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Trade Competitiveness Support

to the Commonwealth Countries





Boosting Trade Competitiveness of Barbados

Background

The National Strategic Plan of Barbados (2006-2025) envisioned in part a 'society driven primarily by a services economy fuelled by a steady rate of export growth'. This vision is echoed in the country's Medium-term Growth and Development Strategy 2013-2020, whose overarching aim is to sustain private sector and investment-led productivity and export-driven growth, based on an environmentally green and socially sustainable and equitable economy.

Request for technical assistance

In 2012, the Ministry of Finance and Economic Affairs asked the Commonwealth Secretariat to provide technical assistance to design a five-year National Services Sector Development Plan (NSSD) as a framework to guide the creation of an environment that supports growth and the sustained development of a high-quality, high-grade and high-value services sector.

Progress of the project

Following extensive discussions with government authorities and internal assessment, it was agreed that the Barbados Coalition of Services Industries - a government-funded agency under the Ministry of Finance - would act as the Secretariat's counterpart in-country, coordinating the project and bringing the relevant stakeholders on board. The project was launched in Barbados in April 2013.

The project was completed in 2014 with the submission of the following:

Output 1: The Barbados NSSD, with three main pillars as below:

1. **Services sector development:** placing services at the forefront of the national agenda in Barbados and creating a services-oriented culture and economy where services are valued. Specific strategies include:
 - a. **Valorising services throughout the economy:** These strategies will show the benefit of services to the economy, their business potential and the personal opportunities within the services sector to encourage a coordinated commitment to developing the sector.
 - b. **Creating a competitive services environment:** These activities will ensure the domestic and international environment within which service providers operate facilitates competitiveness.
 - c. **Ensuring services are delivered as a business:** will encourage the growth and development of services businesses that are able to compete globally and run professionally to make a profit.
 - d. **Providing a pool of appropriate human resources for high-value services:** The principal factor of production in the services sector is human resources, which are limited in Barbados given the relatively small size of the country. As such, there is a need to maximise the existing pool to enable future growth and development of the services sector.

2. **Services upgrading:** as A relatively small country with a relatively small labour force, ensuring growth in the services sector comes from increasing the value of the services provided. This will be achieved through:
 - a. **Quality management** to ensure that, domestically and internationally, Barbados provides quality services, becomes known for these and services providers are able to benefit and get a return.
 - b. **Ensuring quality government services (leading by example):** Government is the largest services sector in Barbados, thus various initiatives are required to inculcate quality service delivery across ministries, departments and agencies.
 - c. **Using services to improve efficiency throughout national value chains:** Business support and development services are key components of competitiveness, and encouraging the consumption of such services throughout national value chains in Barbados will not only grow the services sector but also increase profitability and growth across the board.
3. **Services sector brand development:** In addition to the more generic strategies that will apply across all services sectors, Barbados needs to focus on two or three priority sectors to promote internationally through increased exports and investment. Based on capability and market assessment, priority sectors here include tertiary education and knowledge processing.

Output 2: The NSSD Implementation Plan outlines specific tasks for the relevant government and private sector entities as a means of establishing a clear structure for implementation and monitoring.

Results

The project is expected to result in the following by 2018:

- Increased contribution of exported services to overall employment generation in terms of new careers, technology-intensive jobs and international partnerships;
- Improved performance with the agriculture and manufacturing sectors;
- Greater diversification within the services sector beyond tourism and financial services to include new export sectors;
- Increased penetration and diversified services export offerings in existing market destinations and access to new and emerging non-traditional markets;
- Heavy investment in information and communication technology as a delivery mode for 'borderless 24/7 trading'.



Boosting Trade Competitiveness of Belize

Background

Horizon 2030, the Long-term Development Framework for Belize, sets out the country's priorities in four key areas: democratic governance, education, economic resilience and health. The Government's trade strategy is built around creating a business-friendly environment with a strong focus on developing and promoting opportunities in the services sector, such as niche tourism and business process outsourcing (BPO). At the global level, a key requirement of Article 27(4) of the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures (ASCM) was that developing country members such as Belize phase out export subsidies by December 2015.

Request for technical assistance

In 2014, the Ministry of Trade, Investment Promotion, Private Sector Development and Consumer Protection requested support from the Commonwealth Secretariat to:

- i. improve export competitiveness in the outsourcing sector;
- ii. support the establishment export hubs for selected sectors, including agri-business and medical services; and
- iii. assess the country's export and investment support programmes in the context of adhering to the requirements of the WTO ASCM.

Progress of the project

Following extensive discussions with government authorities and internal assessment, it was mutually agreed that resources would support i) and iii) above. Consequently, the project was launched in early 2014. Assistance to support the outsourcing sector had the following components:

- Developing an outsourcing strategy;
- Designing a standards framework;
- Capacity-building to strengthen the Belize Trade and Investment Development Service's (BELTRAIDE's) support to the sector.

Assistance to comply with the WTO ASCM comprised advisory work on policy and legal measures, including on draft legislation.

Component 1: Improving competitiveness of the outsourcing sector

This was completed in February 2016 with the provision of the outputs outlined above to the Government of Belize. The strategy aims to double supply capacity in three to five years, mainly through increasing the country's international visibility as a viable outsourcing destination as well as investment in 'BPO-ready' facilities and upgrading of skills. As regards standards, the approach is to strengthen the industry association in order to build capabilities to agree with and adhere to voluntary standards, while holding relevant government agencies to account in enforcing statutory standards.

Component 2: Compliance with the WTO ASCM

The analytical report, recommendations and draft legal instruments were submitted to the Government of Belize in November 2015 and subsequently notified to the WTO.

Results

- A more diversified services sector providing more value-added services, underpinned by effective quality control;
- Increase of BPO capacity to 4,600 seats by Year 5;
- Streamlined, WTO-compatible export and investment facilitation programmes.



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Boosting Trade Competitiveness of Botswana

Background

Botswana is hailed as an economic success story for the Southern African region and, to a large extent, for Sub-Saharan Africa. Although it is a small landlocked country, with a population of roughly 2 million, Botswana boasts middle-income status and has a gross domestic product per capita of US\$7,700. Despite its economic growth successes, however, Botswana continues to exhibit persistent levels of unemployment, pockets of poverