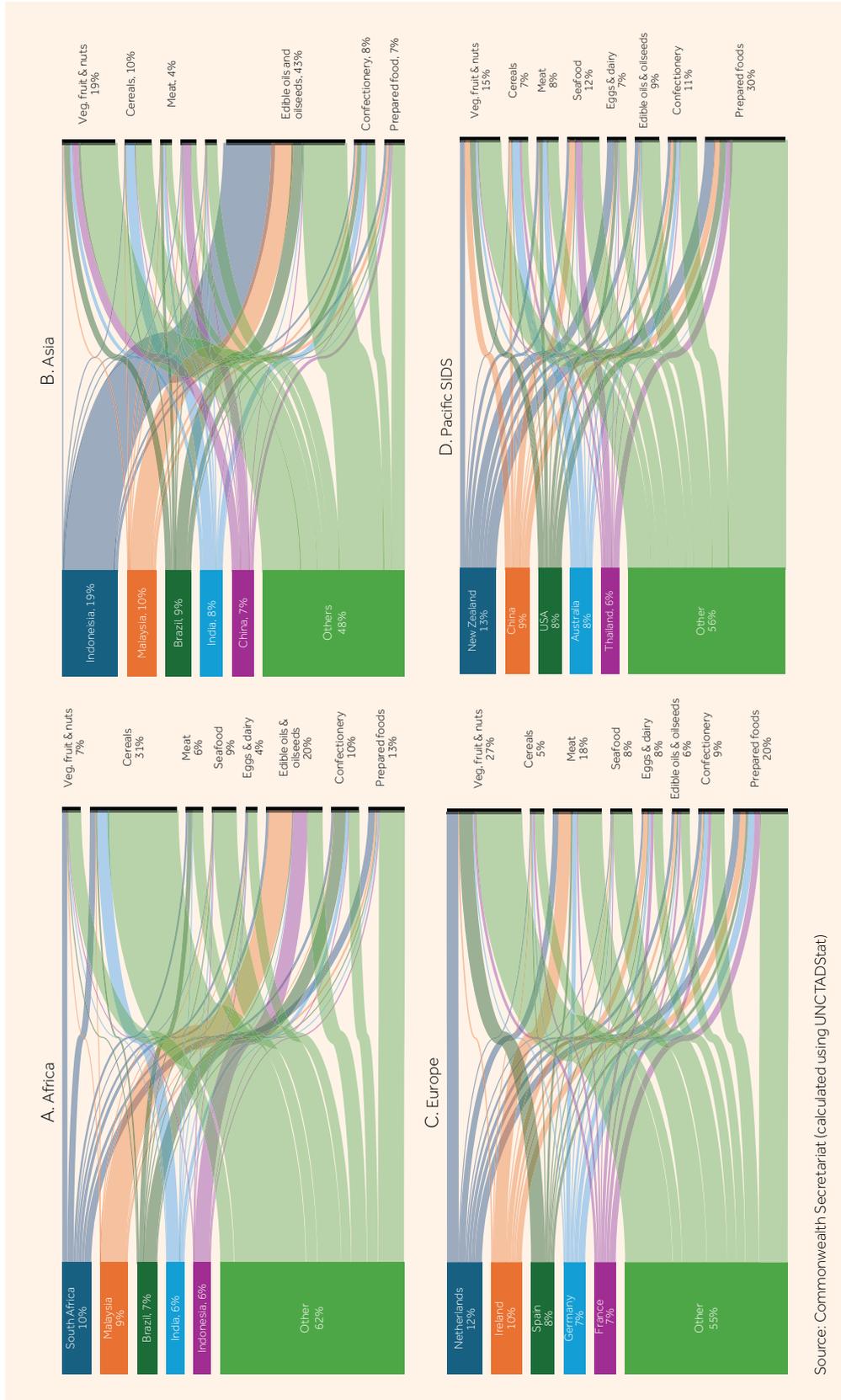
(Continued)

| Region/Country | Imports (value, US\$ million, and share (%)) | | | | | | Exports (value, US\$ million, and share (%)) | | | | | |
|--|--|--------------|--------------|-----------|-------------|-----------------------|--|---------------------|--------------|-----------|------------|------------|
| | Total merchandise | Food | | | | | Total merchandise | Food | | | | |
| | | Value | % total | from CW | % from CW | Share of intra-CW (%) | | Share of region (%) | Value | % total | to CW | % to CW |
| Grenada ^{a,b} | 457 | 23.39 | 29 | 27 | 0.1 | 3.0 | 44 | 42.05 | 2 | 10 | 0.0 | 1.6 |
| Guyana ^{a,b} | 4,455 | 6.62 | 106 | 36 | 0.2 | 8.4 | 10,585 | 2.42 | 93 | 36 | 0.2 | 22.0 |
| Jamaica ^{a,b} | 6,956 | 15.26 | 297 | 28 | 0.6 | 30.1 | 996 | 21.49 | 70 | 33 | 0.1 | 18.3 |
| Saint Lucia ^{a,b} | 2,317 | 4.85 | 44 | 39 | 0.1 | 3.2 | 91 | 8.18 | 6 | 75 | 0.0 | 0.6 |
| St Kitts and Nevis ^{a,b} | 388 | 10.40 | 11 | 27 | 0.0 | 1.1 | 56 | 1.11 | 0 | 6 | 0.0 | 0.1 |
| St Vincent and the Grenadines ^{a,b} | 420 | 18.68 | 27 | 34 | 0.1 | 2.2 | 123 | 14.44 | 9 | 48 | 0.0 | 1.5 |
| Trinidad and Tobago ^{a,b} | 8,416 | 10.25 | 213 | 25 | 0.4 | 24.5 | 20,069 | 1.36 | 191 | 70 | 0.4 | 23.3 |
| Pacific SIDS | 11,326 | 15.67 | 1,449 | 82 | 2.7 | 100 | 20,140 | 11.74 | 960 | 41 | 1.9 | 100 |
| Fiji ^{a,b} | 3,057 | 13.82 | 340 | 81 | 0.6 | 23.8 | 1,141 | 21.04 | 65 | 27 | 0.1 | 10.2 |
| Kiribati ^{a,b,c} | 186 | 22.40 | 23 | 55 | 0.0 | 2.3 | 213 | 17.00 | 4 | 11 | 0.0 | 1.5 |
| Nauru ^{a,b} | 121 | 11.09 | 12 | 88 | 0.0 | 0.8 | 226 | 10.65 | 0 | 1 | 0.0 | 1.0 |
| Papua New Guinea ^{a,b} | 6,014 | 15.84 | 579 | 61 | 1.1 | 53.7 | 17,609 | 10.45 | 850 | 46 | 1.7 | 77.9 |
| Samoa ^{a,b} | 529 | 20.44 | 49 | 45 | 0.1 | 6.1 | 84 | 16.80 | 3 | 23 | 0.0 | 0.6 |
| Solomon Islands ^{a,b,c} | 558 | 17.66 | 41 | 41 | 0.1 | 5.6 | 579 | 25.15 | 29 | 20 | 0.1 | 6.2 |
| Tonga ^{a,b} | 249 | 23.54 | 39 | 67 | 0.1 | 3.3 | 14 | 49.59 | 3 | 46 | 0.0 | 0.3 |
| Tuvalu ^{a,b,c} | 156 | 4.12 | 6 | 89 | 0.0 | 0.4 | 23 | 15.69 | 0 | 0 | 0.0 | 0.2 |
| Vanuatu ^{a,b} | 458 | 15.92 | 53 | 72 | 0.1 | 4.1 | 252 | 21.13 | 5 | 9 | 0.0 | 2.3 |
| LDCs (14) | 156,317 | 10.79 | 8,459 | 50 | 16.0 | 100 | 106,311 | 4.97 | 2,135 | 40 | 4.3 | 100 |
| SIDS (24) | 63,142 | 11.37 | 2,838 | 40 | 5.4 | 100 | 62,505 | 7.19 | 1,688 | 38 | 3.4 | 100 |
| Small states (33) | 116,697 | 10.86 | 5,242 | 41 | 9.9 | 100 | 111,184 | 6.46 | 2,831 | 39 | 5.7 | 100 |

Note: CW denotes Commonwealth; a represents 24 Commonwealth small island developing states (SIDS) and excludes Singapore; b represents 33 Commonwealth small states; c represents 14 least developed countries (LDCs).

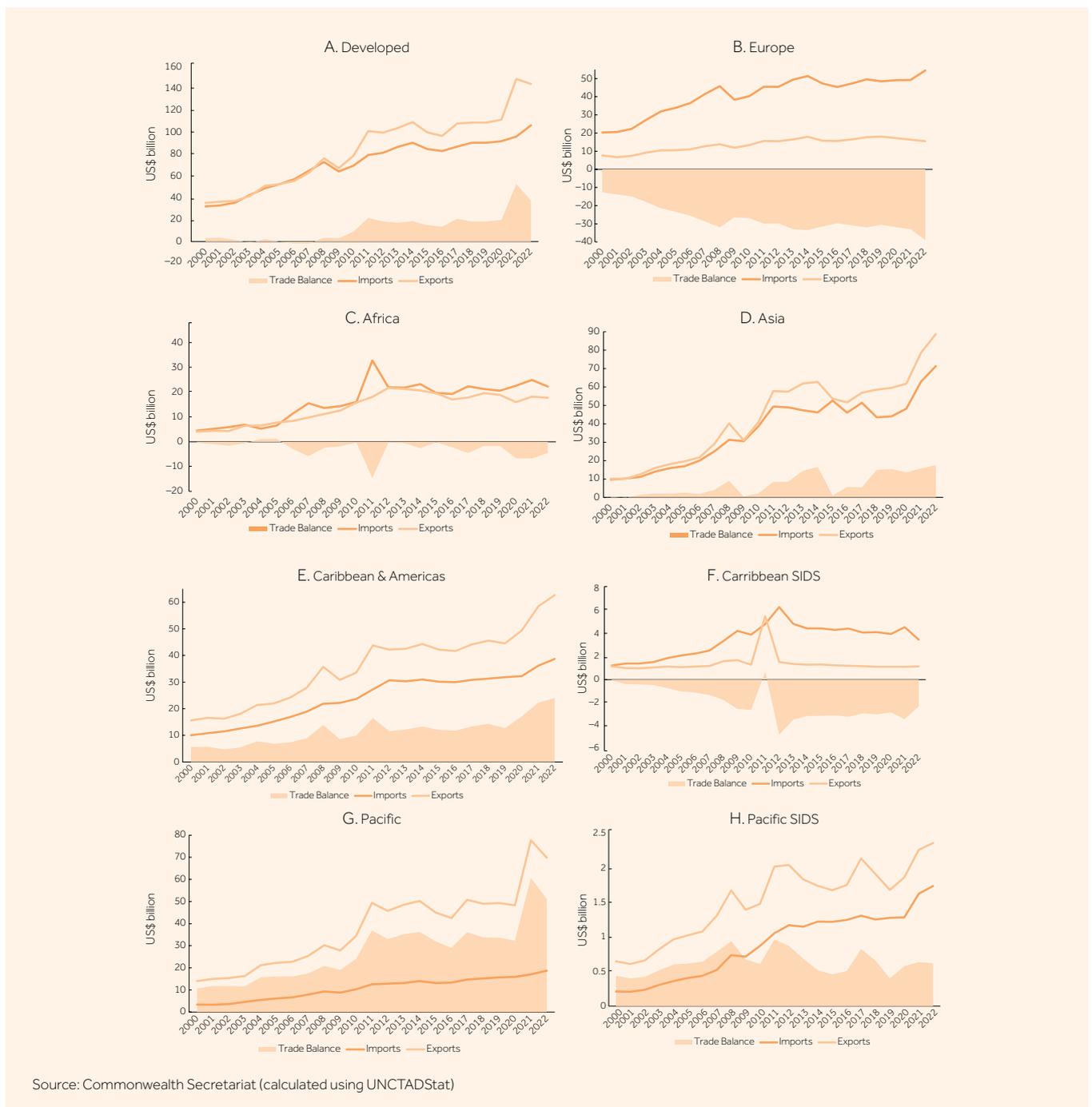
Source: Commonwealth Secretariat (calculated using UNCTADStat)

Annex 3.2 Commonwealth countries' source of food supplies, by region and product

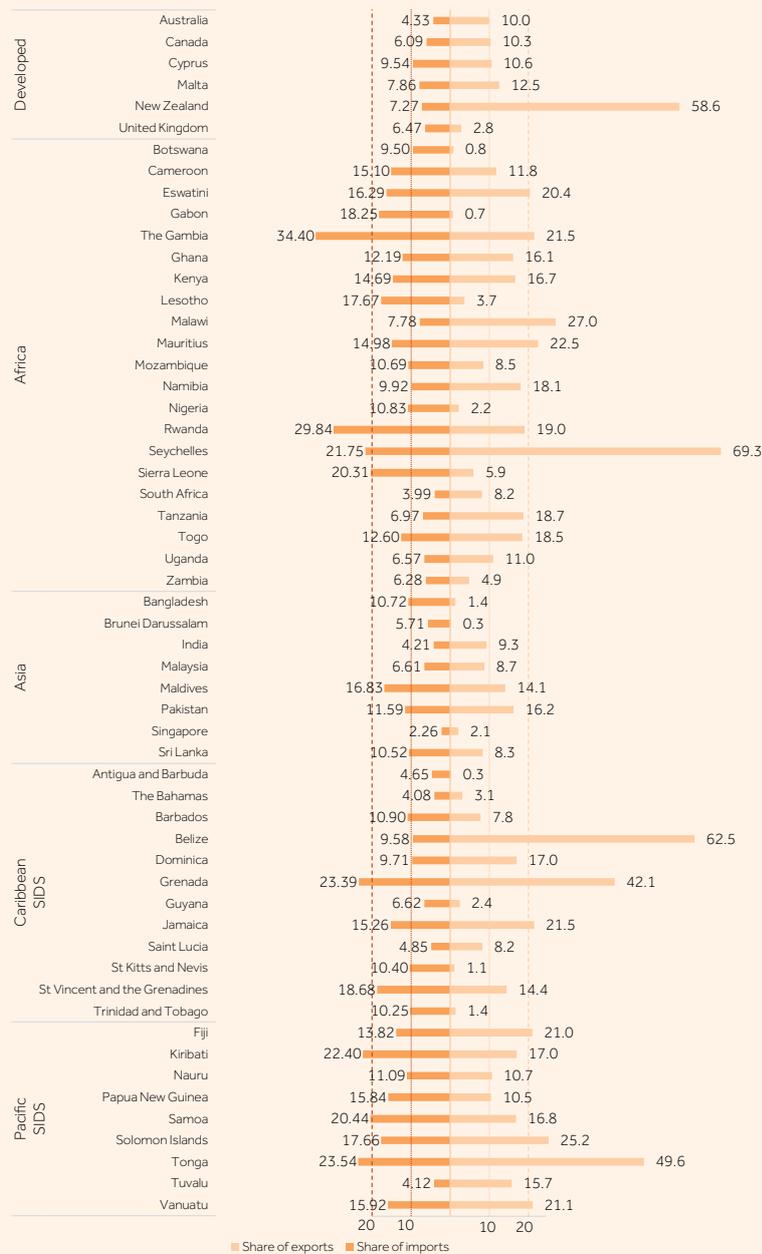


Source: Commonwealth Secretariat (calculated using UNCTADStat)

Annex 3.3 Trends in food imports and exports, by Commonwealth region (US\$ billion)



Annex 3.4 Share of food in Commonwealth merchandise imports and exports, by country and region (2022)



Source: Commonwealth Secretariat (calculated using UNCTADStat)

Note: Vertical dotted lines indicate the share of food in merchandise imports and exports at 10% and 20%.

Annex 3.5 Composition of food trade in Commonwealth countries (2022)

| Structure of food imports | | | | | | | | |
|--------------------------------|-----------|---------|-----------|------------|--------|--------|----------------|--------------|
| | World | All CW | Developed | Developing | Africa | Asia | Caribbean SIDS | Pacific SIDS |
| A: Value (US\$ million) | | | | | | | | |
| All food items | 1,558,522 | 224,304 | 107,993 | 99,980 | 22,934 | 71,748 | 3,524 | 1,774 |
| Fruit, vegetables & nuts | 375,751 | 46,267 | 29,436 | 16,831 | 1,611 | 14,631 | 479 | 110 |
| Cereals | 190,796 | 20,956 | 6,589 | 14,367 | 7,639 | 5,782 | 520 | 426 |
| Meat | 178,255 | 18,040 | 12,988 | 5,052 | 965 | 3,138 | 598 | 351 |
| Seafood | 239,369 | 15,642 | 10,137 | 5,505 | 2,070 | 3,021 | 276 | 138 |
| Eggs & dairy | 88,567 | 9,896 | 5,619 | 4,278 | 1,067 | 2,804 | 317 | 90 |
| Edible oils & oilseeds | 188,144 | 43,756 | 7,427 | 36,328 | 4,127 | 31,738 | 277 | 186 |
| Confectionery | 110,626 | 18,933 | 10,912 | 8,021 | 2,793 | 4,871 | 252 | 106 |
| Prepared food | 187,015 | 34,482 | 24,884 | 9,598 | 2,662 | 5,764 | 805 | 367 |
| B: Share (%) | | | | | | | | |
| All food items | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Fruit, vegetables & nuts | 24 | 21 | 27 | 17 | 7 | 20 | 14 | 6 |
| Cereals | 12 | 9 | 6 | 14 | 33 | 8 | 15 | 24 |
| Meat | 11 | 8 | 12 | 5 | 4 | 4 | 17 | 20 |
| Seafood | 15 | 7 | 9 | 6 | 9 | 4 | 8 | 8 |
| Eggs & dairy | 6 | 4 | 5 | 4 | 5 | 4 | 9 | 5 |
| Edible oils & oilseeds | 12 | 20 | 7 | 36 | 18 | 44 | 8 | 11 |
| Confectionery | 7 | 8 | 10 | 8 | 12 | 7 | 7 | 6 |
| Prepared food | 12 | 15 | 23 | 10 | 12 | 8 | 23 | 21 |

Note: CW denotes Commonwealth

Source: Commonwealth Secretariat (calculated using UNCTADStat)

Endnotes

- 1 The essential food categories included in this analysis are fruit, vegetables and nuts; cereals; meat; seafood (including aquaculture); eggs and dairy; edible oils and oilseeds; confectionery; and prepared foods. The number of net food-importing Commonwealth countries rises to 46 if trade in non-essential food items such as beverages and tobacco products are also included.
- 2 Thirty-three (33) Commonwealth members are in the World Trade Organization's category of net food-importing developing countries (NFIDCs), including 9 of the 14 Commonwealth LDCs. The 6 Commonwealth members not included by the WTO are The Bahamas, Brunei Darussalam, Cameroon, Nigeria, Tonga and Vanuatu.
- 3 Including spices, extracts, thickeners, yeasts, gums, and live animals and plants.
- 4 Asian and African members account for around 71 per cent and 23 per cent of the Commonwealth's total population, respectively, while their shares in food import are about 34 per cent and 11 per cent, respectively.
- 5 The Pacific and Caribbean SIDS rely heavily on food imports due to limitations in land-based agriculture and significant food requirements from their tourism sectors. In contrast, while food constitutes a low share of exports (4 per cent) for Caribbean SIDS, it accounts for 15 per cent of merchandise exports from Pacific SIDS. This is primarily driven by fisheries exports from Papua New Guinea, which made up nearly 75 per cent of total fisheries exports from Pacific SIDS in 2022.
- 6 The share of intra-Commonwealth food exports and imports in total Commonwealth food exports and imports has fluctuated between 19 and 23 per cent. The highest import share, 24 per cent, was recorded in 2011 during the recovery from the GFC in 2009.
- 7 These countries are India, South Africa, Tanzania, Argentina and Australia, ranked in order.
- 8 United Nations, Department of Economic and Social Affairs, Population Division (2022) World Population Prospects 2022: Data Sources. UN DESA/POP/2022/DC/NO. 9. https://population.un.org/wpp/Publications/Files/WPP2022_Data_Sources.pdf
- 9 UNCTAD (2023) "Total population growth rates, annual, 1950–2050". <https://unctadstat.unctad.org/datacentre/dataviewer/US.PopGR>

Chapter 4: Commonwealth Countries' Trade in Processed Foods

Processed food plays a significant role in international food trade, contributing to economic growth and job creation and supporting value addition, industrial upgrading and the development of broader processing capabilities. However, there are concerns about the hidden health, environmental and social costs of ultra-processed food products, especially when they are not consumed as part of a healthy, nutritious diet.

This chapter explores the food supply chains for processed products, which constitute nearly half of the total food imports by Commonwealth members. Some of the key takeaways are:

- In 2022, Commonwealth countries imported processed food worth US\$105 billion, accounting for 47 per cent of their total food imports.
- Developed Commonwealth countries have the highest share of processed food products in their food imports, reflecting higher levels of urbanisation and per-capita incomes as well as consumer preferences.
- Commonwealth countries' imports of processed foods are quite diverse, with a significant portion allocated to prepared foods, edible oils and confectionery.
- Commonwealth members are also large exporters of processed food products. In 2022, these exports were worth US\$111 billion and amounted to 42 per cent of total food exports, similar to the global average.

4.1 Introduction

Most food products undergo some form of processing before they are traded across international borders. However, the level of processing varies from minimal, to minimally processed and ultra-processed food depending upon the nature of food commodities and the sophistication of processing value chains, which is closely linked to investment (see Chapter 5). Food processing may help in fortifying the nutrient content of food products, increasing their shelf life and enabling their transportation to remote markets across the globe. While trade in essential food items helps achieve the targets of SDG 2 on zero hunger, trade in processed food products is equally important for meeting the goals of SDG 3 on good health and well-being (UNCTAD, 2024). Trade in these products can also play a key role in promoting economic growth and job creation and supporting value-addition, industrial upgrading and the development of wider processing capabilities. However, there are concerns about hidden health, environmental and social costs associated with some ultra-processed food products (FAO, 2023; IISD, 2023).

Whereas the previous chapter focused on mapping broad trends in food trade across the Commonwealth, this chapter delves into the food supply chains specifically for processed products, which constitute nearly half of the total food imports by Commonwealth members. Mapping these widely traded

products helps identify consumer preferences and strategic choices in countries, as well as potential opportunities for increased investment, as discussed in the next chapter. In the absence of a universal definition of “processed food”, this chapter follows the taxonomy developed by the United Nations Conference on Trade and Development (UNCTAD) and World Health Organization (WHO) for identifying various stages of processing (UNCTAD, 2024). To simplify the classification and analysis, it combines five processing stages into two that are used throughout this chapter: (i) raw and minimally processed; and (ii) processed. The former undergoes minimal processing, mostly confined to sorting, packaging, drying and similar activities, but retains its original form. The latter category includes basic processing such as smoking, salting and fermenting, as well as ultra-processing procedures like pasteurisation and steaming.¹

The chapter is divided into five sections. Section 4.2, which follows, provides an overview of Commonwealth countries’ processed food imports and assesses regional shares of trade in these products as well as their composition. Section 4.3 analyses exports of processed food products, while Section 4.4 examines intra-Commonwealth dimensions of processed food trade. Section 4.5 concludes, setting the stage for the next chapter on investment in the Commonwealth’s food sector, which is essential to ensure agri-food systems are more sustainable and resilient, and better positioned to address food security concerns.

4.2 Processed food imports by Commonwealth countries

Processed food is an essential component of Commonwealth countries' food imports, valued at US\$105 billion in 2022.² As a group, the Commonwealth relies more heavily on processed food imports – six percentage points above the global average of 41 per cent.

These imports have recorded a more than four-fold increase during the past two decades, from US\$24 billion in 2000 to \$105 billion in 2022 (Figure 4.1). Interestingly, the shares of fully processed as well as raw and minimally processed food have largely remained stable over time. However, there has

been a long-term to shift toward minimally processed and raw food imports, which is reflected in a marginal decline in the share of processed food in total food imports for Commonwealth members from 51 per cent to 47 per cent. A similar drop of two percentage points (43 per cent to 41 per cent) has been observed at the global level. In recent years, a larger share of overall greenfield investment announced in Commonwealth countries has targeted the processed food sectors compared with unprocessed food (see Chapter 5), suggesting efforts are being made to build processing capacity in these countries, potentially further reducing their reliance on processed food imports.

4.2.1 Distribution of processed food imports by Commonwealth regions and countries

Developed countries have the highest share of processed food products in their food imports, with a stable share over the past decade (Figure 4.3A). Four countries

FIGURE 4.1
COMMONWEALTH'S PROCESSED FOOD IMPORTS, TREND AND DISTRIBUTION, US\$ BILLION, % (2000–2022)

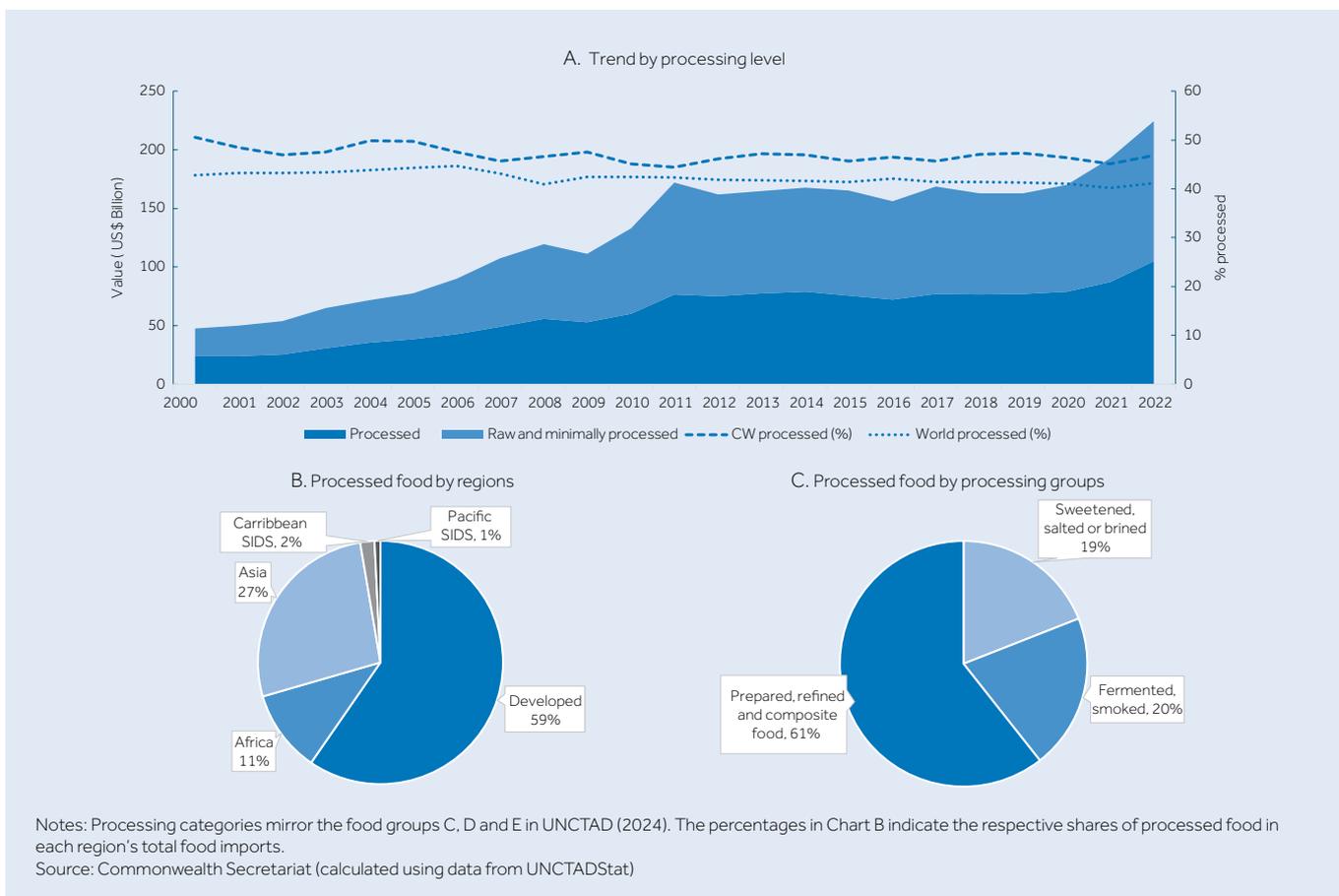
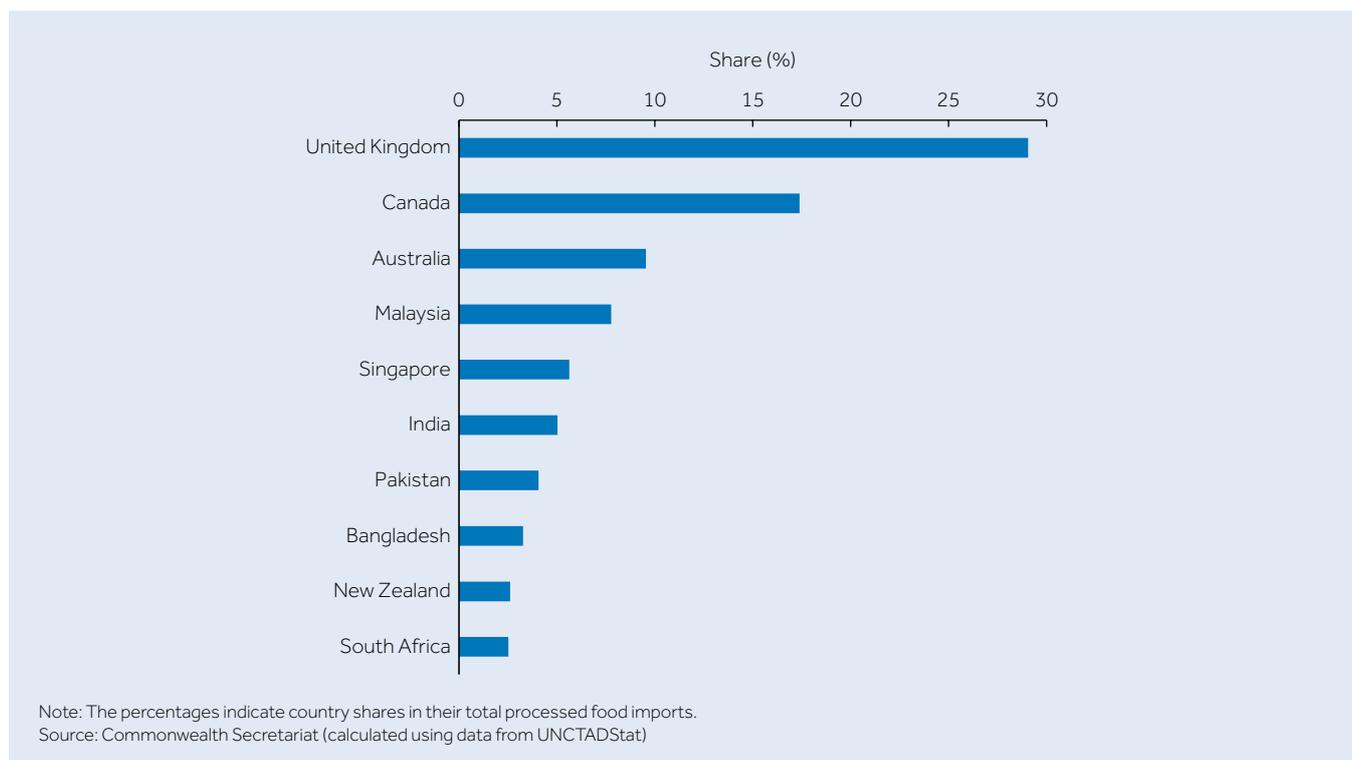


FIGURE 4.2
TOP 10 PROCESSED FOOD IMPORTERS IN THE COMMONWEALTH (2022)



accounted for around 60 per cent of all processed food imported by the Commonwealth in 2022 (Figure 4.2). This disproportionate share, despite their relatively small populations, likely reflects higher levels of urbanisation, consumer preferences and per-capita disposable incomes in developed countries. These factors contribute to greater accessibility and affordability of expensive imported processed food items, as well as the convenience they offer.

By contrast, Commonwealth developing countries largely import raw and minimally processed food, which reflects the importance of ensuring basic food security for their large populations in addition to limited buying power. The small shares of the Caribbean and Pacific SIDS, 1 per cent each, reflects their limited market size (Figure 4.1B). However, as highlighted in the previous chapter, this trend may evolve over time, given the potential for SIDS to expand trade with Africa, driven by rapid urbanisation and population growth on the continent, which are contributing to increasing demand for prepared foods.

At the country level, there is significant variability in reliance on processed food imports (Annex 4.1). Belize has the highest share, with processed food constituting approximately 77 per cent of its total food imports. Australia and Malawi follow closely

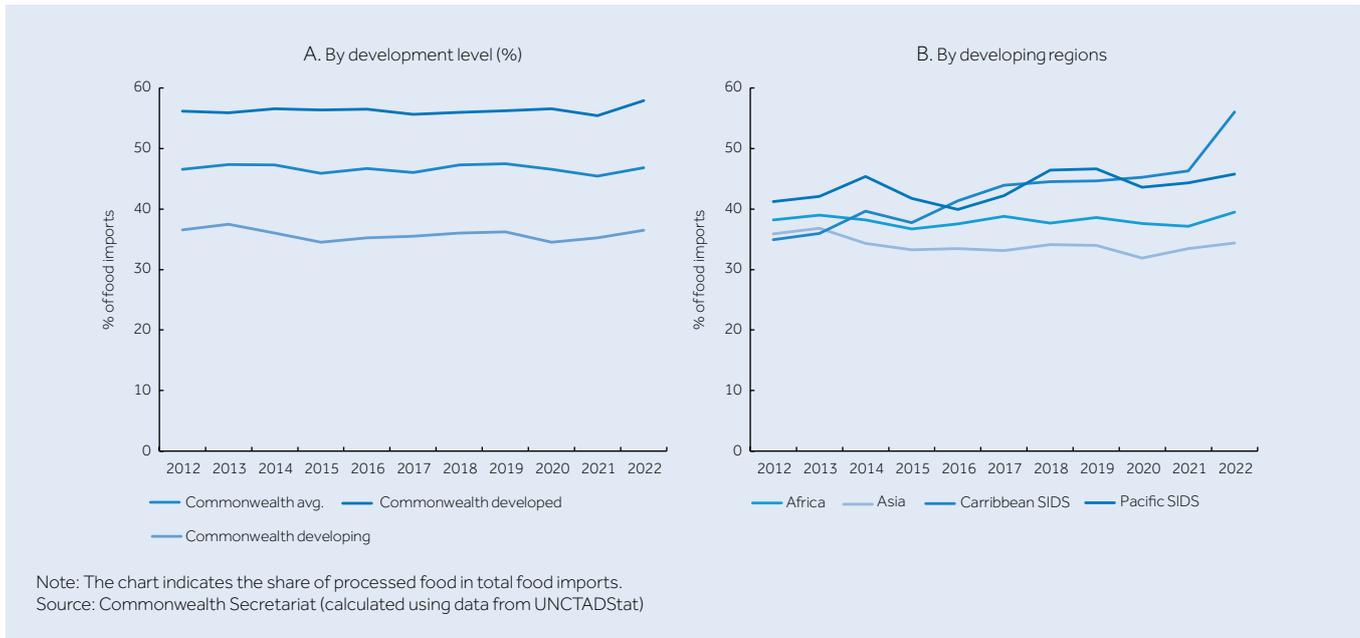
with shares around 75 per cent and 70 per cent, respectively. Other countries with significant proportions include New Zealand, Dominica, Guyana, Barbados and Nauru, each with processed food shares ranging between 60 and 70 per cent.

In the middle range, which includes Trinidad and Tobago, Jamaica, and Cyprus, processed food import shares vary between 40 and 60 per cent. This group includes a mix of small island nations and larger countries, indicating a widespread reliance on processed food imports across different regions. Overall, 30 countries in the Commonwealth have a share of processed food in total food imports over 50 per cent, and more than half of these are Caribbean and Pacific SIDS. Only three countries (Kenya, India and Mozambique) have a share under 25 per cent, which reflects local processing capacity (see Table 4.1) and, potentially also in the case of India and – to some extent – Kenya, recent inflows of intra-Commonwealth greenfield investment in processed food sectors (see Chapter 5).

4.2.2 Distribution by processing methods

Before trading, foods products undergo varying degrees of processing using different methods. Based on these methods, imported foods are categorised into three groups (Figure 4.1C).

FIGURE 4.3
PROCESSED FOOD IMPORT TREND, BY DEVELOPMENT LEVEL AND GEOGRAPHICAL REGIONS (2012–2022)



The largest segment, constituting 61 per cent of the Commonwealth’s processed food imports, includes prepared, refined and composite foods. These foods undergo significant processing, combining various ingredients and refining techniques to create a final product.³ Examples include bread, biscuits, cakes, chips, breakfast cereals, infant formula, pasta, instant coffee, and various other packaged meals, ready-to-eat snacks and processed meat products. Given the high share of trade, this category offers developing countries an opportunity to expand value addition by fostering national and regional value chains, as discussed in the next chapter.

The second largest category, accounting for 20 per cent of imports, consists of fermented and smoked foods (excluding

those that are salted or brined). Fermented foods like yogurt, kimchi and sauerkraut are common, while smoked foods such as smoked fish or meats are also included.

Another significant segment, making up 19 per cent of food imports, comprises sweetened, salted or brined foods. These products are preserved or flavoured using sugar, salt or brine. Examples include pickles, jams and salted nuts.

These three processed food product groups constitute a significant proportion of imports in many countries. Despite their crucial role in ensuring food security, their hidden impacts – such as increasing the incidence of nutrition-related non-communicable diseases- could also be substantial (Box 4.1).

BOX 4.1
THE HIDDEN HEALTH COSTS OF PROCESSED FOODS

Processing food enhances its shelf life and transportability but is associated with a range of hidden costs along the food value chain. The FAO (2023) estimates that the net global costs resulting from environmental, social and health impacts of food system activities ranged between US\$11 trillion and \$15 trillion in 2023, nearly equivalent to 10 per cent of global GDP. These costs have increased by 9 per cent annually since 2016 (Lord, 2023).

Approximately three-quarters of these costs (about US\$9 trillion) are health-related, driven by unhealthy diets high in fats, sugars and ultra-processed foods (UPFs), which are “formulations made mostly or entirely from substances derived from foods and additives, with little to no intact food” (Monteiro et al., 2018). The ingredients contained in UPFs often include

versions of oils and fats, flours and starches, sugar and proteins, including those resulting from further processing, such as hydrogenated oils and fats, modified starches, hydrolysed proteins, and crushed or extruded "mixes" of meat offal or remnants.

Consumption of UPFs may be influenced by a variety of social traditions and norms, as well as commercial promotion, placement and advertising, including aggressive marketing to children. In turn, the prevalence of unhealthy diets, often dominated by UPFs, may be due to economic constraints or a lack of access to nutritious foods. Some processed foods can lead to obesity and non-communicable diseases, thereby reducing overall productivity and placing additional burdens on domestic health systems. Specifically, diets low in fruits, vegetables, nuts, whole grains, calcium and protective fats, and high in sodium, sugar-sweetened beverages, saturated fats and processed meat have been associated with morbidity, cardiovascular disease, and type-2 diabetes.

The resulting health costs can be substantial and underscore the need to incorporate these issues into decision-making. Government policy interventions can help mitigate these hidden costs by regulating how businesses produce, process, promote and trade their products. Raising awareness about these costs is equally important, as it can help communities adapt their dietary patterns and shift to healthier, more nutritious foods.

Source: FAO (2023)

4.2.3 Composition of Commonwealth countries' processed food imports

Commonwealth countries' imports of processed foods are quite diverse, with a significant portion allocated to prepared foods, edible oils and confectionery (Figure 4.4). This diversity reflects distinct dietary preferences, income levels and needs across regions, while recognising that many of these food products may pose health risks and hidden costs if not consumed as part of a healthy, nutritious diet.

In Africa, there is a higher share of confectionery, prepared foods and edible oils, potentially indicating gaps in agricultural production and limited processing capacity. However, African Commonwealth countries have been beneficiaries of recent intra-Commonwealth greenfield investment in processed food, primarily in sugars and confectionery and cereals and oils (see Chapter 5), which may help to grow processing capacity in these areas. In contrast, Asia's imports predominantly comprise edible oils, reflecting culinary traditions and dietary habits prevalent in many South Asian nations.

Caribbean SIDS notably import prepared foods, possibly driven by high demand for processed and ready-to-eat food products for the tourism sector. The Pacific region and Pacific SIDS also show a similar pattern, potentially also reflecting the demands of the tourism industry.

4.2.4 Sources of processed food imports

Commonwealth countries source processed foods from a wide array of suppliers. Approximately half originate from

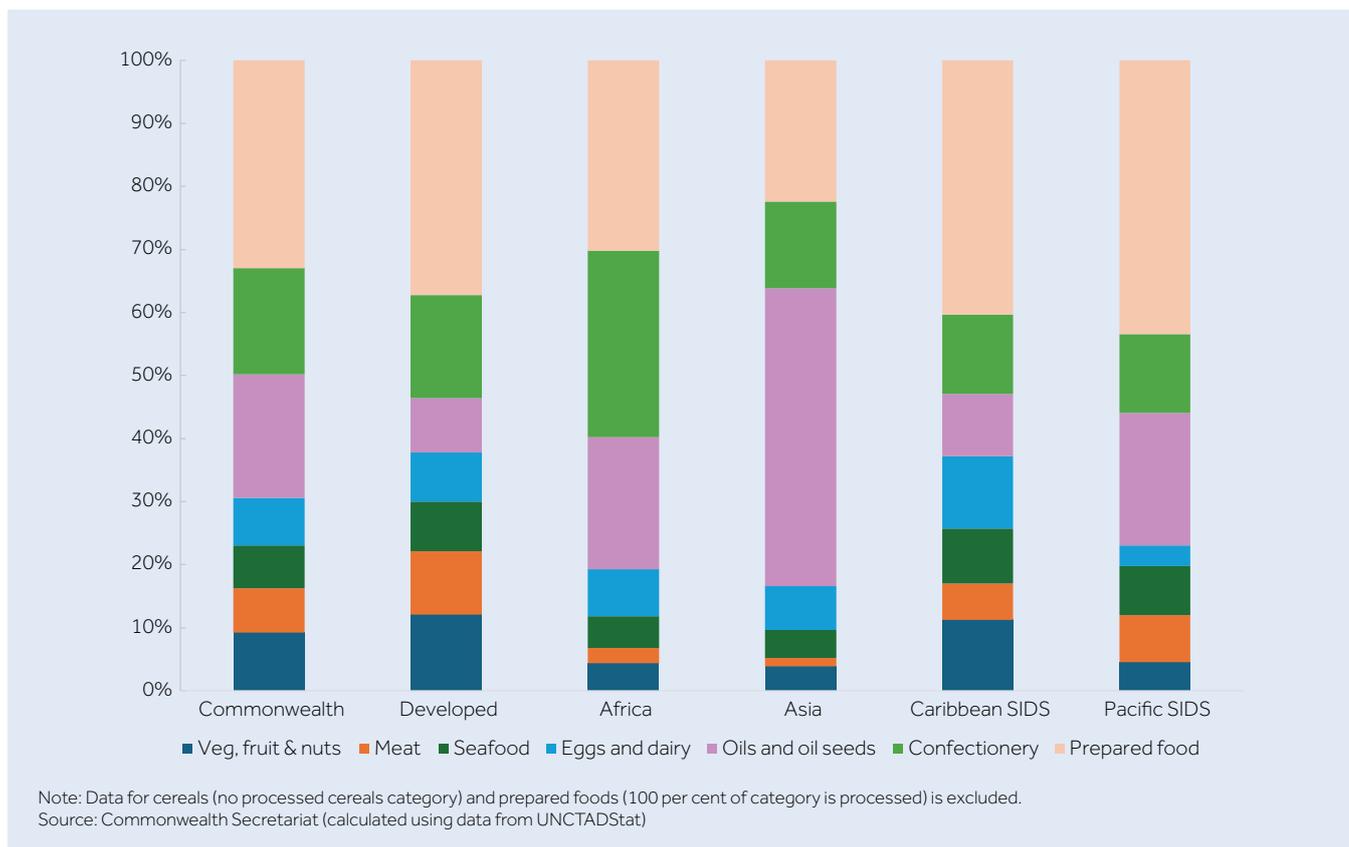
advanced economies in Europe and North America (Figure 4.5). Developing countries such as Argentina, Brazil, India and Indonesia have also emerged as significant suppliers of both processed and minimally processed food products. The emphasis on regional and South–South trade is evident in the food import patterns of Asian and African countries. This reflects a preference for sourcing food from cost-effective suppliers and shared dietary habits among these regions.

Relying on numerous suppliers for both processed and minimally processed food categories underscores the importance these countries place on building resilient food supply chains against climate and geopolitical disruptions. Pre-established trade relationships enable countries to effectively respond to disruptions and expand supplies to compensate for shortages from primary sources (UK Government, 2023).

4.3 Processed food exports by Commonwealth countries

Commonwealth members are large exporters of processed food products. In 2022, their combined processed food exports were worth US\$111 billion and amounted to 42 per cent of total food exports, which is similar to the global average. Over time, the Commonwealth's exports of both fully processed

FIGURE 4.4
STRUCTURE OF PROCESSED FOOD IMPORTS, BY REGIONS (2022)

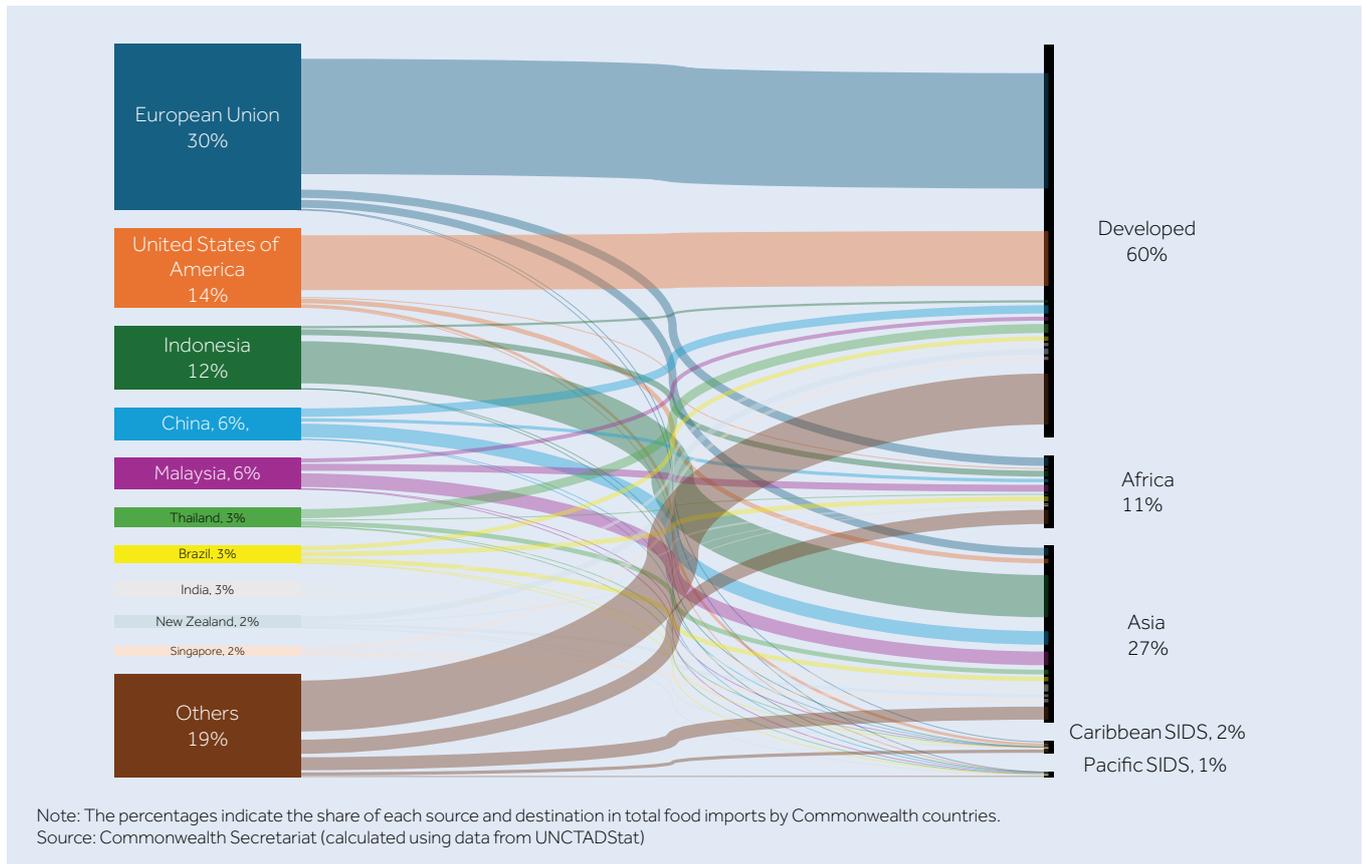


food and raw or minimally processed foods have increased annually, at 7.2 per cent and 8.3 per cent, respectively (Figure 4.6A). This relatively large expansion in minimally processed and raw food exports may reflect consumer demand for a healthier diet. Moreover, it also underscores the need for incentivising investment in national and regional agri-food value chains to expand value added-exports.

Commonwealth developing countries are the largest exporters of processed food, reflecting the advanced food processing industries in some of these countries and their capabilities to add value to raw agricultural products (Figure 4.7). Asian members account for almost half of fully processed food exports (Figure 4.6B). However, ranked by country, the largest processed food exporters are Canada and Malaysia (with relatively equal shares), followed by India (Figure 4.8). India and Singapore have established institutional mechanisms to facilitate the production and export of processed food (Box 4.2 and 4.3).

The share of African countries is relatively small, at 7 per cent, but there are significant opportunities to expand this production and move up the agri-food value chain (Othieno, 2024) and many countries are capitalising on these opportunities (Box 4.3). For instance, African countries and LDCs can seek to attract more greenfield investment in food processing from the Commonwealth, particularly as they have been the primary destinations for recently announced intra-Commonwealth investment projects in processed food (see Chapter 5). The implementation of the African Union's Comprehensive Africa Agriculture Development Programme (CAADP) and the African Continental Free Trade Area are also expected to boost these developments. There are also many opportunities for African countries to export processed foods to developed economies, such as under the preference regimes of the EU and USA. This may require more favourable rules of origin and tariff policies to address tariff escalation along the food value chain.⁴

FIGURE 4.5
MAIN COMMONWEALTH SUPPLIERS AND DESTINATIONS OF PROCESSED FOOD IMPORTS (2022)



At the country level, The Bahamas has the highest share of processed products in total food exports, constituting nearly 100 per cent (Annex 4.1B). Eswatini, Singapore and Brunei Darussalam follow closely, each with shares above 90 per cent. Other countries with significant proportions include Mauritius, Trinidad and Tobago, Barbados and Seychelles, all exceeding 70 per cent.

The middle range includes Jamaica, Bangladesh and Cyprus, with processed food export shares between 50 and 70 per cent. This group comprises a mix of small island nations and larger countries, highlighting the prominence of processed food exports across diverse regions.

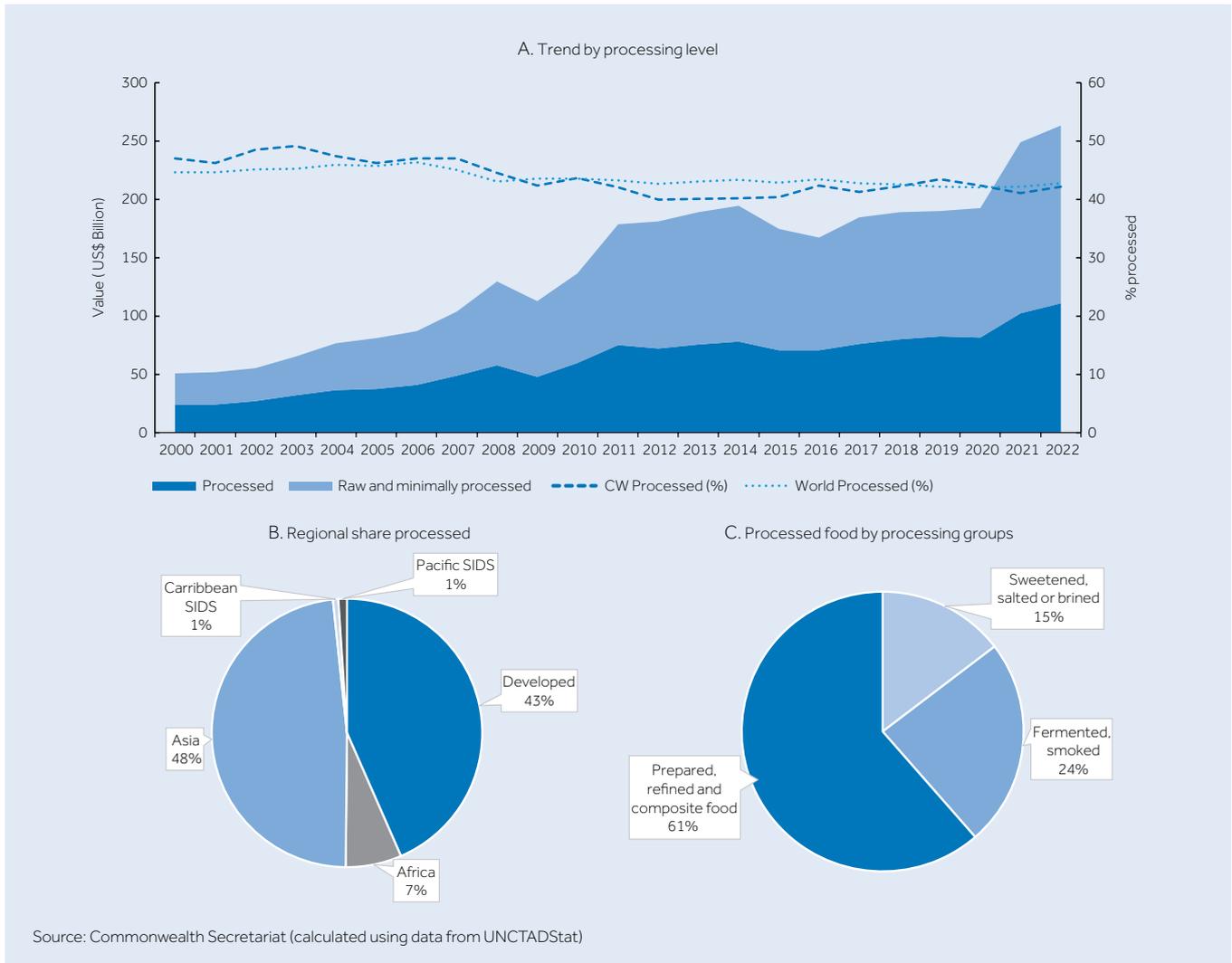
However, processed foods accounted for more than 50 per cent of overall food exports in only 19 of the 56 Commonwealth countries, compared with 30 countries in the case of processed food imports. Additionally, 24 countries have a share of exports under 25 per cent, compared to only 3 for imports. Ten (10)

countries have a share below 10 per cent, all of which are LDCs or SIDS. This may be indicative of disparities in processed food trade, with many LDCs and SIDS facing challenges in developing domestic agri-food processing industries. This is evident in the lack of recent greenfield investment into food processing in Commonwealth SIDS and many LDCs, as highlighted in Chapter 5.

4.4 Intra-Commonwealth trade in processed food products

Around one-fifth of processed food trade takes place between Commonwealth members. The value of fully processed imports (represented by the dark blue area in Figure 4.9) has

FIGURE 4.6
COMMONWEALTH'S PROCESSED FOOD EXPORTS, TREND AND DISTRIBUTION, US\$ BILLION, % (2000–2022)



risen from approximately US\$6 billion in 2000 to \$21 billion in 2022. Over the same period, imports of raw and minimally processed goods (shown in the light blue area) have also increased, growing from about \$6 billion to over \$32 billion in 2022. Despite this significant growth in both fully processed and raw and minimally processed food imports within the Commonwealth over the past two decades, their intra-Commonwealth share has remained steady at 20–25 per cent, highlighting the diverse nature of export destinations.

Intra-Commonwealth food imports grew steadily before the 2007–2008 global financial crisis (GFC), followed by a plateau in the subsequent decade and a sharp rise during the COVID-19

pandemic. The share of raw and minimally processed food increased sharply during the pandemic, which indicates that the pandemic-induced price hike might have weaned people away from processed foods that are generally more expensive. On the one hand, lockdowns affected farming production and the health of workers, causing production challenges. On the other hand, supply chain bottlenecks, and higher freight costs, further raised the cost of imported food.

4.4.1 Variation across Commonwealth regions

Similar to the pattern of overall food trade (Chapter 3), Commonwealth developing countries drive intra-Commonwealth processed food trade. As a group,

FIGURE 4.7
SHARE OF PROCESSED FOOD IN COMMONWEALTH COUNTRIES' FOOD EXPORTS

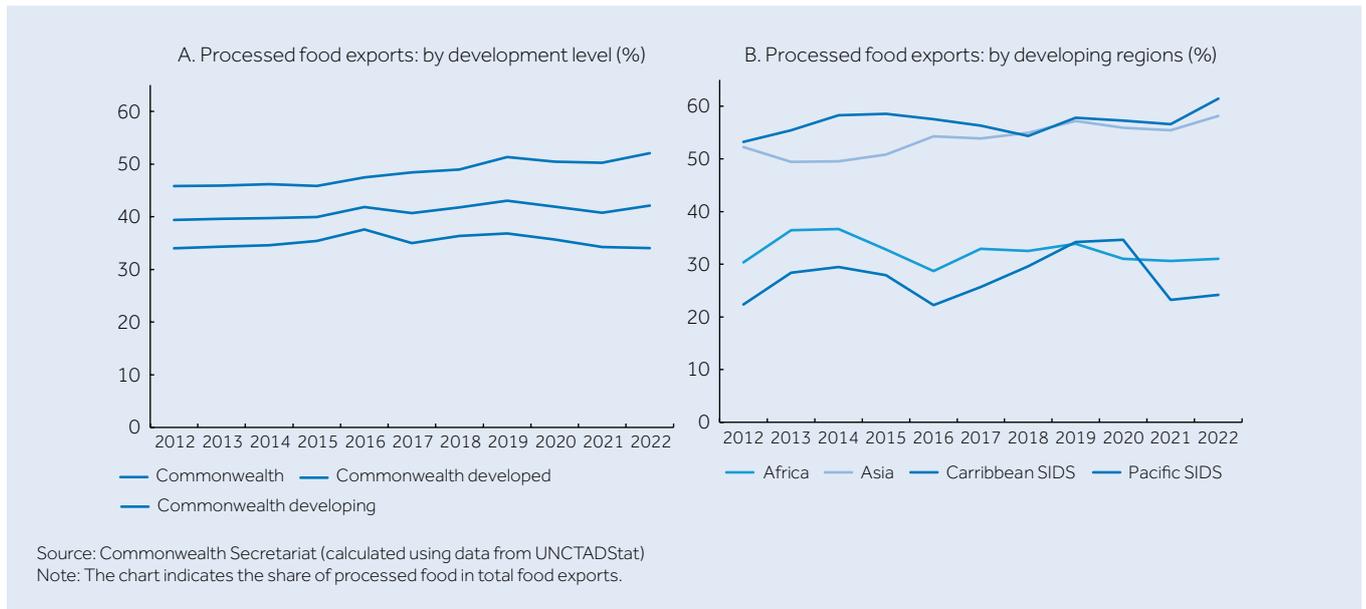
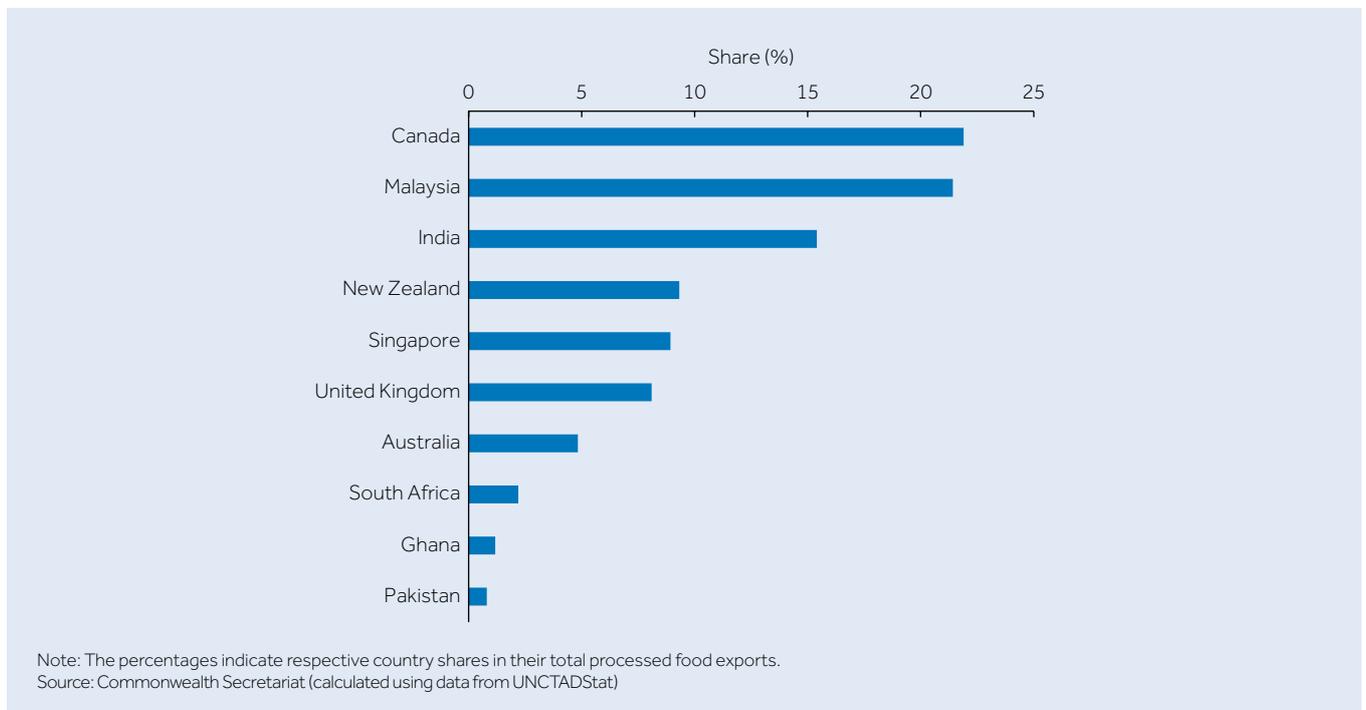


FIGURE 4.8
TOP 10 PROCESSED FOOD EXPORTERS IN THE COMMONWEALTH (2022)



Commonwealth developed countries have a lower intra-Commonwealth share for both fully processed (12 per cent) and raw and minimally processed (13 per cent) imports compared to the Commonwealth average of 20 per cent and 27 per

cent, respectively (Figure 4.9B). Commonwealth developing members have higher percentages for both categories, with fully processed imports holding a share of 31 per cent and raw and minimally processed imports boasting a share of 35 per cent.

BOX 4.2**INDIA'S AGRICULTURAL AND PROCESSED FOOD PRODUCTS EXPORT DEVELOPMENT AUTHORITY**

The Agricultural and Processed Food Products Export Development Authority (APEDA) was established by the Indian Government in 1985. Replacing the Processed Food Export Promotion Council (PFEP), APEDA is tasked with several key functions including the following:

- Industry development: Provides financial assistance, conducts surveys and feasibility studies, and engages in joint ventures and subsidy schemes for export-oriented industries.
- Exporter registration: Registers exporters of scheduled products upon payment of prescribed fees.
- Standards and specifications: Sets standards and specifications for scheduled products meant for export.
- Quality inspection: Inspects meat and meat products in various facilities to ensure quality standards.
- Packaging improvement: Enhances the packaging of scheduled products.
- Marketing enhancement: Improves the marketing of scheduled products internationally.
- Export promotion: Promotes export-oriented production and development of scheduled products.
- Statistics collection: Gathers and publishes statistics from producers, processors, packagers, marketers and exporters of scheduled products.
- Training: Provides training related to the industries of scheduled products.

These functions aim to support and enhance the export of agricultural and processed food products from India.

Source: APEDA (nda), <https://apeda.gov.in>

BOX 4.3**AGRI-FOOD INDUSTRY IN AFRICA**

The agri-food processing industry across African countries varies widely, reflecting the diversity of agricultural production and economic development on the continent. In large African countries like South Africa and Nigeria, the industry is large scale and highly diversified. These countries focus on a wide range of processing activities, including fruit and vegetable processing, grain milling, meat processing, and dairy production. Key products from these regions include wine, canned fruits, juices, flour, bread, meat and dairy products. The robust infrastructure and advanced technology in these countries support the extensive processing of various agricultural products, contributing significantly to their economies.

Many Commonwealth countries in Eastern and Southern Africa have made significant strides in developing their agri-food processing industries to cater to both domestic and export markets, leveraging their agricultural outputs effectively, and contributing to economic growth and job creation (Table 4.1). For example, Kenya, Tanzania, Uganda, Zambia, Namibia, Mozambique and Botswana have established medium-scale agri-food processing activities. This includes grain milling, fruit processing, meat processing, dairy and seafood. Their key products are flour, fruit juices, canned fruits, meat products, dairy items, seafood products and olive oil.

Other Commonwealth members such as Ghana, Rwanda and Malawi are focusing on specific sectors such as grain milling, dairy, cocoa processing and fruit processing. These industries are still growing, with increasing investments and improvements in infrastructure expected to enhance their processing capabilities.

TABLE 4.1
AGRI-FOOD PROCESSING SECTORS IN AFRICAN COMMONWEALTH COUNTRIES

| Country | Food processing sector | Final products | Source |
|--------------|---|--|------------------------------------|
| Botswana | Meat processing, grain milling, dairy | Meats, flour, dairy products | BITC |
| Ghana | Fruit processing, seafood | Canned fruits, seafood products | Ghana Investment Promotion Centre |
| Kenya | Dairy, horticulture | Cut flowers, vegetables, dairy products | Kenya Investment Authority |
| Malawi | Grain milling, dairy | Flour, dairy products | Malawi Investment and Trade Centre |
| Mozambique | Seafood, fruit processing, grain milling | Seafood products, canned fruits, flour | APIEX Mozambique |
| Namibia | Meat processing, seafood, dairy | Meat, seafood, dairy products | Namibia Investment Centre |
| Nigeria | Grain milling, fruit processing, dairy | Flour, bread, dairy products, snacks | Invest Nigeria |
| Rwanda | Dairy, fruit processing | Dairy products | Rwanda Development Board |
| South Africa | Fruit, vegetable and meat processing, dairy | Canned fruits, juices, meat and dairy products | TradeInvestSA |
| Tanzania | Grain milling, fruit and meat processing | Flour, canned fruits, meat products | Tanzania Investment Centre |
| Uganda | Dairy, fruit processing | Dairy products | Uganda Investment Authority |
| Zambia | Grain milling, dairy, meat processing | Flour, dairy products, meat products | Zambia Development Agency |

Note: The beverage sector (tea, coffee and cocoa, as well as juices and wine) is excluded from the analysis.

Source: Commonwealth Secretariat from miscellaneous sources

BOX 4.4

SINGAPORE'S FOOD MANUFACTURING INDUSTRY DIGITAL PLAN

Singapore's food manufacturing sector is diverse, comprising around 1,000 manufacturers across 10 sub-sectors including cooked food, edible oils, spices, seafood, dairy, bakery, sauces, beverages, confectionery and snacks. This industry employed approximately 50,500 individuals and contributed over US\$10.7 billion in output in 2018, with about 60 per cent of the products exported globally. To drive digital transformation in the food manufacturing sector, the government launched an Industrial Digital Plan (IDP) with the aim of positioning Singapore as a leading food and nutrition hub in Asia.

Recognising that several trends are reshaping the global food manufacturing landscape, the IDP emphasises the adoption of digital solutions across the food manufacturing value chain, from procurement and mechanical processing to packaging and sales. More specifically, it outlines three stages for digital adoption:

- **Getting Ready for the Digital Economy:** Automating labour-intensive tasks and easy-to-implement solutions for quality assurance, and inventory, sales and workforce management.
- **Growing in the Digital Economy:** This involves the integration of more advanced digital solutions through integrated platforms to improve efficiency and productivity. These include e-commerce, manufacturing analytics, product authentication and overall equipment effectiveness (OEE) through the Internet of Things (IoT).
- **Leaping Ahead:** Implementing cutting-edge technologies like augmented reality for training and inspection, predictive maintenance using Big Data and artificial intelligence (AI), and autonomous robots for greater automation and data-driven decision-making.

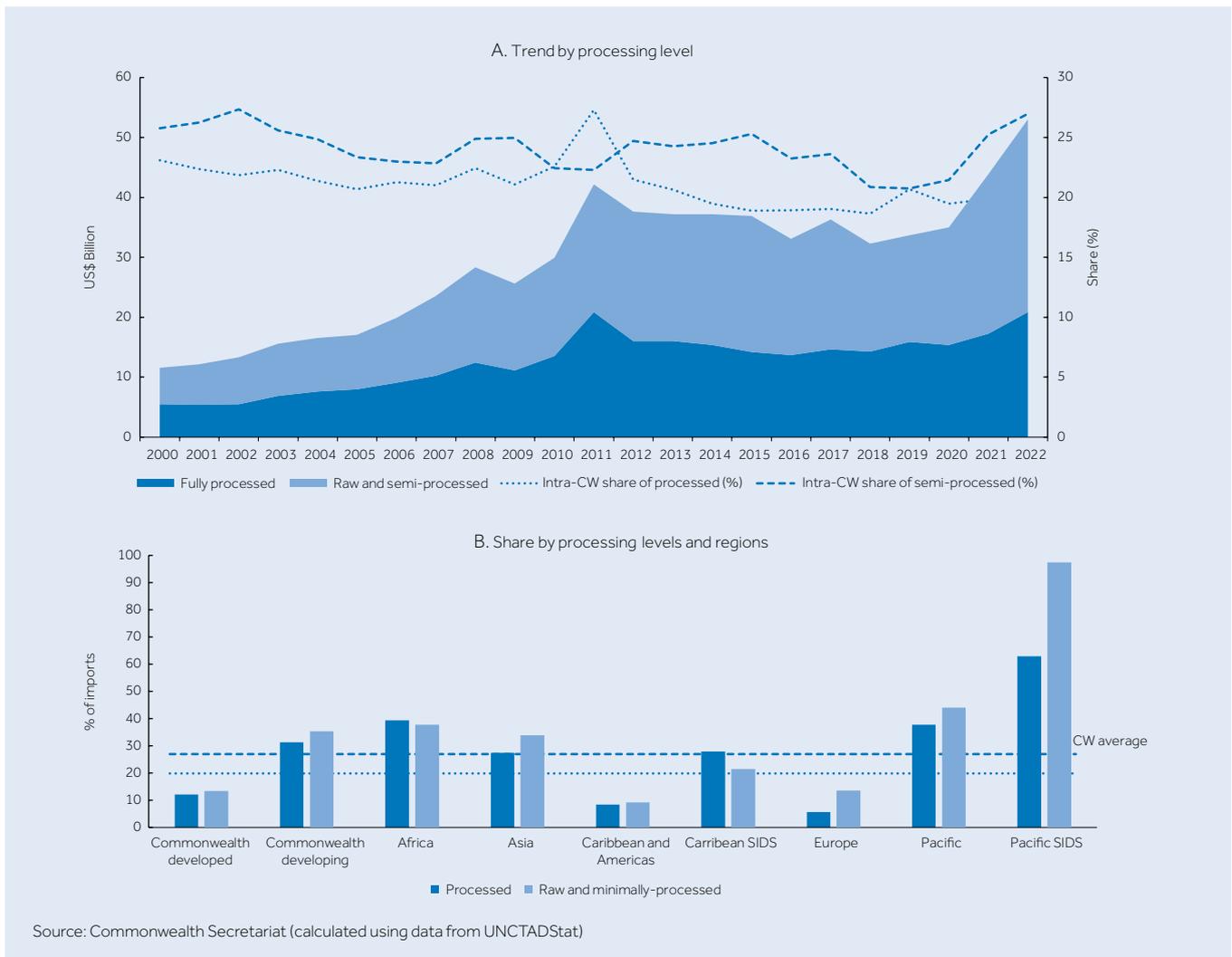
To implement these stages for businesses, the IDP offers a training roadmap to prepare the workforce, with training programmes including courses on data analytics, digital marketing, supply chain management, automation and advanced technologies like IoT and robotics. Other initiatives such as the Skills Framework for Food Manufacturing, and SkillsFuture provides structured learning paths to upskill employees.

Source: Government of Singapore (no date) "Food Manufacturing Industry Digital Plan". www.imda.gov.sg/-/media/imda/files/programme/smes-go-digital/industry-digital-plans/food-manufacturing-idp/food-manufacturing-idp.pdf

Overall, the Pacific region shows a strong preference for intra-Commonwealth food imports, which account for 38 per cent of their fully processed imports and 44 per cent of their raw and minimally processed imports. These percentages are even higher for Pacific

SIDS, where fully processed imports constitute 63 per cent and raw and minimally processed imports a striking 98 per cent. This reflects the reliance of these SIDS on the relatively proximate markets of New Zealand and Australia for their food imports.

FIGURE 4.9
INTRA-COMMONWEALTH PROCESSED FOOD IMPORTS, TREND AND DISTRIBUTION, US\$ BILLION, % (2000–2022)



For African members, the intra-Commonwealth share is quite similar for fully processed (39 per cent) and raw and minimally-processed (38 per cent) food imports. Asian members, on the other hand, have higher intra-Commonwealth shares for raw and minimally-processed imports at 34 per cent, compared to 27 per cent for fully processed imports.

The Caribbean and Americas members have a lower propensity to import processed foods from other Commonwealth members, with intra-Commonwealth imports accounting for 8 per cent of their fully processed imports and 9 per cent of their raw and minimally processed imports. This is due to the large share of the USA in Canadian food imports. However, the intra-Commonwealth shares are relatively higher for Caribbean SIDS, contributing 28 per cent of their fully processed imports and 21 per cent of their raw and minimally processed imports.

European Commonwealth members also import comparatively fewer processed foods from fellow Commonwealth countries, largely due to the dominance of food imports from the EU. Intra-Commonwealth imports account for 6 per cent of their fully processed food imports and 14 per cent of their imports of raw and minimally processed food.

4.4.2 Sources of intra-Commonwealth food imports

Fully processed food

There is strong network of trade in fully processed food products between Commonwealth countries (Figure 4.10A). Malaysia is the largest contributor, accounting for 29 per cent of these trade flows. India, contributing 14 per cent, follows as the second-largest source, while New Zealand provides 11 per cent. Singapore, South Africa and Australia also play significant roles, providing 9, 7 and 7 per cent, respectively. The United Kingdom contributes 5 per cent, while smaller – yet notable – shares come from Canada (2 per cent), Kenya (1 per cent), and Trinidad and Tobago (1 per cent). An additional 12 per cent is collectively supplied by various other member countries, reflecting a diverse range of sources.

Asia is the primary regional recipient of fully processed food imports within the Commonwealth, absorbing 37 per cent of the total. The Pacific region follows with 25 per cent, driven by substantial intra-regional trade particularly from New Zealand. Africa receives a notable share of imports (22 per cent) from various Commonwealth partners, reflecting a diverse import portfolio. Europe and the Caribbean and Americas have smaller shares, at 9 and 8 per cent, respectively, but still represent important

destinations within the Commonwealth's trade network, receiving processed food from multiple sources.

Minimally processed food

Asia is the largest recipient of raw and minimally processed food traded between Commonwealth countries and around half of this food originates from the same region (Figure 4.10B). India stands out as the largest exporter, accounting for 18 per cent of total intra-Commonwealth raw and minimally processed food imports. Malaysia and Australia are also significant players, contributing 15 per cent of these imports.

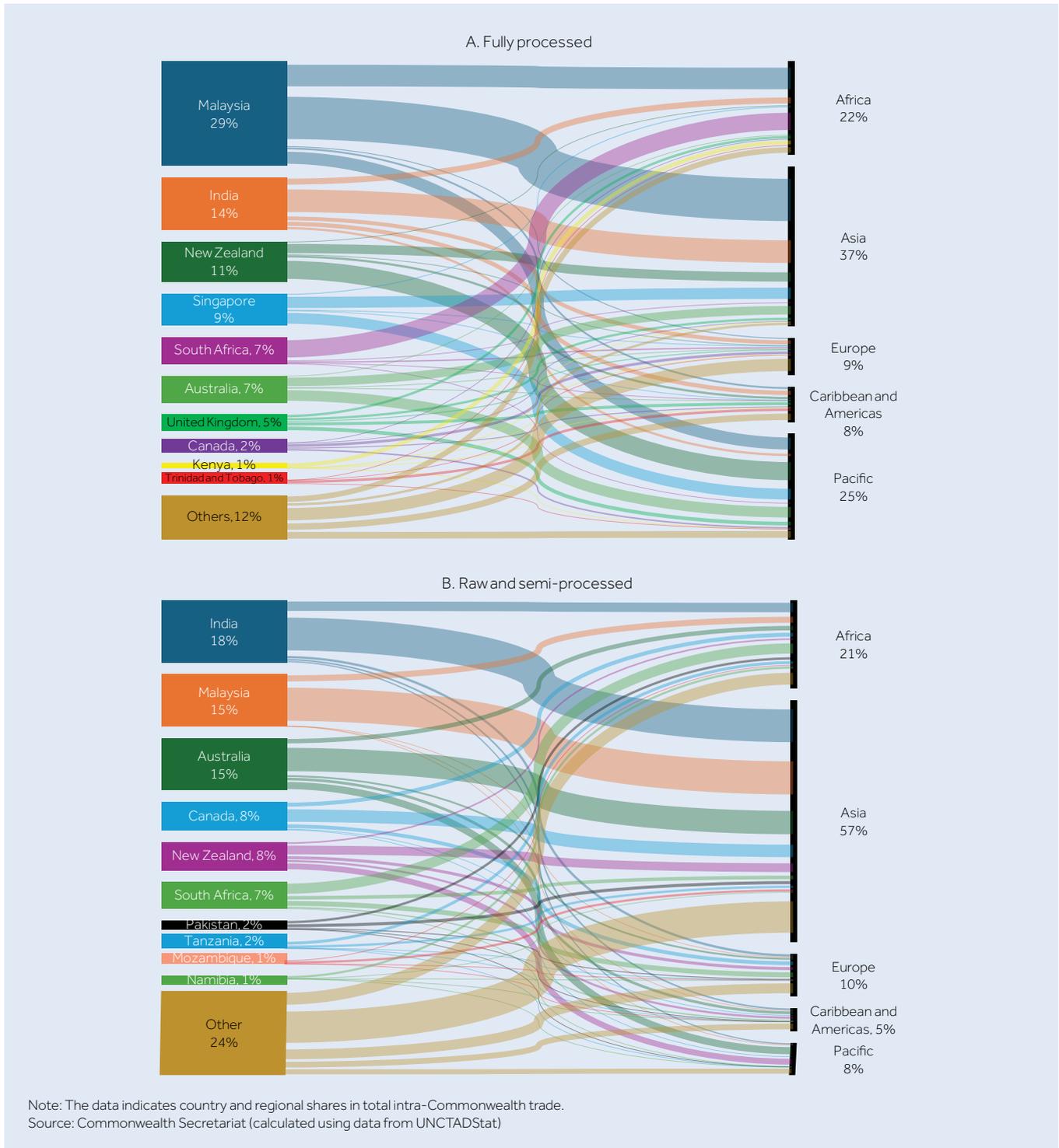
Most African countries export raw and minimally processed food. As a group, Africa is the second-largest destination of intra-Commonwealth trade in these products, accounting for 21 per cent of total imports, reflecting its growing importance in the global food supply chain. African countries source this food from multiple sources. South Africa, the largest exporter from Africa contributes 7 per cent of intra-Commonwealth trade in raw and unprocessed food, whereas Tanzania,⁵ Mozambique and Namibia have smaller shares, but their contributions are still vital.

4.5 Conclusion

Commonwealth members have diverse dietary preferences across different regions, highlighting how cultural, economic and lifestyle factors play a role in shaping food trade. About half of the food imported by Commonwealth countries is imported in processed form, with the nature of processing varying with the type of product and by levels of economic development in specific countries. Composite foods that are ready to use constitute about two-thirds of food imported by Commonwealth countries, followed by fermented or smoked foods, with sweetened, salted or brined foods making up the smallest share. In value terms, these imports have registered a more than four-fold increase during the last two decades, keeping pace with the growth in imports of raw and minimally processed food.

On average, the share of processed food in Commonwealth countries' total food imports, at 47 per cent, has exceeded the global average (41 per cent). This higher share is driven by large imports from the Commonwealth's developed countries, particularly the United Kingdom and Australia. Commonwealth developed members source food

FIGURE 4.10
KEY SUPPLIERS OF PROCESSED FOOD IN THE COMMONWEALTH (2022)



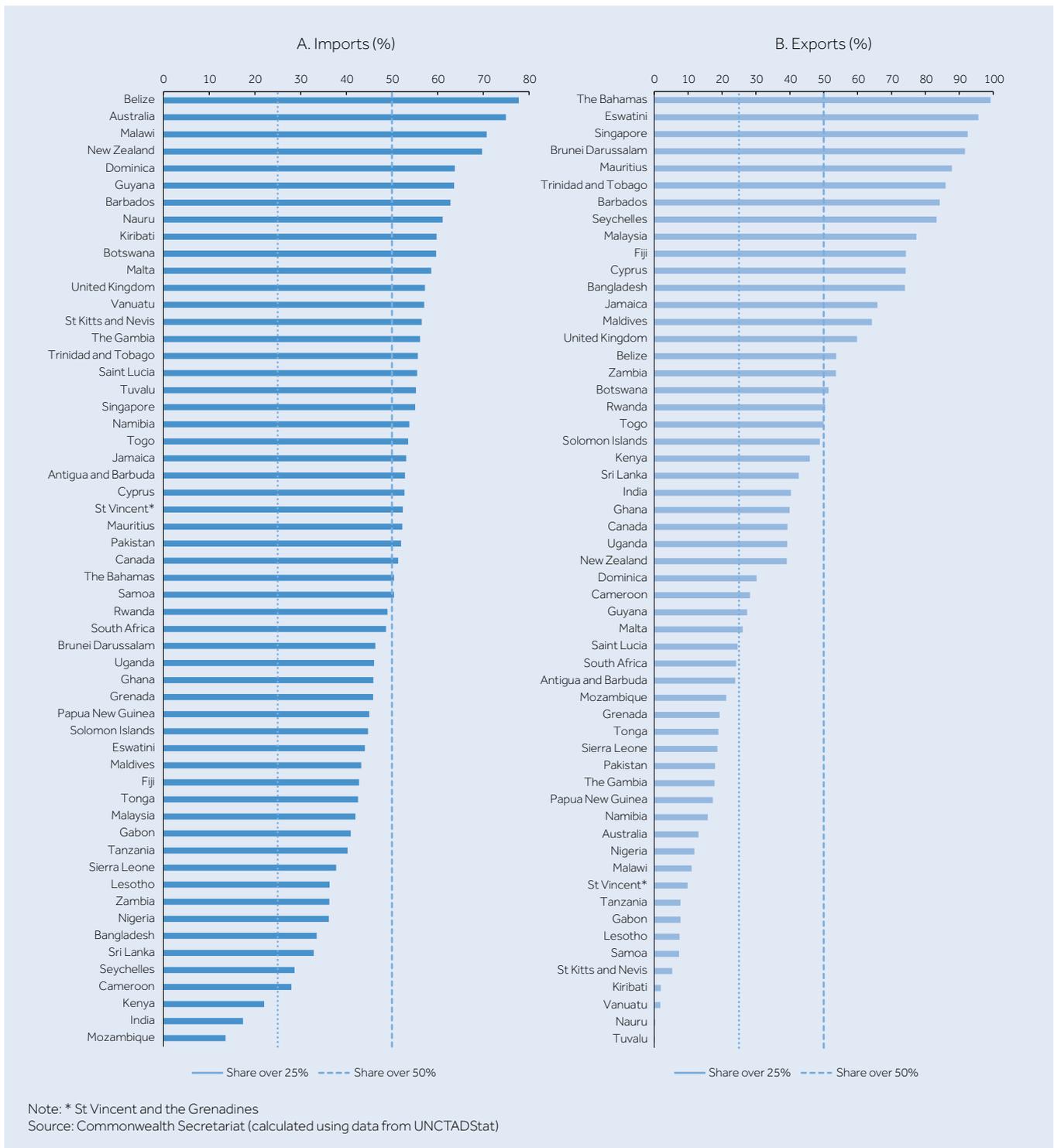
products in processed form while developing members mainly import raw and minimally processed food.

In terms of reliance on the Commonwealth as a source of imports of processed food products, the Pacific SIDS exhibit the highest dependency, while European members and developed countries in general show the least. Moreover, compared to Commonwealth developed countries, Commonwealth developing countries have higher intra-Commonwealth food import shares indicating more robust South–South trade relationships. A significant share of processed food trade within the Commonwealth takes place

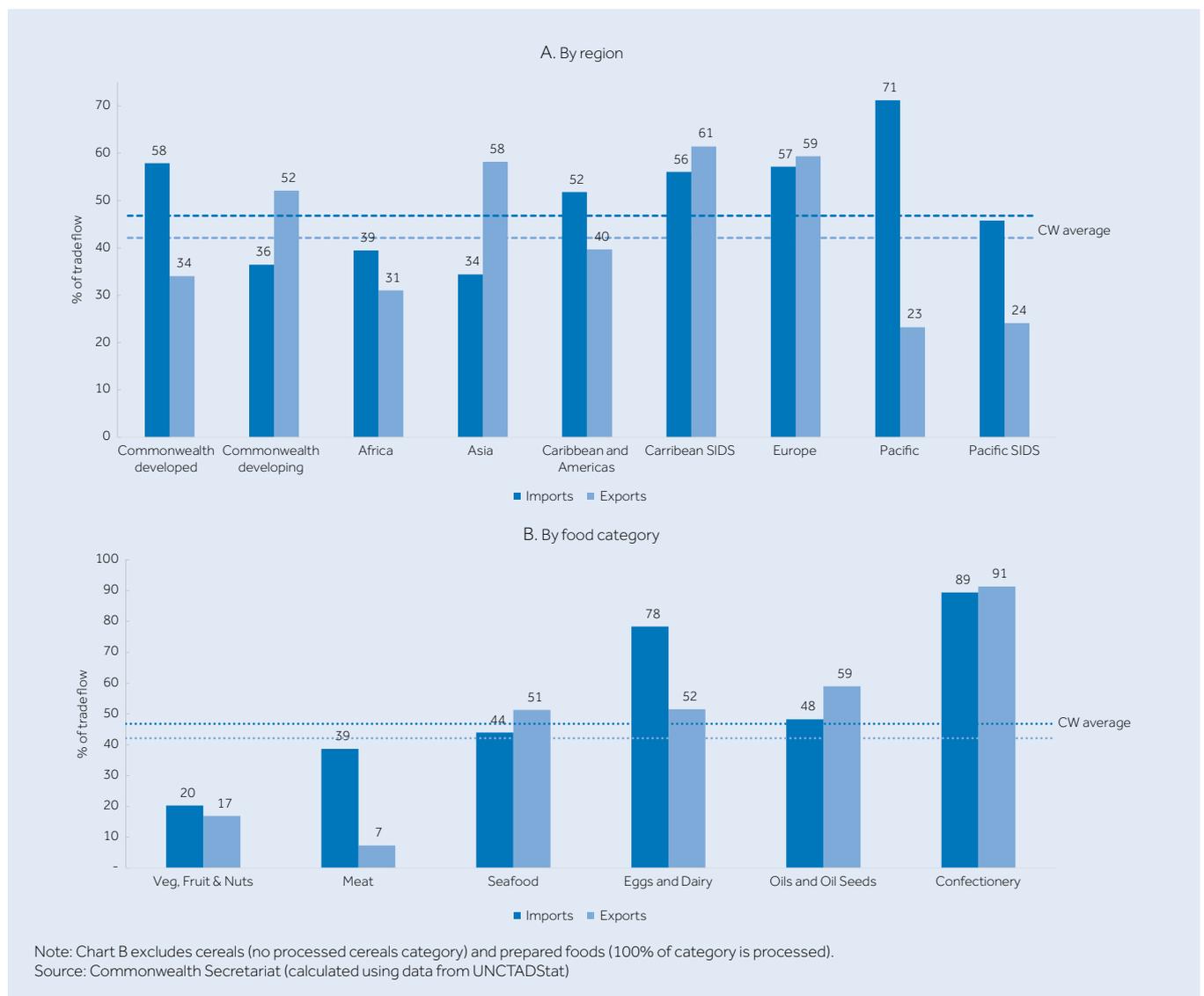
on an intra-regional basis. For instance, there are substantial flows from Malaysia, India and New Zealand to Asia and the Pacific, indicating strong intra-regional trade in the Asia-Pacific.

Rapid population growth and urbanisation offers numerous opportunities for Commonwealth developing countries to expand production and trade of processed and high value-added food products. This would not only help to enhance food security but also promote structural economic transformation and create jobs through new agri-food industries in these countries.

Annex 4.1 Share of processed food in Commonwealth countries' food trade, by country (2022)



Annex 4.2 Share of processed food in total food trade (exports and imports), by regions, % (2022)



Annex 4.3 Processed food trade by countries and regions (2022)

| Region/Country | Imports (value, US\$ million, and share (%)) | | | | | | Exports (value, US\$ million, and share (%)) | | | | | |
|---------------------------|--|----------------|-------------|----------------|---------------------|-----------------------|--|----------------|-------------|----------------|---------------------|-----------------------|
| | Total Food | Processed Food | | | Share of region (%) | Share of intra-CW (%) | Total Food | Processed Food | | | Share of region (%) | Share of intra-CW (%) |
| | | Value | % total | from CW | | | | % from CW | Value | % total | | |
| World | 1,558,522 | 610,875 | 39.2 | 107,102 | 18 | 100 | 1,549,212 | 630,631 | 40.7 | 101,655 | 16 | 100 |
| All Commonwealth | 224,304 | 104,959 | 46.8 | 20,841 | 20 | 100.0 | 263,263 | 110,880 | 42.1 | 20,634 | 19 | 100 |
| <i>of which</i> | | | | | | | | | | | | |
| Developed | 107,993 | 62,531 | 57.9 | 7,558 | 12 | 36.3 | 145,201 | 49,408 | 34.0 | 5,513 | 11 | 26.7 |
| Australia | 13,375 | 10,025 | 75.0 | 3,323 | 33 | 15.9 | 41,110 | 5,367 | 13.1 | 1,552 | 29 | 7.5 |
| Canada | 35,540 | 18,250 | 51.3 | 1,156 | 6 | 5.5 | 61,756 | 24,272 | 39.3 | 468 | 2 | 2.3 |
| Cyprus ^b | 1,164 | 614 | 52.7 | 52 | 8 | 0.2 | 462 | 342 | 74.2 | 174 | 51 | 0.8 |
| Malta ^b | 669 | 392 | 58.6 | 51 | 13 | 0.2 | 407 | 106 | 26.1 | 21 | 20 | 0.1 |
| New Zealand | 3,939 | 2,747 | 69.7 | 1,289 | 47 | 6.2 | 26,446 | 10,336 | 39.1 | 2,340 | 23 | 11.3 |
| United Kingdom | 53,305 | 30,503 | 57.2 | 1,686 | 6 | 8.1 | 15,021 | 8,985 | 59.8 | 958 | 11 | 4.6 |
| Developing | 116,312 | 42,428 | 36.5 | 13,283 | 31 | 63.7 | 118,062 | 61,472 | 52.1 | 15,121 | 25 | 73.3 |
| <i>by region</i> | | | | | | | | | | | | |
| Africa | 29,020 | 11,457 | 39.5 | 4,505 | 39 | 21.6 | 23,651 | 7,332 | 31.0 | 3,141 | 43 | 15.2 |
| Botswana ^b | 768 | 458 | 59.7 | 339 | 74 | 1.6 | 69 | 36 | 51.5 | 23 | 64 | 0.1 |
| Cameroon | 1,379 | 386 | 28.0 | 82 | 21 | 0.4 | 967 | 273 | 28.3 | 6 | 2 | 0.0 |
| Eswatini ^b | 271 | 120 | 44.1 | 118 | 99 | 0.6 | 468 | 447 | 95.6 | 386 | 86 | 1.9 |
| Gabon ^b | 518 | 212 | 41.0 | 15 | 7 | 0.1 | 66 | 5 | 7.7 | 0 | 0 | 0.0 |
| The Gambia ^{b,c} | 483 | 271 | 56.2 | 47 | 17 | 0.2 | 93 | 17 | 17.8 | 0 | 1 | 0.0 |
| Ghana | 2,469 | 1,134 | 45.9 | 242 | 21 | 1.2 | 3,289 | 1,314 | 40.0 | 219 | 17 | 1.1 |
| Kenya | 3,110 | 685 | 22.0 | 380 | 55 | 1.8 | 1,235 | 567 | 45.9 | 314 | 55 | 1.5 |
| Lesotho ^{b,c} | 328 | 119 | 36.0 | 118 | 99 | 0.6 | 33 | 2 | 7.5 | 2 | 99 | 0.0 |
| Malawi ^c | 123 | 87 | 70.7 | 74 | 85 | 0.4 | 243 | 27 | 11.1 | 12 | 46 | 0.1 |
| Mauritius ^{a,b} | 990 | 518 | 52.3 | 233 | 45 | 1.1 | 537 | 471 | 87.8 | 148 | 32 | 0.7 |

(Continued)

| Region/Country | Imports (value, US\$ million, and share (%)) | | | | | | Exports (value, US\$ million, and share (%)) | | | | | |
|------------------------------------|--|----------------|--------------|-----------|-------------|-----------------------|--|---------------------|---------------|-----------|-------------|------------|
| | Total Food | Processed Food | | | | | Total Food | Processed Food | | | | |
| | | Value | % total | from CW | % from CW | Share of intra-CW (%) | | Share of region (%) | Value | % total | to CW | % to CW |
| Mozambique ^c | 1,569 | 12.2 | 152 | 71 | 0.7 | 1.9 | 704 | 21.2 | 56 | 37 | 0.3 | 2.0 |
| Namibia ^b | 773 | 14.7 | 346 | 83 | 1.7 | 3.6 | 1,052 | 15.7 | 99 | 60 | 0.5 | 2.3 |
| Nigeria | 6,536 | 17.7 | 543 | 23 | 2.6 | 20.6 | 1,373 | 11.9 | 30 | 19 | 0.1 | 2.2 |
| Rwanda ^c | 1,065 | 7.8 | 312 | 60 | 1.5 | 4.6 | 401 | 50.4 | 23 | 11 | 0.1 | 2.8 |
| Seychelles ^{a,b} | 297 | 28.7 | 26 | 30 | 0.1 | 0.7 | 372 | 310 | 77 | 25 | 0.4 | 4.2 |
| Sierra Leone ^c | 411 | 10.5 | 19 | 12 | 0.1 | 1.4 | 78 | 15 | 0 | 3 | 0.0 | 0.2 |
| South Africa | 5,432 | 9.5 | 812 | 31 | 3.9 | 23.1 | 10,046 | 24.2 | 1,581 | 65 | 7.7 | 33.2 |
| Tanzania ^c | 991 | 8.5 | 246 | 62 | 1.2 | 3.5 | 1,278 | 99 | 20 | 21 | 0.1 | 1.4 |
| Togo ^c | 383 | 205 | 57 | 28 | 0.3 | 1.8 | 249 | 125 | 12 | 9 | 0.1 | 1.7 |
| Uganda ^c | 555 | 10.5 | 208 | 81 | 1.0 | 2.2 | 531 | 209 | 111 | 53 | 0.5 | 2.8 |
| Zambia ^c | 568 | 9.5 | 136 | 66 | 0.7 | 1.8 | 566 | 303 | 21 | 7 | 0.1 | 4.1 |
| Asia | 81,993 | 34.4 | 7,715 | 27 | 37.0 | 100 | 90,880 | 52,852 | 11,614 | 22 | 56.3 | 100 |
| Bangladesh ^c | 10,246 | 8.5 | 1,177 | 34 | 5.6 | 12.2 | 924 | 683 | 306 | 45 | 1.5 | 1.3 |
| Brunei Darussalam ^b | 524 | 243 | 171 | 70 | 0.8 | 0.9 | 37 | 34 | 8 | 24 | 0.0 | 0.1 |
| India | 30,363 | 5,285 | 1,092 | 21 | 5.2 | 18.7 | 42,348 | 17,085 | 3,062 | 18 | 14.8 | 32.3 |
| Malaysia | 19,406 | 8,153 | 1,796 | 22 | 8.6 | 28.9 | 30,720 | 23,754 | 6,096 | 26 | 29.5 | 44.9 |
| Maldives ^{a,b} | 592 | 256 | 108 | 42 | 0.5 | 0.9 | 56 | 36 | 14 | 39 | 0.1 | 0.1 |
| Pakistan | 8,201 | 4,264 | 432 | 10 | 2.1 | 15.1 | 5,001 | 896 | 134 | 15 | 0.7 | 1.7 |
| Singapore | 10,737 | 5,914 | 2,514 | 43 | 12.1 | 21.0 | 10,708 | 9,901 | 1,841 | 19 | 8.9 | 18.7 |
| Sri Lanka | 1,924 | 633 | 425 | 67 | 2.0 | 2.2 | 1,087 | 463 | 152 | 33 | 0.7 | 0.9 |
| Caribbean SIDS | 3,524 | 1,974 | 552 | 28 | 2.7 | 100 | 1,167 | 717 | 279 | 39 | 1.4 | 100 |
| Antigua and Barbuda ^{a,b} | 81 | 43 | 17 | 39 | 0.1 | 2.2 | 7 | 2 | 0 | 22 | 0.0 | 0.2 |
| The Bahamas ^{a,b} | 445 | 224 | 14 | 6 | 0.1 | 11.4 | 123 | 122 | 6 | 5 | 0.0 | 17.0 |
| Barbados ^{a,b} | 252 | 158 | 60 | 38 | 0.3 | 8.0 | 27 | 22 | 19 | 86 | 0.1 | 3.1 |
| Belize ^{a,b} | 152 | 118 | 5 | 4 | 0.0 | 6.0 | 217 | 117 | 22 | 19 | 0.1 | 16.3 |
| Dominica ^{a,b} | 38 | 24 | 10 | 40 | 0.0 | 1.2 | 7 | 2 | 2 | 94 | 0.0 | 0.3 |

(Continued)

| Region/Country | Imports (value, US\$ million, and share (%)) | | | | | | Exports (values, US\$ million, and share (%)) | | | | | | |
|---|--|--------------|----------------|--------------|-----------|---------------------|---|--------------|-----------------------|--------------|-----------------------|---------------------|------------|
| | Total Food | Value | Processed Food | | | Share of region (%) | Total Food | Value | Processed Food | | | Share of region (%) | |
| | | | % total | from CW | % from CW | | | | Share of intra-CW (%) | % to CW | Share of intra-CW (%) | | |
| Grenada ^{ab} | 107 | 49 | 45.9 | 25 | 51 | 0.1 | 2.5 | 4 | 19.3 | 0 | 6 | 0.0 | 0.5 |
| Guyana ^{ab} | 295 | 188 | 8.5 | 73 | 39 | 0.4 | 9.5 | 70 | 27.4 | 12 | 17 | 0.1 | 9.8 |
| Jamaica ^{ab} | 1,062 | 564 | 7.4 | 162 | 29 | 0.8 | 28.6 | 141 | 65.9 | 45 | 32 | 0.2 | 19.7 |
| St Lucia ^{ab} | 112 | 62 | 9.5 | 31 | 49 | 0.1 | 3.2 | 2 | 24.6 | 1 | 37 | 0.0 | 0.3 |
| St Kitts and Nevis ^{ab} | 40 | 23 | 56.5 | 9 | 40 | 0.0 | 1.2 | 0 | 5.3 | 0 | – | 0.0 | 0.0 |
| St Vincent and the Grenadines ^{ab} | 79 | 41 | 8.8 | 20 | 49 | 0.1 | 2.1 | 2 | 9.8 | 1 | 37 | 0.0 | 0.2 |
| Trinidad and Tobago ^{ab} | 863 | 480 | 8.2 | 128 | 27 | 0.6 | 24.3 | 234 | 85.9 | 170 | 73 | 0.8 | 32.6 |
| Pacific SIDS | 1,774 | 812 | 45.7 | 510 | 63 | 2.4 | 100 | 571 | 24.2 | 88 | 15 | 0.4 | 100 |
| Fiji ^{ab} | 422 | 181 | 7.4 | 135 | 75 | 0.6 | 22.3 | 178 | 74.3 | 36 | 20 | 0.2 | 31.2 |
| Kiribati ^{ab,c} | 42 | 25 | 9.5 | 13 | 52 | 0.1 | 3.1 | 1 | 2.0 | 1 | 100 | 0.0 | 0.1 |
| Nauru ^{ab} | 13 | 8 | 61.1 | 7 | 86 | 0.0 | 1.0 | 0 | 0.3 | 0 | 36 | 0.0 | 0.0 |
| Papua New Guinea ^{ab} | 953 | 429 | 8.8 | 262 | 61 | 1.3 | 52.9 | 318 | 17.3 | 47 | 15 | 0.2 | 55.6 |
| Samoa ^{ab} | 108 | 55 | 11.5 | 23 | 42 | 0.1 | 6.7 | 1 | 7.3 | 1 | 66 | 0.0 | 0.2 |
| Solomon Islands ^{ab,c} | 98 | 44 | 13.5 | 19 | 44 | 0.1 | 5.4 | 71 | 48.9 | 2 | 3 | 0.0 | 12.5 |
| Tonga ^{ab} | 59 | 25 | 42.6 | 17 | 69 | 0.1 | 3.1 | 1 | 18.9 | 0 | 4 | 0.0 | 0.2 |
| Tuvalu ^{ab,c} | 6 | 4 | 9.8 | 3 | 87 | 0.0 | 0.4 | 0 | 0.2 | 0 | 75 | 0.0 | 0.0 |
| Vanuatu ^{ab} | 73 | 42 | 15.5 | 31 | 75 | 0.1 | 5.1 | 1 | 1.8 | 0 | 39 | 0.0 | 0.2 |
| LDCs (14) | 16,869 | 5,944 | 35.2 | 2,580 | 43 | 12.4 | 100 | 1,903 | 36.0 | 567 | 30 | 2.7 | 100 |
| SIDS (24) | 7,177 | 3,645 | 50.8 | 1,429 | 39 | 6.9 | 100 | 2,105 | 46.8 | 606 | 29 | 2.9 | 100 |
| Small states (33) | 12,677 | 6,491 | 51.2 | 2,687 | 41 | 12.9 | 100 | 3,260 | 45.4 | 1,319 | 40 | 6.4 | 100 |

Note: CW denotes Commonwealth; a represents 24 Commonwealth small island developing states (SIDS) and excludes Singapore; b represents 33 Commonwealth small states; c represents 14 least developed countries (LDCs).

Source: Commonwealth Secretariat (calculated using UNCTADstat)

Endnotes

- 1 Raw and minimally processed food mirrors categories A and B in the UNCTAD-WHO classification, while the processed food classification contains categories C, D and E (for details see UNCTAD [2024] Table 2: 7). The analysis excludes food ingredients (categories F) and precursors (category G), similarly to the previous chapter.
- 2 This represents 17 per cent of processed food imports globally.
- 3 These products are covered by HS chapters 19 to 25.
- 4 CAP Reform (2020) "The protective effect of EU agricultural tariffs". <http://capreform.eu/the-protective-effect-of-eu-agricultural-tariffs/>; *Global Agricultural Information Network (2017) EU Market Protection Suppresses Agricultural Imports*. GAIN Report. https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=EU+Market+Protection+Suppresses+Agricultural+Imports+and+Limits+Grow_Brussels+USEU_EU-28_1-11-2017.pdf
- 5 Tanzania also received a relatively large amount of intra-Commonwealth greenfield FDI in the unprocessed food sectors from 2021 to 2023 (See Chapter 5 for details).

Chapter 5: Investment in the Commonwealth's Food Sector

Rising incomes, growing populations and greater urbanisation are driving demand for increased production and trade in food, creating new opportunities for investment. Together with domestic and public investment, foreign direct investment (FDI) can provide the capital required to grow food production and help ensure the agri-food systems of the future are more sustainable and resilient.

This chapter examines recent trends in greenfield FDI in the food sector across the Commonwealth. Some of the key takeaways are:

- Between 2005 and 2023, more than US\$70 billion in greenfield FDI was announced in food-related sectors across the Commonwealth through 1,674 projects. This included 98 projects worth approximately \$4 billion in 2023.
- Investors from outside the Commonwealth provided most of this FDI, with more than half destined for developed Commonwealth members. Regionally, more than 60 per cent was announced in Asia and Europe.
- Intra-Commonwealth investments in food-related sectors were worth US\$270 million in 2023 and averaged \$330 million annually between 2021 and 2023.
- Developing countries received three-quarters of this capital invested up to 2023, with African and LDC members among the main beneficiaries.

5.1 Introduction

Domestic and foreign investment have central – and often complementary – roles to play in providing the capital required to grow food production and trade within the Commonwealth and beyond. With worldwide demand for food expected to increase by as much as 50 per cent by 2050 (US Department of State, 2023), investment in new technologies that raise productivity and output along food supply chains will be essential. Such investment can help to ensure the agri-food systems of the future are more sustainable and resilient, and better positioned to address food security concerns, tackle hunger and malnutrition, and contribute to poverty eradication (FAO and IISD, 2020; JP Morgan, 2023; Rabenou, 2023).

Yet a sizeable increase in current investment flows to food-producing sectors is needed to achieve these ideals. The investment needs are often most acute in least developed countries (LDCs) and low- and middle-income economies.¹ UNCTAD (2023c) estimates that as much as US\$425 billion in new investment, alongside \$255 billion in social safety nets, will be required annually up to 2030 to transform agri-food systems in these countries. Financial resource constraints often limit their scope for public investment in food production and agri-food systems, magnifying the importance of attracting private sector investment to plug gaps.

Despite these sizeable needs, domestic investment is often limited by resource constraints and a weak investment climate in many countries, while international financing and investment in global food systems has been sluggish in recent years (*ibid.*). The number of international investment projects targeting agri-food systems² has declined since the start of the SDGs, falling by 6 per cent between 2015 and 2023 (and by 17 per cent between 2022 and 2023) (UNCTAD, 2024b). Moreover, foreign direct investment (FDI) inflows to the agriculture and food sectors remain small in comparison to many other industries and services (Punthakey, 2020).³ The production of traditional and indigenous crops and related foods is especially underserved by investment, particularly in Africa and Asia (AUDA-NEPAD, 2021).

In Asia and the Pacific, there are major gaps in investment to support the transformation of food systems (Asian Development Bank, 2021). These gaps are exacerbated by the limited capacity in food supply chains in these regions as well

as misconceptions about credit risks and short-term returns, which discourage investment in agri-food systems (Postma, 2023). Countries in Asia and the Pacific, as well as in Africa, also face large shortages in the capital currently available to tackle food insecurity and malnutrition (Macfarlane, 2022). Alongside these deficits in investment inflows, agri-food systems across the world also face large financing shortfalls. These are especially acute in relation to climate finance, with only 3 per cent currently going to food systems (Neto and Kjórven, 2023).

This chapter examines recent trends in greenfield FDI in the food sector across the Commonwealth, analysing this form of investment – one of many financing mechanisms – due to its potential to leverage the Commonwealth advantage (see Chapter 2). Furthermore, it focuses on international investment because the lack of data on domestic and other public investments in the food sector precludes a comprehensive analysis of these sources, despite their importance (see Section 5.4). As with overall greenfield investment (see Chapter 2), the empirical analysis is based on highly disaggregated project-level data covering greenfield investments *announced* in food sectors, drawn from the fDi Markets database maintained by *The Financial Times*.⁴ Fifteen (15) food-related sectors from the broader food and beverages category in the database⁵ are identified along with a narrower subset of sectors specifically related to food production (see Annex 5.1); and these form the basis for the empirical analysis. The food production sectors are grouped according to the level of processing involved – either “unprocessed” or “processed” – and assigned to eight different food categories. There are four categories for unprocessed food (meat, cereals and oils, crops, and vegetables, fruits and nuts) and four for processed food (edible preparations, eggs and dairy, seafood, and sugars and confectionery). This categorisation is designed to align as closely as possible with the trade-focused analysis in Chapters 3 and 4.

The next section provides an aggregate view of trends in greenfield FDI announced in the food sector in the Commonwealth from sources located across the world. A narrower lens is applied in Section 5.3 to present an analysis of key features and trends in intra-Commonwealth greenfield investment in the food sector since 2010. Section 5.4 concludes before turning to the final chapter, which outlines ways to grow much-needed trade and investment in agri-food systems to support more inclusive and sustainable food production and food security in the Commonwealth.

5.2 Global greenfield investment in the food sector in the Commonwealth

In 2023, approximately US\$4 billion in food-related greenfield FDI was announced across the Commonwealth through 98 projects. Most of this FDI originated from outside the Commonwealth (\$3.7 billion), with intra-Commonwealth investments contributing almost \$270 million. This represented around 1 per cent of all greenfield investment announced in Commonwealth countries in 2023. The value rose significantly from \$1.7 billion in 2005 but was substantially lower than the levels of investment announced in 2011 (\$7.1 billion), 2014 (\$6.1 billion) and 2018 (\$6.7 billion) (Figure 5.1). Overall, between 2005 and 2023, more than \$70 billion in greenfield investment was announced in food-related sectors across the Commonwealth through 1,674 projects.⁶

Investors from outside the Commonwealth provided most of this FDI and have increasingly dominated over time. Between 2005 and 2023, one-quarter of the total inflows of greenfield FDI to food-related sectors came from the USA. Just two Commonwealth countries – the UK (4.3 per cent) and India (3.1

per cent) – ranked among the top 10 source countries. This list also includes Germany (10.5 per cent), Switzerland (6.1 per cent), United Arab Emirates (5.5 per cent), China (4.6 per cent), France (3.5 per cent), Denmark and Japan (both 2.7 per cent). The intra-Commonwealth share has shown a general decline, dropping to 6.8 per cent in 2023 from 14.5 per cent in 2005.⁷

The uneven distribution of greenfield investment across countries and regions poses a challenge for many Commonwealth developing countries in attracting FDI in food-related sectors. During the most recent period (2021–2023),⁸ in which announced greenfield FDI inflows to Commonwealth countries in these sectors averaged US\$3.7 billion annually, around 57 per cent of the investment was earmarked for the six developed country members (averaging \$2.1 billion annually), whereas the much larger group of developing countries attracted 43 per cent (\$1.6 billion annually) (Figure 5.2A). More than 60 per cent of this overall investment was directed towards two regions, namely Asia and Europe (Figure 5.2B).

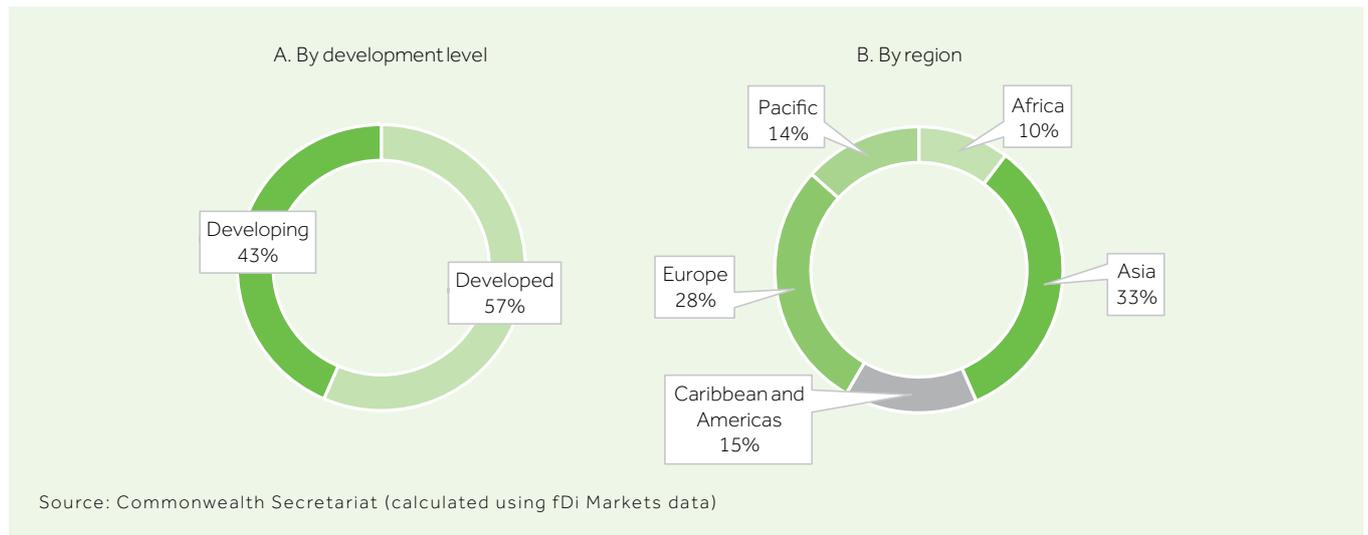
Some Commonwealth Asian countries are major suppliers and consumers of food globally. Their rapidly growing populations, coupled with urgent needs to address pressing hunger and malnutrition concerns and rising demand for safer, higher-quality, healthier and more sustainable food, have encouraged commercial investment in agri-food systems in the region, with recent greenfield investments particularly targeting India, Malaysia and Singapore among Commonwealth members. In Europe,

FIGURE 5.1
GLOBAL GREENFIELD FDI ANNOUNCED IN THE COMMONWEALTH IN FOOD-RELATED SECTORS, US\$ MILLION (2005–2023)



Note: CW denotes Commonwealth and RoW denotes Rest of the World.
Source: Commonwealth Secretariat (calculated using fDi Markets data)

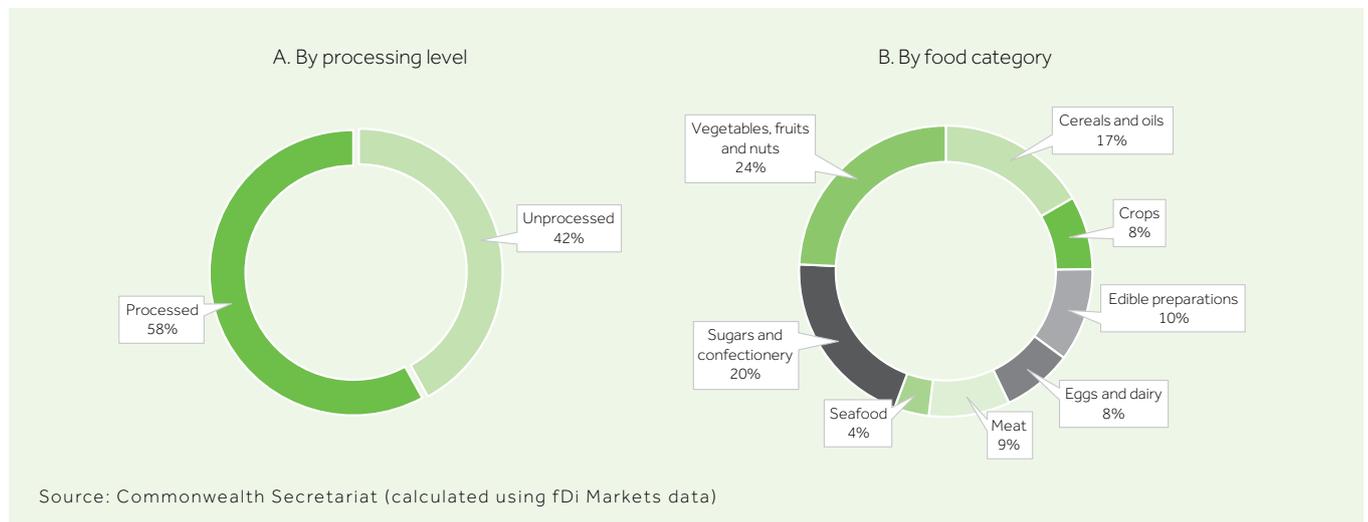
FIGURE 5.2
DISTRIBUTION OF GLOBAL GREENFIELD FDI ANNOUNCED IN THE COMMONWEALTH IN FOOD-RELATED SECTORS, US\$ MILLION, AVERAGE (2021–2023)



the majority of these inward investments targeted the UK. They were likely attracted by the UK's advanced capabilities across the food supply chain,⁹ high-quality infrastructure and logistics services, as well as the domestic industry's strong international reputation, recent growth in food-related exports and significant scope for further expansion into existing and new overseas markets.¹⁰ In contrast, as discussed later in this chapter, half of intra-Commonwealth greenfield investment in this sector went to the African region, particularly into processed foods.

On average between 2021 and 2023, nearly US\$2.1 billion in global greenfield FDI was announced annually in the Commonwealth across eight food categories comprising the narrower group of food production sectors. A higher share of the investment over this period (58 per cent) was directed to processed food products (Box 5.1) compared with basic, unprocessed foods (Figure 5.3A). Across food categories, vegetables, fruits and nuts attracted nearly one-quarter of the investment, with sugars and confectionery (20 per cent), and cereals and oils (17 per cent) receiving the next largest

FIGURE 5.3
SECTORAL DISTRIBUTION OF GLOBAL GREENFIELD FDI ANNOUNCED IN FOOD PRODUCTION IN THE COMMONWEALTH, AVERAGE (2021–2023)



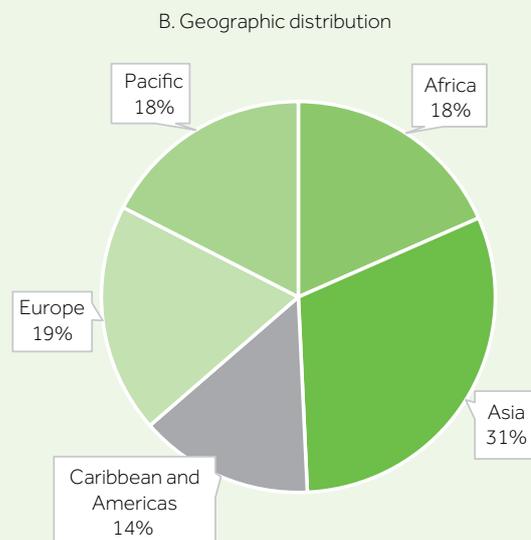
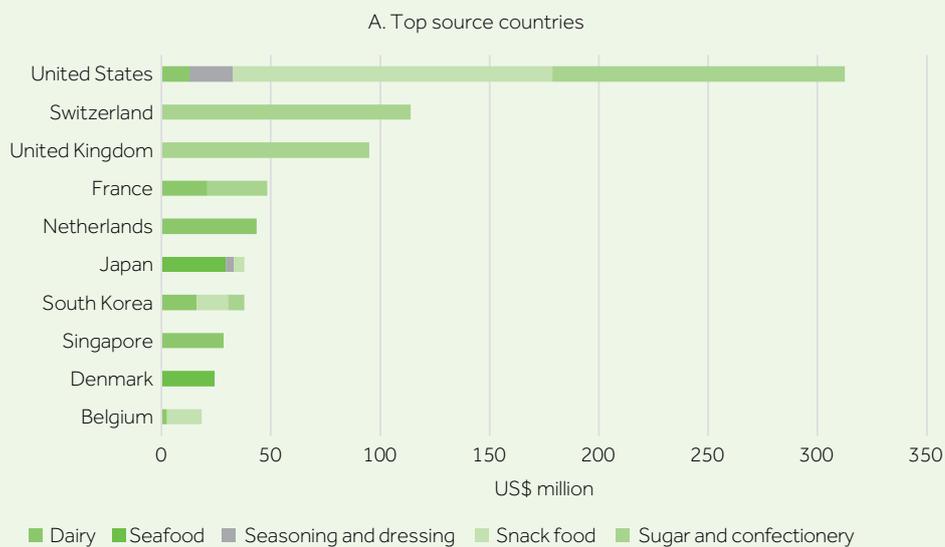
BOX 5.1

GLOBAL GREENFIELD INVESTMENT IN FOOD PROCESSING IN THE COMMONWEALTH

Global sources announced US\$938 million in greenfield FDI in food processing sectors in the Commonwealth in 2023. Investment projects targeting these sectors were hit hard by the COVID-19 pandemic, dropping in value from more than \$1.5 billion in 2019 to \$521 million in 2021, but recovered some of these losses from 2021 to 2023.

The USA was the dominant investor between 2021 and 2023, announcing investments averaging US\$312 million annually, mainly in snack food, and sugars and confectionery (Figure 5.4A). The next largest investing countries were Switzerland (\$114 million annually) and the UK (\$95 million annually), exclusively targeting sugars and confectionery. Investments announced

FIGURE 5.4
SOURCES AND DISTRIBUTION OF GLOBAL GREENFIELD FDI ANNOUNCED IN FOOD PROCESSING IN THE COMMONWEALTH, AVERAGE (2021–2023)



Source: Commonwealth Secretariat (calculated using fDi Markets data)

in dairy products were more diversified, with the Netherlands, France and South Korea providing the most capital. Japan and Denmark were the largest investors in seafood, while the USA provided the bulk of the investment for seasoning and dressing products.

Asian Commonwealth countries, particularly India and Malaysia, were key destinations for global greenfield FDI in food processing between 2021 and 2023, absorbing close to one-third on average (Figure 5.4B). Greenfield projects in the region mainly targeted sugars and confectionery, followed by snack food and dairy products. The remaining inflows were spread fairly evenly across the other Commonwealth regions. In Africa and the Caribbean and Americas, investments in sugars and confectionery products dominated, whereas snack food and dairy products benefited from the largest shares in European and Pacific member countries, alongside seafood in the latter.

Many of these food processing sectors have also benefited from substantial investment from China over a longer period. China has been the second largest source of greenfield investment in food processing in the Commonwealth since 2015, even with no investments announced since 2020. From 2015 to 2019, firms in China invested around US\$1.5 billion across four sectors, with more than \$1 billion targeting dairy products and close to \$300 million for seafood. New Zealand (in dairy products), Malaysia (seafood), Canada (dairy), and Ghana (sugars and confectionery) received the largest shares. China has a long history of broader agricultural investments and associated support focused on alleviating food security challenges in Africa. This has accelerated since the creation of the Forum on China–Africa Cooperation in 2000, through efforts to improve agricultural productivity and transfer advanced agri-food technology to African countries, including via the creation of Agricultural Technology Demonstration Centres and by sharing experience and targeting construction of agricultural infrastructure (Siméon et al., 2022).

A striking feature of the greenfield FDI announced in Commonwealth countries from many global sources is the large portion of capital targeting ultra-processed foods, particularly sugars and confectionery and snack food. It is important to recognise the potentially negative health implications of these investments, which may contribute to a rise in the incidence of nutrition-related non-communicable diseases (unless consumed as part of a healthy diet), exacerbating public health challenges (FAO, 2023). A greater focus on attracting investments that support national health priorities, such as promoting healthy diets and better nutrition and reducing the prevalence of obesity, can help to alleviate these challenges and reduce burdens on national health systems.

shares. Meat, eggs and dairy, and crops each received similar shares of 8–9 per cent, while seafood attracted a smaller portion (just less than 4 per cent) (Figure 5.3B).

5.3 Intra-Commonwealth greenfield investment in the food sector

5.3.1 Broad food-related investment trends

In 2023, food-related greenfield FDI announced between Commonwealth countries was around US\$270 million, up only marginally from \$248 million in 2005. As Figure 5.5 shows, the total value of capital investment announced has fluctuated significantly since 2005, with peaks in 2011 and 2016.¹¹ Recent declines correspond with the overall

decreasing intra-Commonwealth share of global greenfield investment within these sectors (see Section 5.2).

Since 2021, overall food-related intra-Commonwealth investments have averaged US\$330 million annually.¹² These have been mostly concentrated in developing countries, which received three-quarters of the capital invested up to 2023 at an annual average of \$240 million (Figure 5.6A). This is much larger than their share in the distribution of global FDI announced in food-related sectors within the Commonwealth (see Section 5.2). Disaggregating into average shares held regionally between 2021 and 2023 (Figure 5.6B), half of the investment was announced in seven African member countries (Tanzania, Uganda, South Africa, Rwanda, Zambia, Kenya and Nigeria, ranked in order), while three Asian countries (India, Malaysia and Bangladesh) collectively absorbed one-quarter. The balance was directed to developed economies in the Pacific (one-fifth to Australia and New Zealand), Europe (5 per cent, to the UK only) and the Caribbean and Americas (less than 2 per cent, entirely to Canada).

FIGURE 5.5
TREND IN INTRA-COMMONWEALTH GREENFIELD FDI ANNOUNCED IN FOOD-RELATED SECTORS (2005–2023)

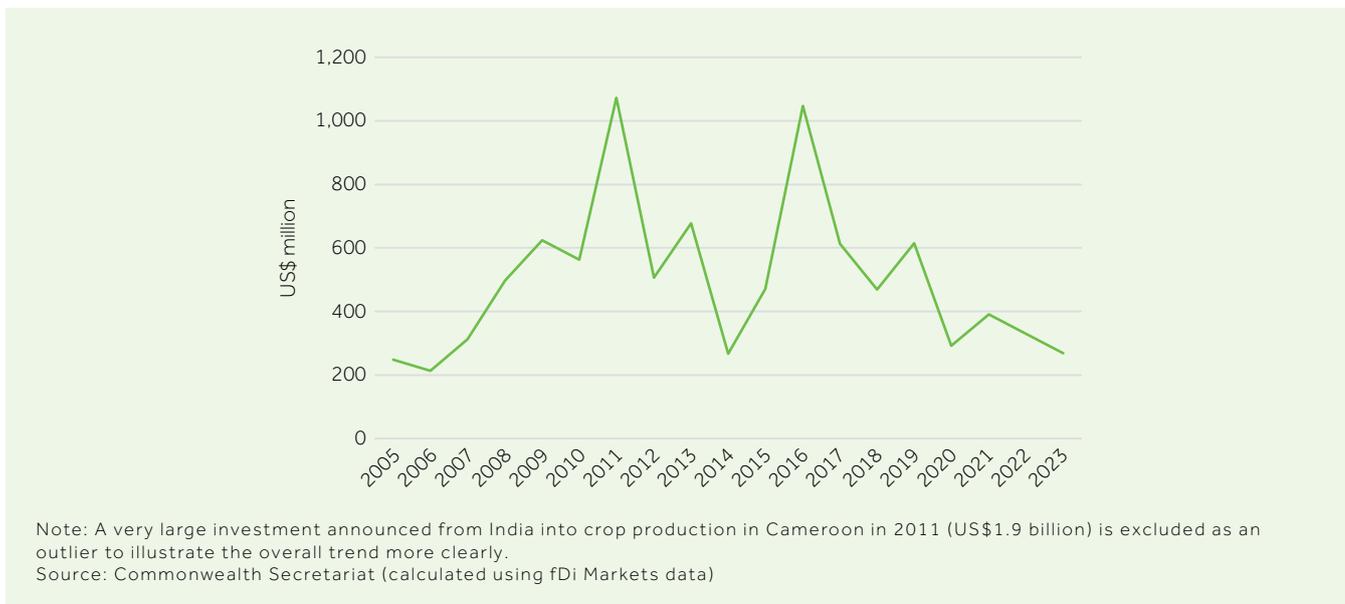
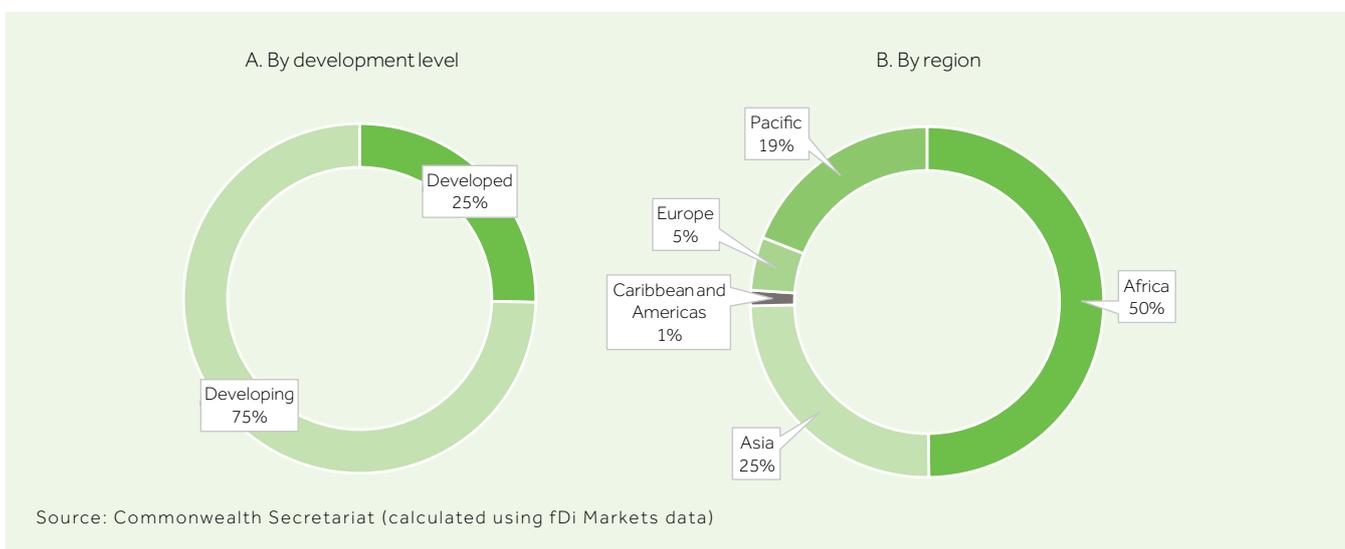


FIGURE 5.6
DISTRIBUTION OF INTRA-COMMONWEALTH GREENFIELD FDI ANNOUNCED IN FOOD-RELATED SECTORS, AVERAGE (2021–2023)



A large share of the overall investment flowed to Commonwealth LDCs. Specifically, five LDCs (Tanzania, Uganda, Rwanda, Zambia and Bangladesh, ranked by investment value) attracted almost 40 per cent between 2021 and 2023, averaging US\$137 million annually. Several factors are likely to have helped to spur these investments. Large markets and fast-growing populations (especially in urban areas) in Bangladesh, Tanzania and Uganda have

accelerated demand for food products, broadening the scope for profitable, market-seeking investment. Similarly, proximity to large markets in neighbouring countries has helped establish Rwanda and Zambia as important regional exporters of agricultural products. Favourable land and climatic conditions support multiple crop harvests in Uganda, enable year-round cultivation in Rwanda and facilitate production surpluses (principally for grain) in Zambia, creating opportunities to

invest in producing a wide variety of agri-food products (US International Trade Administration, 2023 and 2024). In Rwanda and Tanzania, the production of food (along with beverages and tobacco) is a major manufacturing activity, contributing almost 58 per cent of manufacturing value added in 2022.¹³

In stark contrast, no intra-Commonwealth greenfield projects were announced in food-related sectors in Commonwealth small states or small island developing states (SIDS) between 2021 and 2023. This underscores their reliance on food imports, particularly from other Commonwealth members (see Chapter 3), and the challenges they face in attracting consistent levels of investment for food production. Their small domestic markets limit the scope and potential for investments targeting production at scale. For many SIDS, geographic isolation and inadequate infrastructure significantly raises trade costs, undermining the viability of investments aimed at export-oriented food production. Moreover, these countries are especially susceptible to natural disasters and extreme weather events, which can damage agricultural infrastructure, destroy crops and livestock, and disrupt food supply chains, making agri-food investments considerably riskier.

Further disaggregation reveals that the bulk of this investment has been concentrated in a small number of investing and host countries, reflecting a broader pattern observed in overall greenfield FDI between Commonwealth countries (see Chapter 2). Greenfield investments originating from just six countries – the UK, Singapore, Australia, South Africa, Nigeria and Canada – accounted for 91 per cent of the overall intra-Commonwealth greenfield FDI announced in food-related sectors between 2021 and 2023. In turn, more than 70 per cent of the total investment was directed to just six countries: Tanzania, New Zealand, India, Malaysia, Australia and Uganda. Alongside Tanzania and Uganda, two other African LDCs (Rwanda and Zambia) ranked among the top 10 destinations. To ensure that future investment in the food sector is more evenly distributed, specific policy actions to boost food-related investment and finance, particularly in Commonwealth small states, LDCs and countries in sub-Saharan Africa, are outlined in Chapter 6 (see section 6.5).

5.3.2 Intra-Commonwealth greenfield investment in food production

In this section, the focus narrows to intra-Commonwealth greenfield investment in the subset of sectors directly related to food production. The distribution of these

investments across processing levels and food categories, as well as by major sources and destinations, is examined, alongside their estimated job-creating impacts.

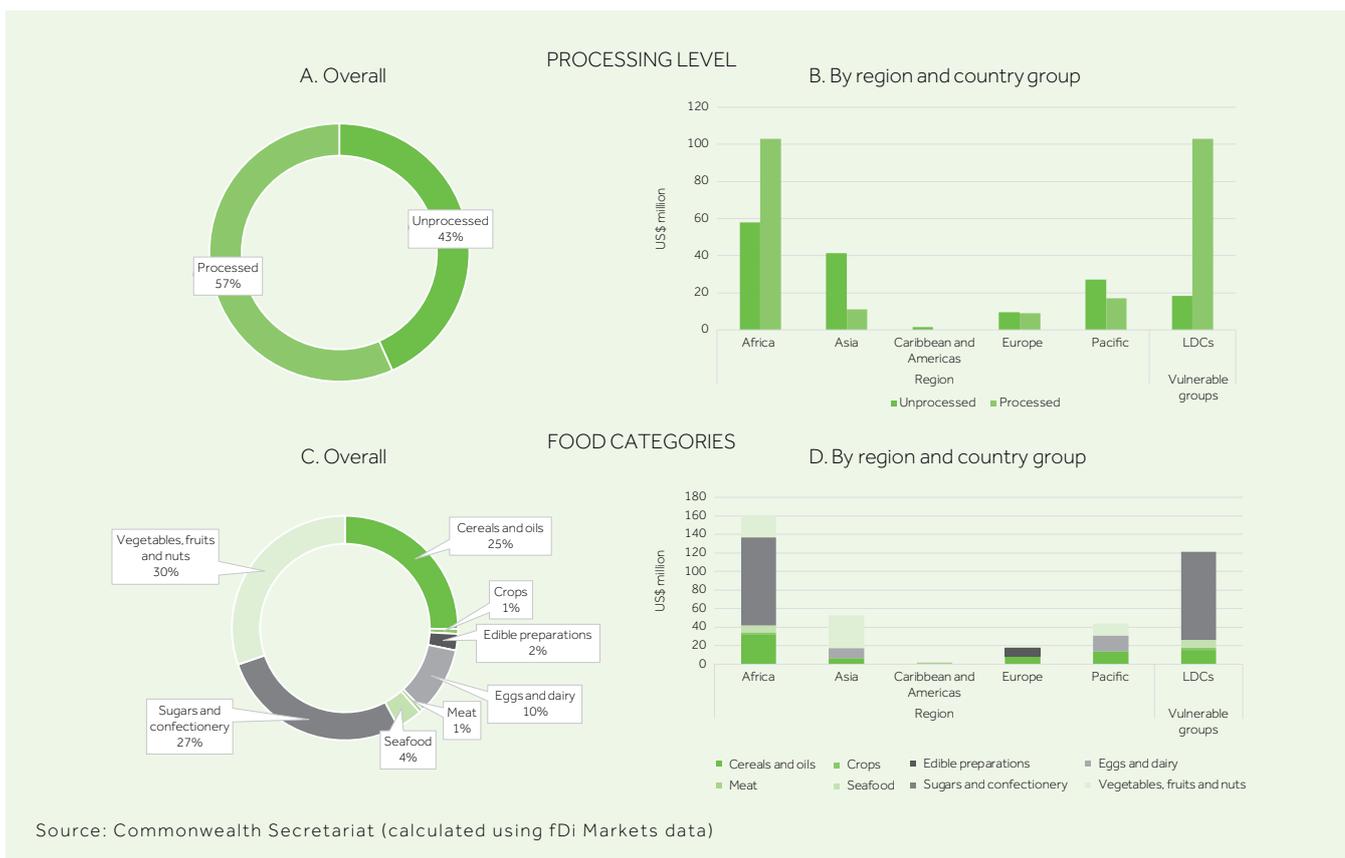
Distribution across processing levels and food categories

Between 2021 and 2023, around US\$277 million in intra-Commonwealth greenfield FDI was announced in food production, on average, each year. Of this investment, slightly more (57 per cent) was directed towards processed food products compared to unprocessed foods (43 per cent) (Figure 5.7A). This preference for investment in processed foods was only evident in African member countries and LDCs, while larger shares went to unprocessed foods in Asia, Europe and the Pacific (Figure 5.7B). For African countries and LDCs, the emphasis on investment in processed foods is promising from a developmental perspective as they look to expand their processing capacity and produce higher value-added food products for domestic, regional and international markets. Increased processing capacity supported by investment has the potential to create new employment opportunities and raise incomes throughout food value chains (AUDA-NEPAD, 2021). However, given the potential health risks associated with processed foods, more innovative approaches are needed to create nutrition-sensitive value chains wherever possible. This may require difficult trade-offs to balance the need for investments in processed food to support industrialisation, value-addition, national income and job creation, while also providing access to affordable and healthy food options for consumers.

Further disaggregating into food categories, the largest shares targeted vegetables, fruits and nuts (30 per cent), sugars and confectionery (27 per cent), and cereals and oils (25 per cent) (Figure 5.7C). Comparatively, much less investment was announced in meat, crops, seafood and edible preparations.¹⁴

The relative importance of these eight food categories as targets for greenfield investment varied across Commonwealth regions and vulnerable groups (Figure 5.7D). In Africa and among LDCs, sugars and confectionery was the dominant target.¹⁵ In contrast, vegetables, fruits and nuts was the main target for intra-Commonwealth investment in Asia. The meat industry was the beneficiary of all intra-Commonwealth flows to the Caribbean and Americas, directed entirely to Canada, while cereals and oils and crops attracted the greatest share in Europe. The eggs and dairy industries led investment announced in the Pacific, followed by cereals and oils.

FIGURE 5.7
DISTRIBUTION OF INTRA-COMMONWEALTH GREENFIELD FDI ANNOUNCED IN FOOD PRODUCTION ACROSS PROCESSING LEVELS AND FOOD CATEGORIES, AVERAGE (2021–2023)



Reviewing a longer time period, there was considerable fluctuation in the overall value of intra-Commonwealth investment announced in individual food categories between 2015 and 2023 (Figure 5.8A and B).¹⁶ Among unprocessed foods, investments announced in vegetables, fruits and nuts averaged almost US\$72 million annually, compared with nearly \$66 million for cereals and oils, \$30 million for crops, and \$24 million for meat. In the processed food categories, intra-Commonwealth investments were highest, on average, in eggs and dairy (almost \$70 million annually) and sugars and confectionery (\$66 million), while seafood and edible preparations attracted less investment (\$35 million and \$20 million, respectively).

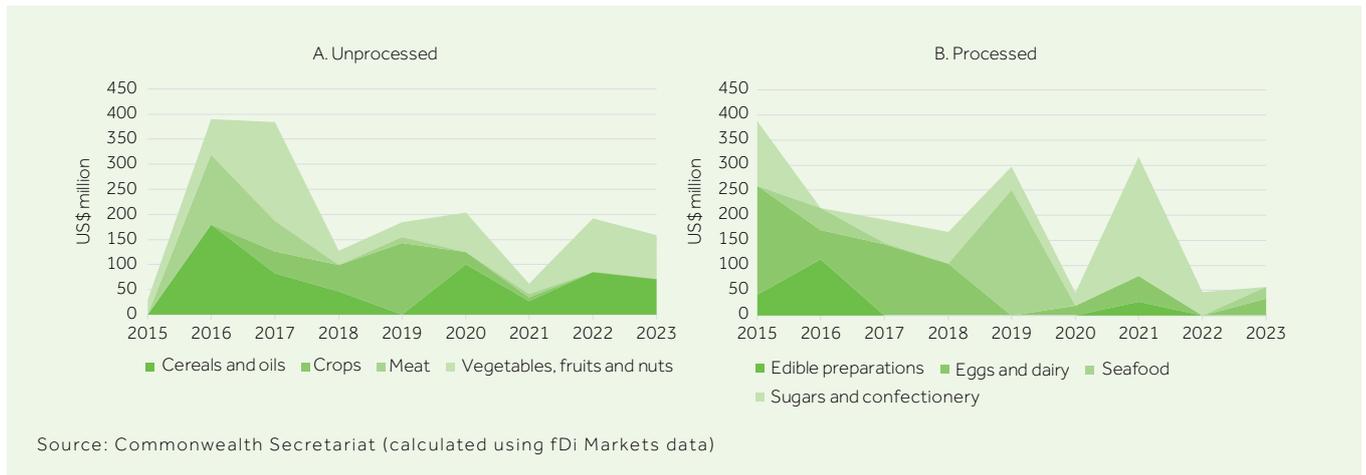
Top investing countries and beneficiaries

Similar to the broader trend in food-related greenfield investment within the Commonwealth – and intra-Commonwealth greenfield investments overall (see Chapter 2) – the bulk of the investment announced in food production between 2021 and 2023 originated from and was concentrated

in just a few countries. The top five investing countries – the UK (averaging US\$122 million annually), Singapore (\$43 million), South Africa (\$35 million), Nigeria (\$23 million) and Canada (\$21 million) – contributed the bulk of this investment (Figure 5.9A). The investments announced from these five countries collectively created an estimated 3,776 jobs¹⁷ in food production across the Commonwealth from 2021 to 2023. A broader discussion on the jobs created through intra-Commonwealth greenfield investments in food production between 2015 and 2023 is presented in the next section.

Likewise, a small number of recipient countries were the primary beneficiaries.¹⁸ Two-thirds of the cumulative capital investment announced for both unprocessed and processed foods between 2021 and 2023 was concentrated in five host countries. Among these, inflows to Tanzania were largest, averaging \$80 million annually, followed by India (\$35 million), Australia (\$27 million), South Africa (\$23 million) and the UK (\$18 million) (Figure 5.9B). The dominance of several large economies as destinations for FDI in food

FIGURE 5.8
TRENDS IN INTRA-COMMONWEALTH GREENFIELD FDI ANNOUNCED IN FOOD PRODUCTION, BY PROCESSING LEVEL AND FOOD CATEGORY (2015–2023)



Source: Commonwealth Secretariat (calculated using fDi Markets data)

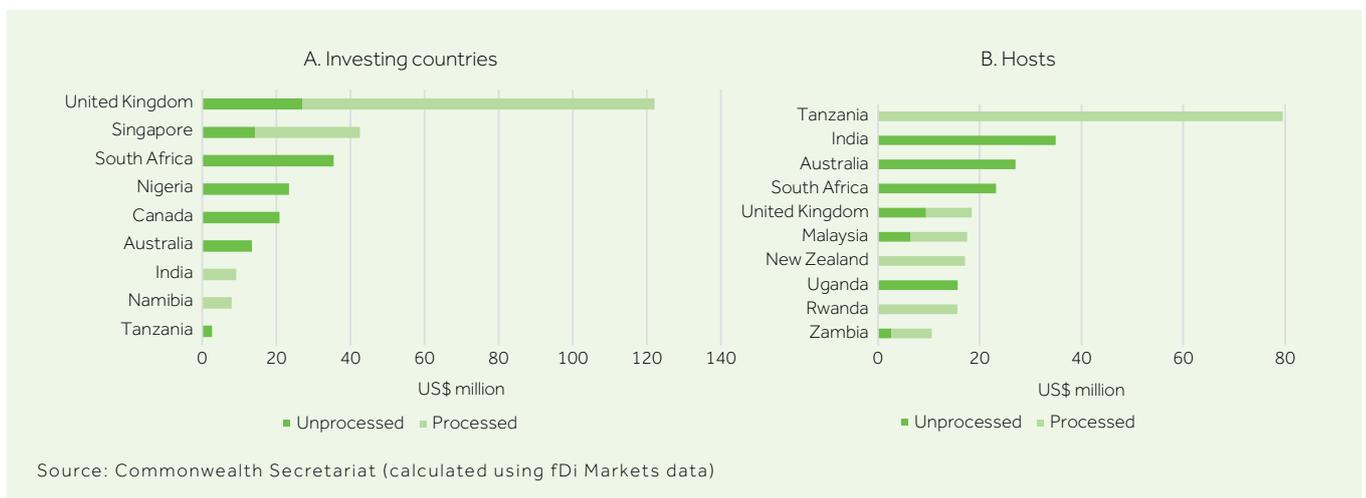
production within their respective regions – Australia in the Pacific, India in Asia and South Africa in Southern Africa (see Box 5.2) – mirrors broader global trends in agri-food FDI, where investment activities tend to concentrate in regional hubs (Punthakey, 2020). This may be driven by sourcing arrangements led by large retailers that have established regional supply chains, as well as by other factors such as proximity, shared tastes, and cultural and institutional similarities within regions, all of which potentially encourage regionally focused investments (UNCTAD and Asian Development Bank, 2015; UNU-WIDER, 2016; das Nair et al., 2018). Moreover, the presence of large-scale agricultural production and extensive downstream processing facilities,

along with access to advanced food-related technology and well-established infrastructure and distribution networks, incentivises regionally focused investors to concentrate their investments in agri-food supply chains anchored in regional hubs such as Australia, India and South Africa.

Job-creating impacts

In addition to bolstering food production capacity, greenfield investments contributed significantly to the creation of new jobs in food-producing sectors across the Commonwealth. Over the extended period from 2015 to 2023, these investments created an estimated 13,545 jobs, with 86 per cent of these jobs in developing member

FIGURE 5.9
TOP SOURCES AND HOSTS OF INTRA-COMMONWEALTH GREENFIELD FDI ANNOUNCED IN FOOD PRODUCTION, AVERAGE (2021–2023)



Source: Commonwealth Secretariat (calculated using fDi Markets data)

BOX 5.2**DEVELOPING REGIONAL AGRI-FOOD VALUE CHAINS IN SOUTHERN AFRICA**

Investments to develop regional value chains can play an influential part in supporting countries to grow their supply capacity and expand their agri-food exports. Focusing on Southern Africa, Banga and Balchin (2019 and 2023) use analysis based on revealed comparative advantage to identify six areas where there is untapped potential for countries in the region to link into South African value chains producing agri-processed products for export.

Among these are three food-related value chains, either producing inputs into food production (solid sucrose) or final products (margarine and sweet biscuits). The analysis indicates Botswana, Zambia and Zimbabwe could supply cane sugar as an input into the production of sucrose and sweet biscuits in South Africa. Botswana could also export vegetable oil and palm oil to South Africa to support the production of margarine. There is scope for these countries to supply these intermediate inputs more competitively than other countries already exporting them to South Africa.

Greater investment is needed to provide the necessary capital and associated technology and knowledge spillovers for these countries – and others across Southern Africa – to capitalise on their competitive advantages and export these and other products at scale. This is crucial to further the objectives of the *Southern African Development Community (SADC) Industrialisation Strategy and Roadmap 2015–2063*,¹⁹ which prioritises the development of agri-processing value chains to strengthen food security, generate large-scale employment, boost incomes and support industrial development in the region.

countries (Table 5.1). While almost two-thirds (63 per cent) of the jobs created in Commonwealth developed members were in unprocessed food categories, those in developing members were evenly distributed between processed and unprocessed foods. Regionally, the bulk of the jobs were created in developing members in Africa and Asia, with much smaller numbers – concentrated in unprocessed food (specifically crop production) – in Caribbean SIDS.

More than one-third of the jobs created across the Commonwealth were generated in LDCs, many of them in processed food categories, providing much-needed impetus to job-creating efforts in these countries. In contrast, fewer jobs were created in small states and SIDS; and these were mostly concentrated in the production of unprocessed foods.

5.4 Domestic investment

Domestic investments can play a crucial role in boosting food supply and developing the capacity to produce healthy, nutritious foods. Local private sector investments, for example, have significant potential to enhance the resilience of domestic food systems and help address food security challenges, especially when focused on developing local processing capabilities and adding value along food supply chains (CASA, 2023). In some cases, FDI can help

to crowd-in these domestic investments (Djokoto, 2022). However, companies and investors currently under-invest in smallholder markets because they underestimate the business potential. This is largely due to a lack of credible, comparable and actionable data, insufficient know-how and practical guidance, and an inadequately supportive enabling environment, including access to finance (IDH, n.d.).

Where data is available, it suggests that substantial domestic capital has been invested in the food sector in some Commonwealth countries, particularly in developed economies and large developing countries. Between 2015 and 2022, the cumulative value of gross fixed capital formation – a measure of gross domestic investment – in food production reached around US\$28 billion in both the UK and India, more than \$13 billion in Australia, close to \$12 billion in Malaysia, nearly \$9 billion in New Zealand and more than \$7 billion in Tanzania. Singapore (\$2.5 billion) led the way among Commonwealth SIDS, followed by Sri Lanka (almost \$1.6 billion) and Pakistan (close to \$717 million) among developing members.

Furthermore, improving access to local currency-denominated loans for companies is crucial for the food crop sector. Currently, most impact investment in this area targets export crops like coffee and cocoa (CSAF, 2024). This focus creates a significant financing gap for companies operating in regional and domestic value chains. These businesses need not only trade finance but also capital for growth and on-lending (Ng'ang'a and Waldron, 2024).

TABLE 5.1
JOBS CREATED THROUGH INTRA-COMMONWEALTH GREENFIELD FDI ANNOUNCED IN FOOD PRODUCTION, CUMULATIVE (2015–2023)

| | Processing level and food category | | | | | | | | | | | | | | |
|--------------------------|------------------------------------|------------------|-------|------|-----------------------------|---------------------|----------------|-----------|--------------------------|-------------|-----------|--|--|-------------------------------|--|
| | Total | Unprocessed | | | | | | Processed | | | | | | Share by processing level (%) | |
| | | Cereals and oils | Crops | Meat | Vegetables, fruits and nuts | Edible preparations | Eggs and dairy | Seafood | Sugars and confectionery | Unprocessed | Processed | | | | |
| Commonwealth | 13,545 | 2,974 | 907 | 964 | 2,293 | 301 | 1,964 | 801 | 3,341 | 53 | 47 | | | | |
| <i>Of which</i> | | | | | | | | | | | | | | | |
| Developed | 1,954 | 251 | 247 | 262 | 465 | 260 | 451 | 15 | 3 | 63 | 37 | | | | |
| Developing | 11,591 | 2,723 | 660 | 702 | 1,828 | 41 | 1,513 | 786 | 3,338 | 51 | 49 | | | | |
| By region | | | | | | | | | | | | | | | |
| Africa | 6,515 | 1,329 | 77 | 325 | 948 | 41 | 48 | 409 | 3,338 | 41 | 59 | | | | |
| Asia | 4,870 | 1,394 | 377 | 377 | 880 | | 1,465 | 377 | | 62 | 38 | | | | |
| Caribbean and Americas | 473 | 71 | 348 | 54 | | | | | | 100 | 0 | | | | |
| Caribbean SIDS | 206 | | 206 | | | | | | 3 | 100 | 0 | | | | |
| Europe | 630 | 100 | | 56 | 260 | 140 | 56 | 15 | | 66 | 34 | | | | |
| Pacific | 1,057 | 80 | 105 | 152 | 205 | 120 | 395 | | | 51 | 49 | | | | |
| Pacific SIDS | | | | | | | | | | | | | | | |
| Vulnerable groups | | | | | | | | | | | | | | | |
| LDCs | 4,770 | 486 | 77 | 325 | 285 | | | 409 | 3,188 | 25 | 75 | | | | |
| SIDS | 290 | | 206 | | 42 | | | | | 86 | 14 | | | | |
| Small states | 781 | 325 | 206 | | | | | 250 | | 68 | 32 | | | | |

Source: Commonwealth Secretariat (calculated using FDI Markets data)

Even so, there is significant potential to increase domestic investment in agri-food systems across the Commonwealth and beyond. Policy and institutional reforms, along with improved investment facilitation support systems, are critical for attracting private investment (African Union Commission and AUDA-NEPAD, 2019). Blended finance and other innovative financial instruments spearheaded by international financial institutions, multilateral development banks and development finance institutions can help de-risk activities in local agri-food systems and encourage investments from both domestic and foreign investors (FAO et al., 2024). Similarly, social or impact investment funds can be used to mobilise domestic financial resources to address gaps in investment targeting food insecurity and malnutrition.

Commonwealth countries can also leverage extensive diaspora networks to channel remittances into domestic food production and trade. In many countries, only a small portion of cross-border remittances are directed towards investment in agri-food systems, with the majority going towards food consumption (ibid.). By channelling a greater share of remittances into investments in agri-food systems, these funds can play an important role in enhancing food security and improving access to nutritious foods.

5.5 Conclusion

Greenfield FDI plays an important role as a complementary financing mechanism to domestic and public investment for expanding food production and trade, and for addressing food security challenges in the Commonwealth. The analysis in this chapter shows the value of intra-Commonwealth greenfield investment announced in the food sector has fluctuated significantly since 2005, constituting a relatively small and mostly declining share of overall food-related FDI in the Commonwealth. Recent investments, mirroring

longer-term patterns, have been concentrated in a handful of Commonwealth countries, with capital flowing predominantly to regional hubs in key food-producing regions.

Diversifying and increasing the distribution of food-related investment more evenly across the Commonwealth and growing its overall value could yield substantial benefits, potentially helping to grow productivity, output and employment in food producing sectors. This requires a holistic approach to attracting investment that supports the development of resilient and sustainable agri-food systems in individual Commonwealth countries. Policy reforms aimed at enhancing regulatory systems (including promoting market competition), strengthening institutional capacity, improving supporting infrastructure (Box 5.3) and easing the business environment can create more conducive conditions to attract private investment. In turn, incentivising the use of innovative investment and financing instruments – such as blended finance or social and impact investment funds – can help to de-risk local food production activities and promote more socially responsible and environmentally sustainable agri-food supply chains.

The outlook for profitable investment in food-related sectors within the Commonwealth and worldwide is promising. The global food system currently has an estimated asset value of US\$14 trillion (Neto and Kjórven, 2023). Rising incomes, growing populations and greater urbanisation are driving demand, creating new opportunities to expand these assets through greater investment in food production and related areas. Changing consumer preferences, such as increased demand for healthy foods, as well as greater consumption of processed food products with potential health risks (see Chapter 4), are altering the dynamics of production and trade in the food sector. This is generating more scope for investment in an increasingly diverse bouquet of food products and related infrastructure and technologies.

BOX 5.3

FINANCING AFRICAN FOOD SYSTEMS

In Africa, the member countries of the African Union (AU) have developed a common position on various aspects relating to the transformation of food systems on the continent. This includes a call for a dedicated investment financing mechanism for African food systems, to be managed by the African Development Bank in collaboration with the AU Commission and

the AU Development Agency. This mechanism would focus on securing finance to develop national and cross-border capital infrastructure that supports the expansion of national and regional capabilities to transform food systems on the continent (AUDA-NEPAD, 2021). In addition, the AU member states have committed to availing affordable financing for small and medium-sized enterprises (SMEs) to enable them to introduce technological and management innovations, develop products and markets, access critical energy and water inputs, and develop local value-adding food processing capabilities (ibid.). These and similar initiatives can help to unlock transformational finance for food systems in the Commonwealth and beyond.

There is a clear need for increased and more effective public and private investment in agriculture and food systems to ensure food security. The current investment gaps are only likely to grow as mass migration from rural to urban areas, a shrinking rural, farm-based labour force, climate change, land degradation, biodiversity loss, and other challenges threaten food production capacity and compromise the resilience of food supply chains in many countries. To build more resilient food systems, substantially more investment will be needed for climate adaptation

and to reduce emissions and other adverse environmental impacts from agriculture and food production. Recognising these challenges, the agri-food sector was identified as a major priority for global investment during UNCTAD's 8th World Investment Forum in 2023 (UNCTAD, 2023d).

Having mapped the trends and performance in greenfield FDI into the food sector across the Commonwealth, the next chapter offers policy options for how Commonwealth countries can use trade and investment to enhance food security.

Annex 5.1 Mapping of selected food sectors by processing level

| | Sub-sector | Processing Level | Food Category |
|------------------------|---|------------------|-----------------------------|
| Food production | Animal production | Unprocessed | Meat |
| | Animal slaughtering and processing | Unprocessed | Meat |
| | Crop production | Unprocessed | Crops |
| | Fruits, vegetables and specialist foods | Unprocessed | Vegetables, fruits and nuts |
| | Grains and oilseed | Unprocessed | Cereals and oils |
| | Dairy products | Processed | Eggs and dairy |
| | Seafood products | Processed | Seafood |
| | Seasoning and dressing | Processed | Edible preparations |
| | Snack food | Processed | Edible preparations |
| | Sugar and confectionery products | Processed | Sugars and confectionery |
| Other | Bakeries and tortillas | n/a | n/a |
| | Food and beverage stores | n/a | n/a |
| | Food services | n/a | n/a |
| | Other (food and beverages) | n/a | n/a |
| | Wholesale trade (food and tobacco) | n/a | n/a |

Source: Commonwealth Secretariat (based on designated food and beverage sectors in the fDi Markets database)

Annex 5.2 Intra-Commonwealth greenfield FDI inflows into food production, US\$ million (2015–2023)

| Region | Commonwealth country | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Avg. value (2015–2023) | Share of cumulative intra-Commonwealth inflows (2015–2023) (%) |
|---------------|----------------------|------|-------|------|------|-------|------|------|-------|------|------------------------|--|
| Africa | Botswana | | | | | | | | | | | |
| | Cameroon | | | | | | | | | | | |
| | Eswatini | | | | | | | | | | | |
| | Gabon | | | | 46.8 | | | | | | 46.8 | 1.4 |
| | The Gambia | | | | | | | | | | | |
| | Ghana | | | 8.3 | | | | | | | 8.3 | 0.2 |
| | Kenya | | | | | | | | 25.2 | | 25.2 | 0.7 |
| | Lesotho | | | | | 250.0 | | | | | 250.0 | 7.2 |
| | Malawi | | | | | 46.8 | | | | | 46.8 | 1.4 |
| | Mauritius | | | | | | | | | | | |
| | Mozambique | | 51.9 | 37.8 | 36.8 | | | | | | 42.2 | 3.7 |
| | Namibia | | | | | | | | | | | |
| | Nigeria | | | 12.0 | | | 77.9 | | 23.7 | | 37.9 | 3.3 |
| | Rwanda | 46.8 | | | | | | | 46.8 | | 46.8 | 2.7 |
| | Seychelles | | | | | | | | | | | |
| | Sierra Leone | | | | | | | | | | | |
| | South Africa | 41.3 | | | | 27.8 | | 81.0 | 1.2 | 68.4 | 43.9 | 6.4 |
| | Tanzania | | | | | 36.4 | | 26.4 | 238.5 | | 100.4 | 8.7 |
| | Togo | | | | | | | | | | | |
| | Uganda | | | | 22.7 | | | | | | 46.9 | 34.8 |
| Zambia | 82.0 | | | | | | | 8.0 | | 23.7 | 37.9 | 3.3 |
| Asia | Bangladesh | | | | | | | | | | | |
| | Brunei Darussalam | | | | | | | | | | | |
| | India | | 194.6 | 19.0 | 42.9 | | 19.0 | 19.0 | | 85.8 | 63.4 | 11.0 |
| | Malaysia | 0.7 | 89.8 | | 4.8 | | | | 19.0 | 33.6 | 29.6 | 4.3 |
| | Maldives | | | | | | | | | | | |
| | Pakistan | | | 5.6 | | | | | | | 5.6 | 0.2 |
| | Singapore | 19.0 | | | | | 19.0 | | | | 19.0 | 1.1 |
| | Sri Lanka | 92.6 | 49.3 | | | | | | | | 71.0 | 4.1 |

| Region | Commonwealth country | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Avg. value (2015–2023) | Share of cumulative intra-Commonwealth inflows (2015–2023) (%) | |
|-------------------------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------------|--|-----|
| Caribbean and Americas | Antigua and Barbuda | | | | | 61.7 | | | | | 61.7 | 1.8 | |
| | The Bahamas | | | | | | | | | | | | |
| | Barbados | | | | | | | | | | | | |
| | Belize | | | | | | | | | | | | |
| | Canada | | | 88.0 | | 44.0 | | 4.9 | | | | 45.6 | 4.0 |
| | Dominica | | | | | | | | | | | | |
| | Grenada | | | | | | | | | | | | |
| | Guyana | | | | | | | | | | | | |
| | Jamaica | | | | | | | | | | | | |
| | Saint Lucia | | | | | | | | | | | | |
| | St Kitts and Nevis | | | | | | | | | | | | |
| | St Vincent and The Grenadines | | | | | | | | | | | | |
| | Trinidad and Tobago | | | | | | | | | | | | |
| Europe | Cyprus | | | | | | | | | | | | |
| | Malta | | | | | | | | | | | | |
| | United Kingdom | 30.8 | 37.6 | 161.1 | | 14.9 | | 55.3 | | | 59.9 | 8.7 | |
| Pacific | Australia | 103.4 | 180.5 | 182.1 | 98.4 | 63.2 | 25.2 | | 81.0 | | 104.8 | 21.3 | |
| | Fiji | | | | | | | | | | | | |
| | Kiribati | | | | | | | | | | | | |
| | Nauru | | | | | | | | | | | | |
| | New Zealand | | | 38.7 | | | | 51.4 | | | | 45.0 | 2.6 |
| | Papua New Guinea | | | | | | | | | | | | |
| | Samoa | | | | | | | | | | | | |
| | Solomon Islands | | | | | | | | | | | | |
| | Tonga | | | | | | | | | | | | |
| | Tuvalu | | | | | | | | | | | | |
| | Vanuatu | | | | | | | | | | | | |
| | Intra-Commonwealth Total | 416.6 | 603.7 | 575.2 | 293.9 | 480.6 | 248.5 | 378.3 | 238.9 | 215.2 | 383.4 | 100 | |

Source: Commonwealth Secretariat (calculated using fDi Markets data)

Endnotes

- 1 Most Commonwealth developing countries are included in the low- and middle-income categories devised by the World Bank: The Gambia, Malawi, Mozambique, Rwanda, Sierra Leone, Togo and Uganda are among the group of low-income economies; Bangladesh, Cameroon, Eswatini, Ghana, India, Kenya, Kiribati, Lesotho, Nigeria, Pakistan, Samoa, Solomon Islands, Sri Lanka, Tanzania, Vanuatu and Zambia are within the lower middle-income group; and Belize, Botswana, Dominica, Fiji, Gabon, Jamaica, Malaysia, Maldives, Mauritius, Namibia, South Africa, Saint Lucia, St Vincent and the Grenadines, Tonga, and Tuvalu are among the upper middle-income economies.
- 2 These systems include agricultural production and processes, fertilisers, pesticides and other chemicals, research and development, and technology (UNCTAD, 2024b).
- 3 The broad food sector currently attracts around 3.5 per cent of global greenfield FDI projects (Investment Monitor, 2023).
- 4 While the high level of disaggregation in the data and its comparability across countries offer significant analytical advantages, it is important to recognise its limitations. The data covers greenfield investments and thus only partially captures overall FDI in the food sector. Furthermore, it relies on *announced* investments rather than actualised ones, which means it does not provide insight into whether these investments are ultimately realised.
- 5 To narrow the focus to the food sector, other sub-sectors within the food and beverages category in the fDi Markets database were excluded. These excluded sub-sectors cover animal food; beverages (breweries and distilleries, coffee and tea, soft drinks and ice, wineries); fishing, hunting and trapping; and tobacco.
- 6 The overall value of food-related greenfield investment in the Commonwealth averaged almost US\$3.7 billion annually between 2005 and 2023. This spans greenfield projects announced across 39 Commonwealth countries.
- 7 It has also fluctuated considerably, reaching a low of 4.3 per cent in 2014 and peaking at 42.1 per cent in 2011.
- 8 All calculations for this period are based on annual averages. They cover food-related greenfield projects announced in 21 Commonwealth countries from global sources.
- 9 <https://www.great.gov.uk/international/content/investment/sectors/food-and-drink/>
- 10 <https://www.santander.com/en/press-room/news/opportunities-ahead-for-uk-food-and-beverage-sector>
- 11 This analysis for the period from 2005 to 2023 covers data on intra-Commonwealth greenfield investments announced in food-related sectors in 32 Commonwealth countries.
- 12 All calculations for this period are based on annual averages. For broader food-related investments (Section 5.3.1), calculations cover projects announced in 14 Commonwealth countries, whereas calculations for the narrower subset of food production sectors (Section 5.3.2) are based on projects announced in 13 Commonwealth countries.
- 13 World Bank World Development Indicators data.
- 14 This is consistent with trends over a longer time period in the case of seafood, edible preparations and meat, which accounted for 4, 5 and 6 per cent, respectively, of the cumulative value of intra-Commonwealth greenfield invested announced in food production between 2010 and 2023. However, crops attracted a much larger share (29 per cent) over this extended period.
- 15 This was mainly by two manufacturing-focused investments in the sugar industry, both originating in the United Kingdom. The investments were announced in Rwanda (US\$46.8 million) and Tanzania (\$238.5 million), respectively.
- 16 Calculations for this period cover greenfield FDI projects announced in 25 Commonwealth countries.
- 17 When disaggregated by individual investing countries, 1,499 of these jobs were created through investments from the UK, 801 from South Africa, 650 from Singapore, 643 from Nigeria and 183 from Canada.
- 18 For a detailed breakdown by country, see Annex 5.2, which presents annual values for intra-Commonwealth greenfield investment into food production in all countries across the Commonwealth.
- 19 https://www.sadc.int/sites/default/files/2022-07/Reprinting_Final_Strategy_for_translation_051015.pdf

Chapter 6: Policy Options and Way Forward

The Commonwealth is expected to add over 385 million people by 2033, particularly in Africa. To feed this growing population, Commonwealth countries will need to increase their food imports by an additional US\$100 billion over the next decade. Ensuring open and resilient supply chains for food and nutrition security will require enhanced global co-operation to foster “re-globalisation”.

This chapter outlines policy options to strengthen trade, investment and resilient supply chains for food and highlights the need to:

- Enhance pan-Commonwealth collaboration, including consideration of a phased Commonwealth Food Supply Arrangement.
- Strengthen multilateral co-operation on trade, food and climate.
- Leverage bilateral and regional trade and deepen economic co-operation.
- Mobilise domestic and international investment and finance into the food sector.
- Leverage Aid for Trade to develop sustainable productive and supply capacities.
- Build capacity to comply with food-related regulations and standards.
- Improve agricultural trade facilitation.
- Upgrade logistics infrastructure for resilient supply chains.
- Tackle food loss and waste.

6.1 Introduction

Raising agricultural productivity, promoting easy access to nutritious food, and facilitating trade in agricultural commodities in a sustainable way are essential to advancing global living standards and well-being (Plummer, 2024). Most of these countries, especially least developed countries (LDCs) and small island developing states (SIDS), depend on international trade to meet their essential food requirements. Commonwealth countries' global food imports have grown at a cumulative annual rate of 7.3 per cent over the past two decades, increasing in value from US\$47 billion in 2005 to \$224 billion in 2022. If this trend continues, food imports are projected to reach \$486 billion by 2033 (Figure 6.1). This dependence on food trade is expected to grow due to rapid population growth, rising incomes, changing dietary habits, accelerated urbanisation and shifts in production patterns driven by climate change – all of which are placing new demands on food, health and social welfare systems.

The prevalence of large subsistence agriculture and artisanal fisheries in many Commonwealth developing countries, especially LDCs, small states and SIDS, means overall per capita food imports are substantially lower than the global average. Conversely, the Commonwealth is expected to experience much higher population growth than the global average, adding over 385 million people by 2033, particularly in Africa. To feed this expanding population, Commonwealth countries will need to increase their food imports by an additional US\$100 billion over the next decade, raising total food import requirements to \$324 billion. To put this into perspective, this amount is equivalent to the UK's total goods and services exports to the Commonwealth in 2022. The costs of this food import bill will be shared disproportionately depending upon the growth rates of populations and incomes. Given the fiscal implications, more resource-constrained Commonwealth governments might face trade-offs to enhance food security.

Around one-fifth of the additional food imports over the next decade are anticipated to come from Commonwealth countries. Most net food importers will continue to depend on global sources. Ensuring resilient supply chains will require enhanced global co-operation and open trade to foster "re-globalisation" (WTO, 2023).

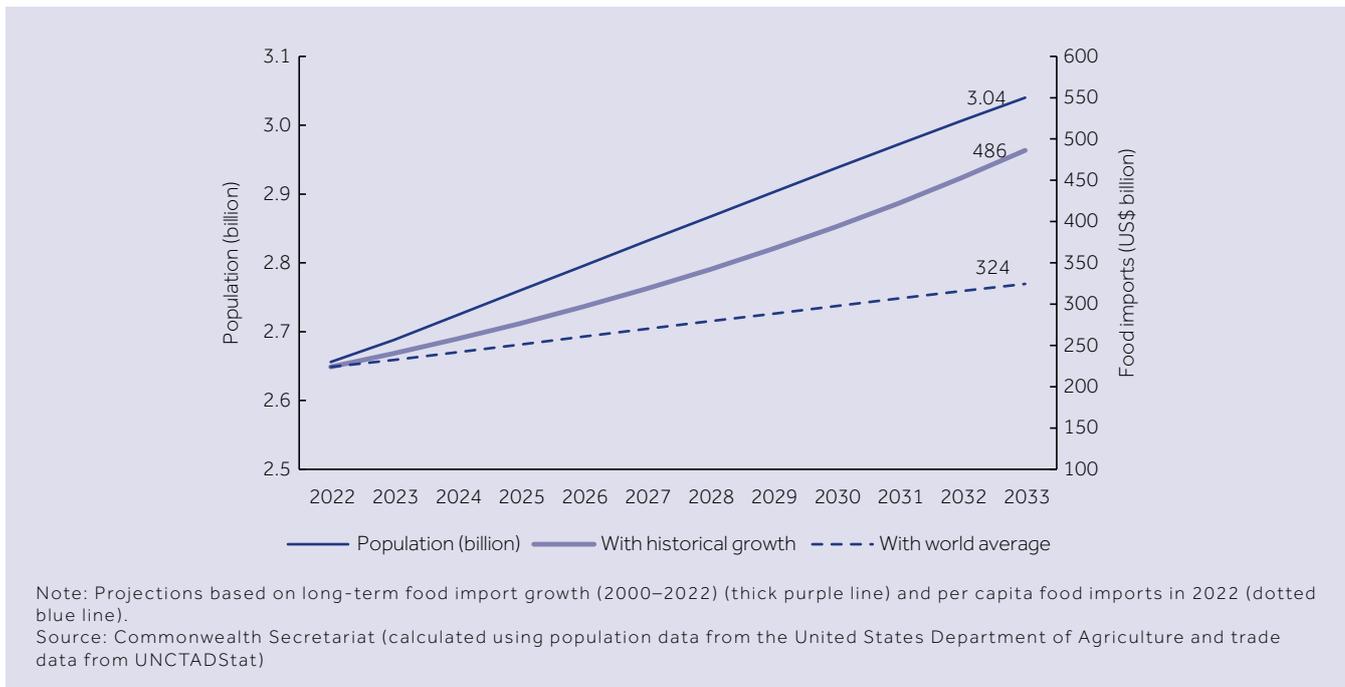
The imperative of achieving SDG 2 on zero hunger and ensuring food and nutrition security underscores the need to enhance the resilience and sustainability of agri-food systems and supply

chains at the local, regional and global levels. This may require complex trade-offs between economic, environmental and social sustainability goals in food systems. For example, the growing demand for protein-rich foods, such as beef, drives significant economic benefits through high-value exports and local employment in livestock industries. However, this often leads to deforestation, as forests are cleared for cattle ranching and growing feedstock. This land use change not only disrupts biodiversity but also contributes to greenhouse gas (GHG) emissions, exacerbating climate change. Some practices and new technologies used to boost yields, such as greater use of fertilisers and irrigation, can have adverse environmental impacts. Conversely, efforts to mitigate these impacts, such as adopting plant-based diets, sustainable farming practices or more capital-intensive and advanced technologies, can challenge existing economic models and affect livelihoods dependent on traditional agriculture. The use of food crops for biofuels can reduce emissions associated with fossil fuels and provide energy security, but it also competes with food production and consumption, potentially exacerbating food insecurity. While plant-based alternatives can reduce GHG emissions and lower deforestation rates, they may not immediately align with the economic interests of farmers and industries reliant on animal agriculture (von Braun et al., 2021).

Balancing these trade-offs involves fostering sustainable practices that integrate economic viability with environmental stewardship and social equity. This includes supporting initiatives like reforestation, promoting regenerative agriculture and investing in alternative protein sources, all of which can help align food systems with broader sustainability goals without undermining economic stability or social well-being (von Braun et al., 2021). Commonwealth countries are demonstrating leadership in this effort. For example, at the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC), the UK Presidency, with Indonesia as a co-chair, launched the Forest, Agriculture and Commodity Trade Dialogue. This initiative aims to reduce the impact of agricultural supply chains on forests, enhance sustainability and address climate change (Cabinet Office, 2021).

Drawing on the evidence presented in this Review, this final chapter outlines various policy options for Commonwealth countries to strengthen and diversify productive capacity in food and expand trade and investment in agri-food products. This set of policy measures can help enhance food security for a more inclusive, sustainable and resilient future while balancing the important economic, social and environmental trade-offs.

FIGURE 6.1
COMMONWEALTH COUNTRIES' FOOD IMPORT REQUIREMENTS IN THE MEDIUM TERM



6.2 Enhance pan-Commonwealth collaboration on food production and supplies

The Commonwealth includes several significant food producers and 40 net importers of essential foods, alongside vast untapped agricultural potential in many member countries. Notably, Africa holds 60 per cent of the world's unused arable agricultural land. This presents a unique opportunity to enhance intra-Commonwealth trade and investment in the food sector, harnessing the potential to boost food production in the Commonwealth's 21 Africa members. Commonwealth countries can enhance their co-operation in four ways.

First, there is an opportunity to diversify and expand food trade between Commonwealth members. As discussed in Chapter 3, Commonwealth membership typically leads to a 22 per cent increase in food trade between member countries compared to non-members. This effect is particularly strong for exports of fruits and vegetables, cereals, and fish products, which are

essential for food security and nutrition. The Commonwealth effect on food trade increases to 33 per cent for Commonwealth countries that are also part of the same bilateral or regional trade agreement (see Section 6.4). Food trade can be expanded through increased export-oriented investment, improvements in trade facilitation, greater access to trade finance, and compliance with technical and sanitary and phytosanitary requirements, as discussed later in this chapter.

Second, Commonwealth countries could consider establishing a phased Commonwealth Food Supply Arrangement to ensure access to essential foods during times of crisis. This would be especially important for vulnerable economies, such as small states and LDCs, which source almost half of their food from within the Commonwealth (see Chapter 3). This initiative could include the creation of a Commonwealth Food Reserve Bank, organised around regional hubs and food supply corridors (see Chapter 3). Large food-producing countries could contribute food reserves based on their production capabilities and surplus stocks. These food supplies could be accessed at subsidised or affordable rates by food deficient countries to ensure accessibility during emergencies.

Proposed Commonwealth food-producing and exporting hubs could include Australia for the Pacific; India for South Asia; South Africa, Kenya and Ghana for Africa; and Canada for

BOX 6.1**ASEAN PLUS THREE EMERGENCY RICE RESERVE (APTERR)**

Established in 2011, the APTERR is a regional co-operation instrument between ASEAN members – including three Commonwealth members, Brunei Darussalam, Malaysia and Singapore, as well as Japan, China and the Republic of Korea – to ensure food security in the region. Members contribute rice reserves to aid countries in need in times of adversity and emergency. The APTERR has two main reserves:

- Earmarked Emergency Rice Reserves (EERR): 787,000 tonnes of milled rice designated by each country, with 87,000 tonnes from ASEAN members and 700,000 tonnes from the Plus Three countries.
- Stockpiled Emergency Rice Reserves (SERR): Voluntary donations of cash or rice stocks managed by the APTERR Secretariat, to be used as emergency stock.

The APTERR uses these reserves in three emergency scenarios, namely – Tier 1: Pre-arranged terms for anticipated emergencies; Tier 2: On-the-spot agreements for unanticipated emergencies; and Tier 3: Severe emergencies and humanitarian purposes (APTERR, n.d.).

Building on APTERR, ASEAN members launched a Declaration on Strengthening Food Security in 2021, suggesting the creation of ASEAN Members' Local Resource-based Food Reserves (LRBFR) for emergency responses. These reserves would be flexible beyond rice, based on each member's comparative advantage, and could include a source of carbohydrates or protein, of plant or animal origin, and/or fresh or manufactured products (ASEAN, 2023).

the Caribbean. This approach could leverage the experience of initiatives such as the ASEAN [Association of Southeast Asian Nations] Plus Three Emergency Rice Reserve (see Box 6.1) to develop a unique and effective pan-Commonwealth co-operation model for ensuring food security. Additionally, a monitoring and early warning system could be developed among member countries to predict and respond to potential food shortages and crises. Linked to this is the efficient implementation of agricultural trade facilitation, especially during food emergencies (see Section 6.5).

Third, Commonwealth countries can leverage existing mechanisms to deepen their collaboration, exchange knowledge and implement concrete actions to build sustainable and resilient food systems. For instance, the Commonwealth Connectivity Agenda on Trade and Investment supports members in areas such as digital agriculture and fisheries. The Commonwealth Working Group on Trade and Investment provides a broad mechanism for boosting intra-Commonwealth trade and investment, including potentially in food-producing sectors and other related areas such as climate mitigation and adaptation. The Commonwealth Blue Charter is an agreement among member countries to work collaboratively on solving ocean-related problems and meeting commitments for sustainable ocean development. Similarly, the Commonwealth Living Lands Charter aims to tackle climate change, land degradation and biodiversity loss through collective action and shared initiatives. The

Commonwealth Climate Finance Access Hub, meanwhile, has successfully assisted member countries, particularly small states and SIDS, in unlocking available climate finance, including for climate-smart agriculture and fisheries sectors.

Finally, following the 2021 United Nations Food Systems Summit,¹ Commonwealth countries should consider developing and implementing National Pathways, guided by clearly identified priorities and solutions, for transforming their food systems. The Commonwealth Secretariat can collaborate with the new UN Food Systems Co-ordination Hub – hosted by the Food and Agriculture Organization – to support members in implementing these Pathways through technical and policy assistance.

6.3 Strengthen multilateral co-operation on trade, food and climate

Trade and investment can help ensure food and nutrition security in the Commonwealth and globally (Plummer, 2024). However, this requires a fair and market-oriented agricultural trading system, which is crucial for ending hunger and achieving SDG 2, as underscored by World

BOX 6.2**THE WTO FOOD PACKAGE AT MC12**

In June 2022, the 12th Ministerial Conference (MC12) of the World Trade Organization (WTO) reached a significant agreement on measures to enhance global food security. These measures included:

- a Declaration on the Emergency Response to Food Insecurity, which acknowledges the essential role of trade in improving global food security and commits to transparency, avoiding WTO-inconsistent export restrictions, and minimising trade distortion (WTO, 2022a);
- a Decision exempting World Food Programme (WFP) food purchases from export prohibitions or restrictions and highlighting the need to reform trade rules and practices to prevent and mitigate negative impacts on food security (WTO, 2022b; 2022c);
- a Sanitary and Phytosanitary (SPS) Declaration that addresses new challenges in food safety and animal and plant health that could impact trade (WTO, 2022d); and
- an Agreement on Fisheries Subsidies prohibiting subsidies for illegal, unreported and unregulated (IUU) fishing, fishing overfished stocks, and fishing in unregulated high seas (WTO, 2022e).

Since MC12, the WTO Committee on Agriculture approved a Work Programme on Food Security, emphasising the needs of LDCs and NFIDCs (WTO, 2022f). In April 2024, the WTO Committee adopted a report containing recommendations on how to help these vulnerable countries respond to acute food insecurity.

Trade Organization (WTO) members at their 13th Ministerial Conference (MC13) in February 2024 (WTO, 2024a). This followed significant steps taken at the 12th Ministerial Conference (MC12) to enhance global food security (Box 6.2).

There are several opportunities for greater multilateral co-operation. The first is to improve transparency and predictability in food trade by requiring WTO members to notify their domestic measures affecting trade and submitting their trade policies for regular review. To enhance certainty in times of crisis, WTO members should work to strengthen disciplines on export restrictions affecting agri-food trade.

During times of crisis, many countries, including those in the Commonwealth, have imposed export restrictions on food, feed and fertilisers to ensure domestic supply and stabilise prices (Zhuawu et al., 2020). By some estimates, export restrictions have significantly increased over the past 10 to 15 years, especially since the COVID-19 pandemic (Rockwell, 2023). Since the start of the conflict in Ukraine in February 2022, WTO members have implemented 140 export-restrictive measures on food, feed and fertiliser, affecting US\$138 billion worth of trade in these products. Over 70 of these measures have since been rescinded, leaving restrictions covering \$18 billion, mainly in food trade (Okonjo-Iweala, 2024).

Countries should generally avoid imposing export restrictions. However, the WTO provides specific rules for situations

where such measures may be legitimately applied.² When implemented otherwise or abused, such measures can negatively impact other countries, particularly net-food importers.³ The consequences extend beyond disrupting supply chains and trade relationships, affecting economies differently based on their development and production capacities. The widespread use of export restrictions has revealed a weakness in existing disciplines, making it challenging for countries to rely on open markets for their food security. As a result, countries often choose to protect their domestic production and stocks instead.

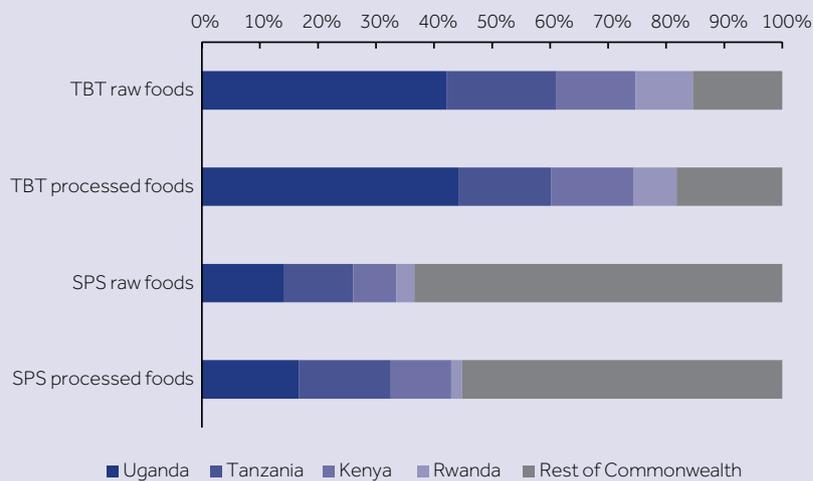
Transparency is another vital feature of both the WTO's agreements on the Application of Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT), ensuring that these measures do not constitute unnecessary barriers to trade. WTO members are required to submit notifications of draft regulations to the respective WTO committee.⁴ Some capacity-constrained countries may need assistance to manage these notifications, as the process can be technically complex and burdensome. However, this system allows WTO members to raise concerns and facilitates opportunities for consultations. For instance, the East African Community (EAC), which includes four Commonwealth countries – Kenya, Rwanda, Tanzania and Uganda – has been actively notifying measures implemented both individually and jointly since 2010 (Box 6.3).

BOX 6.3

STANDARDS HARMONISATION AND TRANSPARENCY IN THE EAST AFRICAN COMMUNITY (EAC)⁵

The EAC's efforts to harmonise standards and measures,⁶ especially on food safety, are particularly evident in the notifications on raw and processed foods submitted to the WTO's TBT and SPS Committees. The EAC contributed more than 95 per cent of all raw and processed food TBT notifications submitted by Commonwealth members from 2010 to 2024. These TBT notifications included standards notified on behalf of the EAC, as well as for their own domestic standards. Similarly, the EAC members were the largest notifiers of SPS notifications among Commonwealth countries, responsible for about 36 per cent of raw food and nearly 45 per cent of processed food notifications (Figure 6.2).

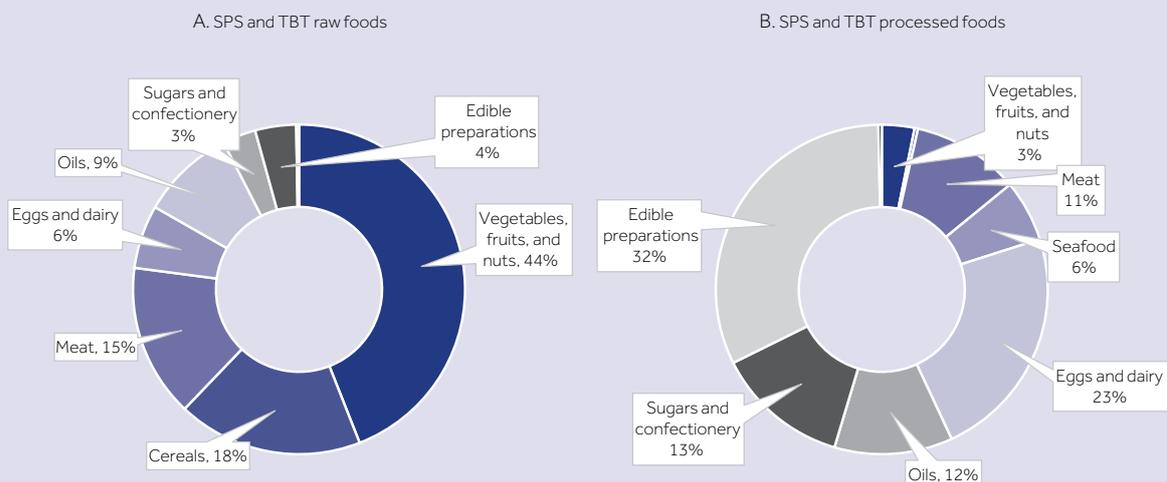
FIGURE 6.2
SHARE OF EAC TBT AND SPS RAW AND PROCESSED FOOD NOTIFICATIONS (2010–2024)



Source: Commonwealth Secretariat (using data from WTO's e-Ping database)

Some standards are notified to both the SPS and TBT Committees, since they are implemented to comply with multiple objectives, including food safety and plant and animal health protection, along with packaging and labelling requirements. The largest food category of raw foods notified to the SPS and TBT Committees is vegetables, fruits, and nuts, which also includes spices and maximum residue limits for pesticides used (Figure 6.3A). Similarly, the largest food category of processed foods notified is edible preparations (Figure 6.3B).

FIGURE 6.3
SPS AND TBT RAW AND PROCESSED FOOD NOTIFICATIONS, BY CATEGORY (2010–2024)



Source: Commonwealth Secretariat (using data from WTO's e-Ping database)

Tackling illicit agri-food trade is also a priority. The WTO offers a framework of rules to combat this trade, covering areas like regulatory barriers, customs valuation, trade facilitation and pre-shipment inspection. The SPS and TBT Agreements further assist members in using international standards and certification procedures to regulate food imports and prevent deceptive practices (Box 6.4).

While applying WTO rules consistently is essential for national policies to combat illicit agri-food trade, the complexity and lack of a clear definition of illicit trade make it challenging to measure. Nonetheless, WTO members can set ambitious targets to reduce illicit trade while avoiding unjustified discrimination. Additionally, provisions for enforcing intellectual property rights (IPRs), such as trademarks and geographical indications, help prevent IPR-infringing forms of illicit trade (WTO, 2024b).

The second approach is to work towards the reform process in levelling the playing field in global agri-food trade, particularly by addressing the impact of trade-distorting domestic support (Murphy and Manduna, 2023). Although the WTO Agreement on Agriculture mandates ongoing negotiations,⁷ progress has been limited. With rising global hunger and malnourishment, substantial discussions on agricultural reform at the WTO are urgently needed to build resilient food systems and ensure global food security. Multilateral reforms should aim to create a fair and market-oriented trading system, enabling members to manage food shortages and surpluses, protect vulnerable economies, and ensure the right to food (Nedumpara, 2023).

Some WTO members have stressed the need to reach an outcome on a permanent solution to public stockholding (PSH) to help ensure food availability, especially for the poor

and the most vulnerable, during times of crisis. However, other developed and developing country members are cautious that some of these programmes may cause trade and market distortions and that products benefiting from PSH should not be exported. Following the lack of substantial outcomes on agricultural trade at MC13 in February 2024, members have been deliberating on processes and mechanisms to advance negotiations, focusing on modalities to reduce domestic support and reform market access.

The third priority area is ratification of the WTO Fisheries Subsidies Agreement (FSA) and concluding the negotiations on outstanding issues. A comprehensive FSA seeks to discipline subsidies contributing to overcapacity and overfishing, while providing appropriate and effective special treatment for developing countries and LDCs. To date, 81 WTO members have ratified the FSA, including 23 Commonwealth members, with about 29 more ratifications needed for it to take effect.

The effective implementation of the FSA, along with an appropriate review process mechanism, could ensure ocean sustainability and support the blue economy through more widespread adoption of sustainable fishing methods and consistent monitoring of fish stocks. The agreement therefore strengthens linkages between trade policy instruments, the fishing sector, and food security and nutrition. Fish and seafood are highly traded commodities, often caught, processed and consumed in different countries. Over 50 per cent of fish and seafood trade comes from developing countries, with the Pacific SIDS heavily dependent on this sector (see Chapter 3). The net trade income from fish and seafood (US\$46 billion) exceeds that of all other agricultural commodities combined (Ababouch and Vivas Eugui, 2023).

BOX 6.4

STANDARDS HARMONISATION TO COMBAT ILLICIT FOOD TRADE

The SPS and TBT Agreements contain various provisions that target harmonisation and equivalence of standards. The SPS Agreement aims to prevent adulterated foods from entering the market to protect human, animal and plant life, requiring that measures be implemented in conformity with international standards. Digitalising certificates, such as the International Plant Protection Convention (IPPC) ePhyto solution for electronic SPS certificates, combats falsified certificates and ensures better enforcement of SPS rules across borders.

Proper labelling of food products helps prevent fraud and deceptive practices. Since labels are generally easy to tamper with, it becomes difficult for domestic authorities to determine their authenticity. The TBT Agreement promotes regulatory harmonisation by mandating the use of relevant international standards in designing a TBT measure, such as the Codex Alimentarius guidelines on nutrition labelling.

Source: WTO (2024b)

Finally, building sustainable and resilient food systems will require the global community to pursue greater coherence and “mutual supportiveness” between the multilateral trade and environment regimes, particularly regarding climate change, where the WTO has no specific provisions. The 2019 Intergovernmental Panel on Climate Change (IPCC) special report on climate change and land found that climate change significantly affects all four dimensions of food security. It emphasised that climate change is impacting crop yields, reducing the nutritional quality of food and disrupting food supply chains. It also highlighted the increased risks of food insecurity, especially for vulnerable populations, due to more frequent and intense extreme weather events, changes in precipitation patterns and rising temperatures. Trade can be an integral part of a climate adaptation strategy, enabling the flow of food from surplus-producing countries to those experiencing shortages or where agriculture and food production are impacted by climate-related natural disasters and extreme weather events (Bozzola et al., 2023).

There is a need for greater collaboration across multilateral regimes on trade, environmental issues and climate change, as highlighted by the 28th Conference of the Parties (COP28) to the UNFCCC, which hosted the first-ever Trade Day. This event highlighted the role of international trade in addressing climate change and promoting sustainable development. Furthermore, more than 150 governments endorsed the United Arab Emirates (UAE) Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action, committing to enhance adaptation and resilience efforts to reduce the vulnerability of farmers, fisherfolk and other food producers to climate change impacts. COP29 in Azerbaijan in November 2024 will review the collective progress made so far. Previously, COP27 in Egypt also emphasised the importance of implementing climate action in the agriculture and food sector.

6.4 Deepen regional trade and economic co-operation on a sustainable basis

Commonwealth countries can strengthen their regional trade and economic co-operation to address challenges in achieving food security and improved nutrition. Recent developments in

various regions involving Commonwealth countries highlight the potential for enhanced co-operation and solidarity.

Several free trade agreements (FTAs) between major agricultural importers and producers involving Commonwealth countries, such as the UK–Australia and the UK–New Zealand FTAs, exemplify this potential for greater agri-food trade. The empirical evidence on the Commonwealth effect suggests that food trade among these countries may gradually increase by up to 33 per cent compared to that with non-members. Six of the 12 members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are major agri-food exporters within the Commonwealth.⁸

In the Asia-Pacific region, the Regional Comprehensive Economic Partnership (RCEP), which includes five Commonwealth members, aims to reduce or eliminate customs duties on most originating goods, including agricultural products, over a period of 20 years (Reinsch et al., 2019). The RCEP has the potential to stimulate intra-East Asian integration around China and Japan, making the economies of North and Southeast Asia more efficient. This could enhance the sustainable management of agricultural resources and contribute to food security (Peter et al., 2020).

The African Continental Free Trade Area (AfCFTA), which includes 21 Commonwealth African countries responsible for two-thirds of intra-African trade, is expected to boost trade in food products (WEF, 2023); and some African countries have already begun trading certain agri-food products under the AfCFTA's Guided Trade Initiative. Furthermore, the AfCFTA Protocol on Investment can help attract new investment into food-related sectors (see Chapter 5). In several African countries, informal cross-border trade – primarily conducted by women – also plays a crucial role in sustaining food security and supporting livelihoods (Box 6.5).

These bilateral and regional trade agreements can enhance food security and supply chain resilience by expanding market access for food products, increasing the availability of more nutritious foods, reducing prices for food, fertilisers and other inputs, supporting agricultural innovation and fostering regulatory co-operation. They can also encourage inward investment in the agricultural sector, addressing significant funding gaps – as discussed in the previous chapter. However, these agreements may entail adjustment costs due to the removal of tariffs and the implementation of new trade rules and standards. To address these challenges, trade agreements can include safeguards,

BOX 6.5**INFORMAL CROSS-BORDER TRADE IN AFRICA**

In many African countries, such as Malawi, Tanzania and Zambia, informal agriculture and food trade play a crucial role in ensuring food security and nutrition for millions of people, both in terms of food availability and income. Most of those engaged in informal cross-border trade are women with limited work opportunities and poor access to essential public services. However, this livelihood is characterised by low profit margins, irregularity and vulnerability to shocks, making those involved susceptible to exploitation. Furthermore, women traders' lack of access to financial or physical assets, business skills, and information largely prevents them from formalising or expanding their businesses (UNCTAD, 2020b).

It is imperative to enhance the enabling environment for informal cross-border women traders in Africa. This could include facilitating access to capital, supporting trade fairs targeted at small-scale and cross-border women traders, developing online and offline tools that provide information on trade and customs regulations, and implementing capacity-building programmes to improve compliance among border officials (ibid.).

trade-related adjustment support and complementary policies to help ensure local farmers remain competitive and resilient in the face of increased international competition (Zimmermann and Rapsomanikis, 2023; Plummer, 2024).

Trade agreements can also have adverse environmental impacts if not properly designed and monitored to ensure sustainability. They can lead to deforestation for agricultural crops and pastureland for livestock, overexploitation of resources, pollution from intensive agricultural practices, disruption of local ecosystems and increased carbon emissions from transportation. Similarly, liberalising trade in ultra-processed food products can contribute to a rise in the incidence of nutrition-related non-communicable diseases, exacerbating public health burdens. To mitigate these effects, it is essential to incorporate sustainability principles, health considerations and internationally agreed standards into the design and implementation of such agreements. Countries can also conduct trade sustainability impact assessments to evaluate the potential economic, social and environmental impacts of trade liberalisation.

6.5 Attract investment and finance into the food sector

Governments in Commonwealth countries, especially small states, LDCs and countries in sub-Saharan Africa, should strategically target food-related investments to create more inclusive, sustainable and resilient food-producing sectors. They can incentivise investments that actively contribute to safeguarding local food security and

enhancing the availability and accessibility of affordable, nutritious and healthy foods for export. This should form part of a co-ordinated strategy to attract domestic and foreign investments that support national health priorities and promote healthy diets and better nutrition to alleviate burdens on national health systems. Priority should also be given to investments that support the upgrading of domestic food production, processing and export capacity.

Several emerging trends in the food sector present pathways to channel new investments towards expanding food production and trade within Commonwealth countries. These include opportunities to invest in new developments and innovations – appropriately adapted to local contexts and sensitive to sustainability considerations and the needs of women, young people and other vulnerable groups – in the following areas:

- **Agri-tech:** Precision technology to optimise the use of agricultural inputs, analyse weather and soil conditions more accurately, and innovative farming techniques like hydroponics and vertical farming.
- **Food tech:** Innovations like lab-grown meat and new technologies to enhance animal and plant health and improve breed or seed varieties, particularly for climate and disease-resistant crops.
- **Production processes and practices that support overall sustainability and the resilience of food systems:** Such as alternative, more environmentally friendly methods for producing fertilisers and other inputs or, more generally, that enable sustainable use of natural resources.
- **Cold storage and refrigeration:** Temperature-controlled food storage infrastructure and technology to

reduce food losses, catering to the increasing global demand for organic, fresh and perishable foods.

- **Transport and logistics:** Infrastructure and services to address bottlenecks, enabling faster, cost-effective and more environmentally sustainable transportation of food within and between countries and regions.
- **Digital technologies:** Supporting sustainable food production and trade, including artificial intelligence and blockchains to increase transparency and traceability of supply chains.

At the same time, more greenfield investment is needed to fund the development of new and innovative production practices and techniques, and facilitate technology transfer and knowledge sharing, to build climate-resilient food production systems that have a smaller environmental footprint. Greater investment in this area could support research into climate adaptation and mitigation solutions for food-producing industries, including the development of early-warning systems that can help to shield agricultural production from the worst effects of natural disasters. It could also enable the development of new infrastructure and innovative technologies that enhance agricultural productivity and yields, enable greener farming and food production practices, reduce loss and wastage in food supply chains (including through circular economy innovations), and lower GHG emissions from food production. The latter is critically important to lessen the environmental impacts of food systems, which currently contribute around one-third of global GHG emissions (de Sousa, 2023).

To attract these types of investments at scale, it is crucial to establish well-balanced regimes for IPR that foster innovation but also enable knowledge-sharing and equitable access to new technologies. This should be grounded within a wider policy and regulatory environment that is conducive to food-related research and development and aided by well-functioning innovation support systems.

Trade policy also has a critical role in encouraging inward investment to food-producing sectors. Increased export-oriented investments are likely when trade policies are open, transparent and predictable; when food products are not subject to export restrictions; and when technical and sanitary and phytosanitary requirements are harmonised across borders, as discussed in Section 6.3. Investments of this nature tend to be more profitable in countries with simplified customs processes and more efficient border clearance

procedures (see Section 6.8), especially for investments in time-sensitive production and trade in perishable foods.

Investment promotion agencies can leverage the extensive diasporas – over 25 million people within Commonwealth diaspora communities (see Chapter 3) – and business networks spread across the Commonwealth to channel greater FDI into food-producing sectors. Investments sourced through these networks can serve as a foundation to develop and grow intra-Commonwealth food supply chains, promote innovation and cross-Commonwealth collaboration in food production, and expand food trade within the Commonwealth (Commonwealth Secretariat, 2018 and 2024).

Finally, it is important to recognise that discussions about investment in food production and trade cannot be de-linked from wider issues related to financing. Agri-food systems in many parts of the world face huge shortfalls ranging from a lack of financing for production inputs to limited funds for innovation and technological development, and shortages in trade-related financing for food exports and imports. Farmers and other downstream actors in food supply chains often struggle to secure loans and access other financial services such as insurance, a situation that is worsened by high levels of volatility in the food sector and perceptions that agri-food-related investments carry considerable risk (AfDB, 2023; AUDA-NEPAD, 2021).

Innovative approaches are needed to address these financing challenges, and consideration should be given to developing blended financing instruments and co-funding partnerships targeting food sectors. The establishment of the Good Food Finance Network, a multi-stakeholder collaborative partnership, provides a useful co-ordinating platform to scale-up investment and access to finance to support the development of healthy, sustainable and inclusive food systems. Governments, investors and other stakeholders can look to the platform's Good Food Financing Facility to facilitate co-investment arrangements, access bridging funds, optimise financial tools and strategies, and promote mutual accountability. Established international frameworks such as the Committee on World Food Security's 10 Principles for Responsible Investment in Agriculture and Food Systems or the OECD-FAO Guidance for Responsible Agricultural Supply Chains provide useful guidelines to support food-related investments and can be used as reference points for policy-makers seeking to attract responsible investment into the food sector in Commonwealth countries (Box 6.6).

BOX 6.6**TOWARDS RESPONSIBLE FOOD-RELATED INVESTMENTS**

The Committee on World Food Security's 10 Principles for Responsible Investment in Agriculture and Food Systems provide guidance on priorities to address several environmental, social and economic issues affecting the food sector. They are intended to apply across all stages of agriculture and food value chains and to all types and sizes of investment. The principles dictate that responsible investment in agriculture and food systems should:

1. contribute to food security and nutrition;
2. contribute to sustainable and inclusive economic development and the eradication of poverty;
3. foster gender equality and women's empowerment;
4. engage and empower youth;
5. respect tenure of land, fisheries and forests, and access to water;
6. conserve and sustainably manage natural resources, increase resilience, and reduce disaster risks;
7. respect cultural heritage and traditional knowledge, and support diversity and innovation;
8. promote safe and healthy agriculture and food systems;
9. incorporate inclusive and transparent governance structures, processes and grievance mechanisms; and
10. assess and address impacts and promote accountability.

The OECD–FAO Guidance for Responsible Agricultural Supply Chains, based on internationally agreed standards, provides a similar frame of reference for responsible investment in food systems and agri-food supply chains. The guidance is intended to assist all agri-businesses and investors involved in agricultural supply chains to observe established standards relating to responsible business conduct. These include standards contained in the abovementioned Principles for Responsible Investment in Agriculture and Food Systems, as well as the OECD Guidelines for Multinational Enterprises and Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security. Specific guidance is provided through:

- A model enterprise policy providing key international standards that enterprises should observe when building responsible agricultural supply chains. This includes standards relating to impact assessment, disclosure, consultations, benefit sharing, grievance mechanisms, gender equality, human rights, labour rights, health and safety, food security and nutrition, tenure rights over land and access to natural resources, animal welfare, environmental protection and sustainable use of natural resources, governance, and technology and innovation.
- A framework for risk-based due diligence to aid enterprises to identify, assess, mitigate and account for the adverse impacts of their activities.
- An identification of major risks facing enterprises in agri-food supply chains and potential measures to mitigate them.
- Guidelines for engaging with indigenous peoples.

Sources: Committee on World Food Security (2014); OECD and FAO (2016)

6.6 Leverage Aid for Trade to develop sustainable productive and supply capacities

Commonwealth developed countries such as Australia, Canada, New Zealand and the UK have been strong advocates and leading donors of Aid for Trade (AfT), to help developing countries with production and supply-side capacity-building. Over the past decade and a half, AfT has made an important contribution to addressing some of the constraints in these areas that have prevented developing countries from participating in and benefiting from international trade. However, there is further scope for making this support even more effective.

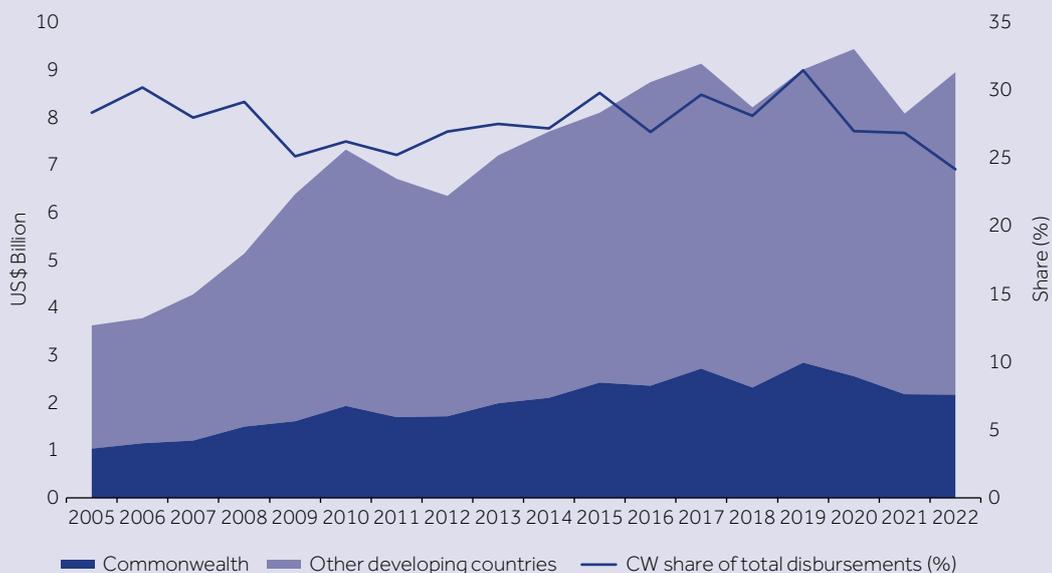
By 2050, the world must double agricultural production to feed humanity.⁹ Commonwealth developing countries, especially small states, LDCs and sub-Saharan African countries, can leverage AfT to develop sustainable and climate-resilient

food and agricultural production and trade (Box 6.6). They can increase productivity through capital investments in areas such as machinery or operational infrastructure like irrigation systems, and by importing critical inputs, including fertilisers to enhance their production capabilities.

On average between 2020 and 2022, Commonwealth developing countries received US\$2.3 billion in AfT for the agriculture, fisheries and agro-processing industries. This represented around 26 per cent of all AfT disbursed to developing countries in these sectors, a share that has remained roughly stable from 2005 to 2022 as AfT disbursements have more than doubled in value over this period (see Figure 6.4). Agriculture attracted 90 per cent of the funds, while fisheries received 6 per cent and agro-processing received 4 per cent.

AfT can help to grow and develop agricultural value chains by investing in processing, packaging and marketing, which in turn increases farmers' income and market access. On average, between 2020 and 2022, Commonwealth countries received nearly US\$60 million annually in AfT for agro-processing, representing 26 per cent of the global total. Almost all this funding was allocated to Commonwealth African countries.

FIGURE 6.4
AID FOR TRADE IN AGRICULTURE, FISHERIES AND AGRO-PROCESSING DISBURSED TO COMMONWEALTH AND OTHER DEVELOPING COUNTRIES, US\$ BILLION, % (2005–2022)



Source: Commonwealth Secretariat (calculated using data from the OECD CRS database)

6.7 Build capacity to ensure compliance with food-related regulations and standards

There are many opportunities to expand Commonwealth countries' global and regional food trade for enhanced food security and nutrition, as discussed above.

However, to fully facilitate international market access, it is crucial for producers to meet international food standards. Governments apply these standards to ensure food quality and safe consumption, and their global implementation reduces trade costs, enhances transparency and increases efficiency, enabling free exchange between markets (FAO and WTO, 2017).

Voluntary sustainability standards (VSS) are increasingly used as market-based tools to address sustainability challenges throughout value chains (UNFSS, 2013). These standards are particularly relevant for agricultural commodities such as bananas, soybeans, palm oil, coffee, tea and cocoa (Commonwealth Secretariat, 2023). These standards incentivise companies to adopt production processes that comply with environmental, social and economic objectives, granting them access to a rapidly growing "green" market where consumers are willing to pay higher prices for verifiable, sustainable products (UNCTAD, 2020a). By implementing certification systems and ensuring traceability through

an effective chain of custody, VSS also play a crucial role in minimising waste in the food supply chain (Cordoba, 2021).

Most of these standards are governed and implemented by private enterprises and non-governmental organisations (NGOs), which fill public governance gaps in developing countries, such as the formalisation of the fruit and vegetable sector in East Africa (Pickles et al., 2016). However, this reliance on the private sector can reduce public sector accountability and may lead to a lack of co-ordination with existing local development strategies. This has led to the development of public sector-led VSS and national VSS (UNCTAD, 2020) (Table 6.1).

Compliance with a range of standards and regulations, especially those related to climate, can impose significant costs, particularly on smallholder farmers and SMEs in developing countries and LDCs. This has been described as an additional "green squeeze" on these economies and societies, highlighting the need for a fair, equitable and just transition regarding the burden of adjustment (Keane, 2023). Such new ESG-standards require targeted support to producers in developing countries, as well as intensive co-operation between producers, processors, traders and retailers along the entire supply chain. It would also entail the development of good practices in specific supply chains, which promote an effective and efficient implementation of such standards in producing countries, as well as sharing of information between producing countries on what is working well. The Commonwealth could play an important role in this regard. Furthermore, women farmers, formal and informal traders, and SMEs face unique challenges in meeting standards in sectors relating to trade and

TABLE 6.1
TYPOLOGY OF VOLUNTARY SUSTAINABILITY STANDARDS

| Standard designer | Standard | Example |
|--|---|---|
| Private sector | Company-led standards or codes of conduct | Starbucks – CAFÉ Unilever – Sustainable Agriculture Code |
| Industry consortium of private companies | Industry association | Global GAP |
| NGOs | NGO-led | Fairtrade, Rainforest Alliance, Organic |
| Public sector-led standards | Government-led standards with support from NGOs | USDA Organic |
| Multi-stakeholder | Jointly governed by businesses and NGOs | Forest Stewardship Council Roundtable on Sustainable Palm Oil |

Source: UNCTAD (2020a)

agriculture. This is due to their limited access to financial resources, land, and skills and training. They often encounter discrimination and have fewer support networks. Legal and regulatory barriers, along with lower representation in decision-making roles, further hinder their ability to comply with standards and engage in trade (STDF, 2023).

In addition to ensuring regulatory compliance, enhanced traceability and transparency of food supply chains offer key benefits. It boosts food safety and quality by tracking products from farm to table, enabling early detection of safety issues. Consumer confidence is strengthened through clear information about food origins and certifications. Efficiency and competitiveness are improved by increasing visibility and accountability in the supply chain. Addressing information asymmetry helps ensure fair value distribution for marginalised actors. Furthermore, tracking environmentally responsible practices supports sustainability, promoting methods like organic production.

It is also crucial for boosting income, livelihoods and food security for both rural and urban populations. This is especially important for lengthy value chains where maintaining product quality can increase transaction costs and lead to significant production losses, worsening food insecurity. Small producers, in particular, often receive only a small fraction of the final value of their products.

There is an opportunity to strengthen dialogue, co-operation and capacity building around agri-food regulations and standards among Commonwealth governments and the food industry, leveraging initiatives like the Commonwealth Standards Network and broader Aid for Trade support (see Section 6.6). While many Commonwealth members maintain strong agricultural standards and animal welfare regulations, some are perceived as being more stringent, particularly in terms of animal welfare. Commonwealth members could consider

aligning towards a minimum standard that respects the diverse levels of economic and social development among members, while ensuring sustainable agri-food systems.

6.8 Improve agricultural trade facilitation

Poor trade facilitation, with high bureaucratic requirements and lengthy export and import times, can negatively affect various dimensions of food security (Bonuedi et al., 2020). Commonwealth countries should consider adopting measures that facilitate trade and logistics to enable the smooth and quicker movement of food across borders and support distribution of food and agricultural products to the most vulnerable. In particular, the 40 Commonwealth countries that are net importers of essential foods might consider expediting the implementation of agricultural trade facilitation measures.

The WTO's Trade Facilitation Agreement (TFA) provides a framework with practical solutions for speeding up and streamlining the release and clearance of goods, including goods in transit. This can be even more crucial when dealing with essential products, or when transport and logistics have been severely affected (and thus are limited). Beyond the TFA, there are broader digital and sustainable trade facilitation measures that can specifically help facilitate agricultural trade (Box 6.7). These measures include establishing testing and laboratory facilities to meet the SPS requirements of main trading partners, creating national standards and accreditation bodies to facilitate compliance with SPS, enabling electronic application and issuance of SPS certificates, and providing special treatment for perishable goods at the border (Commonwealth Secretariat and UNESCAP, 2024).

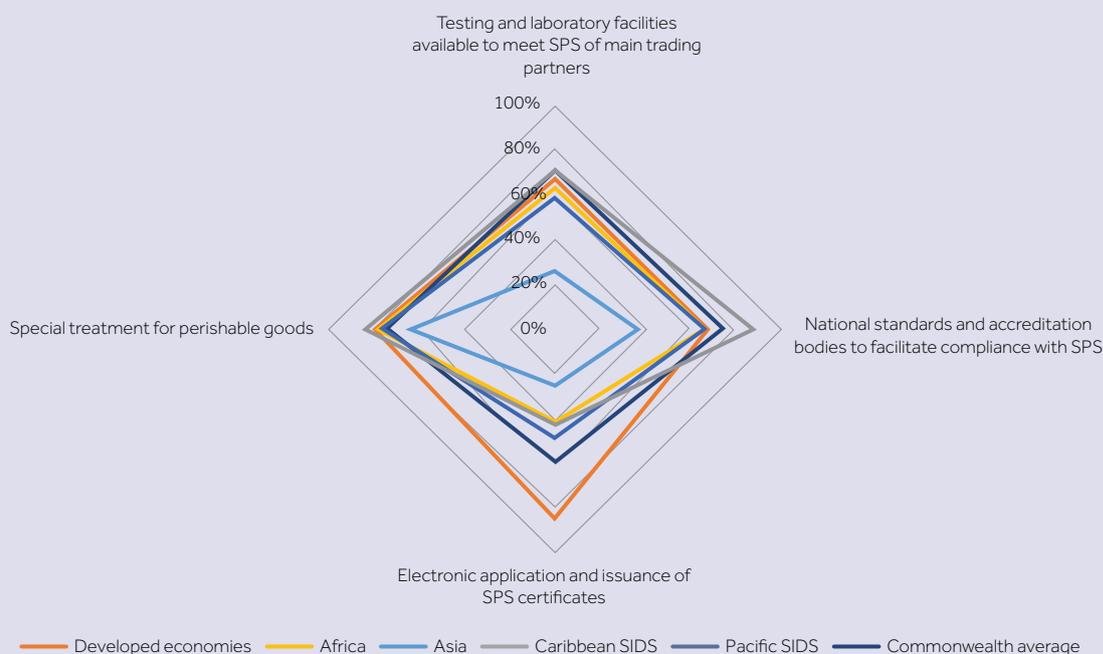
BOX 6.7

AGRICULTURAL TRADE FACILITATION IN THE COMMONWEALTH

The implementation rate of "agricultural trade facilitation" measures in Commonwealth countries stands at 61 per cent. Africa, at 60 per cent, is similar to the Commonwealth average, while developed economies (75 per cent), Caribbean SIDS (71 per cent) and Asia (69 per cent) are above the average. Pacific SIDS have the lowest implementation rate among the groups of countries at 38 per cent. The measure "special treatment for perishable goods" has the highest implementation rate at 74 per cent, followed by "national standards and accreditation bodies to facilitate compliance with SPS", which stands at 65 per cent (Figure 6.5). Close behind is the presence of "testing and laboratory facilities available to meet SPS of main trading partners",

with an implementation rate of 59 per cent. The measure with the lowest implementation rate in this sub-group is the "electronic application and issuance of SPS certificates", with an implementation rate of 47 per cent. Implementation of this measure is often incomplete, with only 21 per cent of Commonwealth countries having fully implemented it. These measures can be well implemented when supported by reliable data: to support the agricultural sector in national data management, the Commonwealth Secretariat has launched an initiative dealing with national data infrastructure.

FIGURE 6.5
STATE OF IMPLEMENTATION OF 'AGRICULTURAL TRADE FACILITATION' BY COMMONWEALTH REGIONS



Source: Commonwealth Secretariat and UNESCAP (2024)

6.9 Upgrade logistics infrastructure for resilient supply chains

Transport, storage and distribution are vital services for food trade and food security. Key trade-related infrastructure, including roads, railways, warehouses, cold storage facilities, ports and shipping routes, are essential for the timely delivery and preservation of food. Most food is transported by sea. While air freight is considered faster and more reliable, especially for exporting flowers, vegetables

and fruits, it is more expensive, harms the environment, and transports much less in volume and value compared to sea freight. With growing demands for greener supply chains, Kenya recently began transporting horticultural produce by sea to reduce carbon emissions and boost earnings (Box 6.8).

Since essential foods like cereals are primarily transported by sea, Commonwealth countries should invest in and upgrade their national port and shipping infrastructure, while improving transit and connectivity for landlocked neighbours, especially in Africa. This can be facilitated through Aid for Trade initiatives aimed at enhancing trade-related infrastructure. There is considerable variation across the Commonwealth in terms of maritime trade engagement and port operational efficiency (Wignaraja et al., 2021). Investing

BOX 6.8**KENYA SHIFTS TO AIRFREIGHTING PERISHABLES**

Sea freight has become viable for Kenya as it aims to increase its volume of exports by 50 per cent by 2030 and shift half of its horticulture exports from air to sea freight within 10 years. Horticulture generated US\$152.3 million in earnings in 2022 for Kenya.

Through EU-funded AfT and implemented by TradeMark Africa, the port of Mombasa has installed 795 reefer plug-in points and enforced a 24-hour cut-off acceptance time for fresh produce, aimed at decongesting the facility and attracting more horticulture dealers. Reefers are special refrigerated containers to keep goods fresh for longer. All verification of perishable goods by regulatory agencies will be done at the point of loading and permit approvals granted at the single window system to facilitate track-and-tracing. With the installation of the reefers, Kenya intends to use Mombasa to end its dependence on air freight for horticulture produce. European consumers are leading the push for significant decarbonisation in the value chains that supply fresh produce to their supermarkets and dining tables.

Source: Kitimo (2023)

in climate-resilient transport infrastructure, modernising ports to handle larger volumes of goods, improving dock facilities and expanding container storage capabilities can streamline the loading and unloading process.

6.10 Tackle food loss and waste

Increasing the production and consumption of fresh, nutrient-dense foods – such as fruits and vegetables, dairy products and meat – are essential for food security and nutrition. However, these are also the most perishable and susceptible to loss and wastage. More than US\$1 trillion worth of food is wasted each year across the world (UNEP, 2024). Prioritising the reduction of food loss and waste, along with adopting circular economy principles, are essential for moving towards sustainable agri-food systems. This approach enhances the efficient use of natural resources, minimises environmental impact, and ensures food security and nutrition (FAO, 2022). SDG 12.3 calls for halving per capita global food waste at the retail and consumer levels and reducing food losses along production and supply chains, including post-harvest losses.

Post-harvest losses often arise due to inadequate storage facilities, poor handling practices and insufficient processing capabilities. Addressing these issues requires targeted investments in post-harvest infrastructure. For instance, developing processing facilities that can clean, package and preserve food products adds value and extends their shelf life (see Chapter 4). Enhanced handling practices and training for farmers and distributors also play a role in reducing waste.

Improving access to transportation infrastructure ensures that food can be moved efficiently from harvest sites to processing plants and markets, minimising delays and spoilage.

Reducing this waste requires a shift in consumer behaviour, including education on mindful purchasing and promoting food recovery initiatives. Commonwealth governments, in collaboration with various stakeholders, should develop and implement national strategies, policies and public-private partnerships to accelerate action to reduce food loss and waste (UNEP, 2024).

6.11 Conclusion

Ensuring food security, while promoting food trade and investment to support healthy diets and better nutrition through sustainable food systems, will continue to be a key focus for Commonwealth member countries. These countries cover a wide range of agro-climatic conditions and produce a large variety of agri-food products, which is also reflected in their trade patterns. The presence of both significant food producers and numerous net food-importers within the Commonwealth presents a unique opportunity to enhance intra-Commonwealth trade and investment, especially by leveraging the Commonwealth advantage. The various policy options and initiatives outlined in this chapter – and summarised in Table 6.2 – are intended to significantly enhance pan-Commonwealth collaboration around food supplies, fostering improved food security and nutrition, increased agricultural productivity and greater resilience to food crises.

TABLE 6.2
POLICY AREAS FOR STRENGTHENING FOOD SECURITY THROUGH TRADE, INVESTMENT AND RESILIENT SUPPLY CHAINS

| Policy area | Actions |
|---|---|
| Strengthen intra-Commonwealth collaborative networks and co-ordination mechanisms | <ul style="list-style-type: none"> Consider establishing a phased Commonwealth Food Supply Arrangement, including a Commonwealth Food Reserve Bank. Deepen pan-Commonwealth collaboration through the: <ul style="list-style-type: none"> Working Group on Trade and Investment; Commonwealth Connectivity Agenda; Commonwealth Blue Charter; Commonwealth Living Lands Charter; and Commonwealth Climate Finance Access Hub. Develop and implement National Pathways for transforming agri-food systems. Share best practices to improve efficiency in agri-food systems and foster collaboration. |
| Improve the enabling environment for food-related trade and investment | <p>Trade</p> <ul style="list-style-type: none"> Foster greater collaboration across multilateral regimes on trade, environmental issues and climate change. Ensure compliance with WTO agreements and rules regarding transparency, notifications and export restrictions, while combating illicit agri-food trade. Pursue multilateral agriculture reforms to create a fair, market-oriented and sustainable trading system for agriculture. Ratify the WTO Fisheries Subsidies Agreement and conclude negotiations on outstanding issues. Implement the WTO's Trade Facilitation Agreement and specific measures that enhance agricultural trade facilitation. Leverage bilateral and regional trade agreements to sustainably grow agri-food trade. Address obstacles faced by informal cross-border women traders, especially in Africa. Use Aid for Trade to strengthen productive and supply capacities and develop agricultural value chains. <p>Finance and investment</p> <ul style="list-style-type: none"> Strategically target and incentivise food-related investments from both domestic (private and public) and international investors, prioritising those supporting local food production and processing capacity and enhancing the availability and accessibility of affordable, nutritious and healthy foods. Develop blended financing instruments, co-funding partnerships and other innovative instruments to expand socially responsible and environmentally sustainable investments targeting food sectors. Leverage Commonwealth diaspora networks and remittances for financing food projects. |
| Upgrade logistics and infrastructure | <ul style="list-style-type: none"> Invest in and modernise climate-resilient transport infrastructure, especially ports, roads and railways. Expand warehousing and cold storage and other handling facilities adhering to international standards and develop processing capabilities to reduce post-harvest losses and extend the shelf life of food products. Improve transit and connectivity for landlocked countries, especially in Africa. Utilise Aid for Trade to rehabilitate old and develop new trade-related infrastructure. |
| Leverage technology and digital innovation | <ul style="list-style-type: none"> Adopt digital technologies to support sustainable food production and trade. Invest in agri-tech, food tech and climate-resistant crop varieties. Enhance traceability and transparency in agri-food value chains using blockchains to improve income, livelihoods and food security for both rural and urban populations. |
| Provide capacity-building, knowledge and training | <ul style="list-style-type: none"> Strengthen dialogue and co-operation and build capacity to enhance agri-food regulations and public/private standards, leveraging initiatives like Aid for Trade and the Commonwealth Standards Network. Provide targeted support to women farmers, formal and informal traders, and SMEs to comply with domestic and international standards. Raise consumer awareness and develop public-private partnerships to reduce food loss and waste. |

Endnotes

- 1 The UN Food Systems Summit +2 Stocktaking Moment took place in Italy in July 2023.
- 2 Article XI:2 of the General Agreement on Tariffs and Trade (GATT) 1994 permits members to implement temporary export bans to avert critical shortages or enforce trade standards. Moreover, export restrictions must be essential for enforcing commodity standards or regulations, with "essential" being determined on a case-by-case basis. Article XX of GATT 1994 provides general exceptions for export restrictions necessary for public morals, health, or resource conservation, as long as they are not arbitrary or disguised trade barriers. Lastly, Article XXI allows for measures necessary for a member's essential security interests, including military or emergency-related situations.
- 3 Article 12 of the Agreement on Agriculture (AoA) details the rules regarding export prohibitions and restrictions on agricultural products. When a member imposes new export restrictions on foodstuffs, they must consider the impact on the food security of importing members and provide written notice to the Committee on Agriculture as far in advance as possible.
- 4 At times, WTO members may not succeed in providing notifications. This could necessitate members to discuss and establish more stringent notification and procedural standards. Furthermore, countries, particularly LDCs, may find the notification process burdensome, which complicates their ability to notify. This highlights the necessity to streamline notification procedures. Consequently, there is a need to find a balance between enforcing stricter procedures and maintaining simplicity.
- 5 The East African Community (EAC) is a regional intergovernmental organisation consisting of six states: Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. Kenya, Rwanda, Tanzania and Uganda are Commonwealth members.
- 6 The EAC adopted the Standardisation, Quality Assurance, Metrology and Testing Act (EAC SQMT Act, 2006), the EAC Principles and Procedures for the Development and Harmonisation of EAC Standards, 2022, and the EAC Protocol on SPS Measures. A key driver for these initiatives was the USAID project, which particularly focused on regulatory harmonisation and transparency (USAID, 2022).
- 7 See Article 20 of the WTO Agreement on Agriculture.
- 8 Australia, New Zealand, Malaysia, Singapore, Canada and the UK.
- 9 <https://press.un.org/en/2009/gaef3242.doc.htm>

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About this Review

The world is significantly off-track towards achieving Sustainable Development Goal 2 on zero hunger by 2030. Eliminating hunger, ensuring food security and promoting healthy diets and better nutrition through the development of sustainable food systems are priorities for Commonwealth member countries. This 2024 edition of the Commonwealth Trade Review explores how trade, investment and resilient supply chains can bolster food security for the Commonwealth's 2.7 billion people.

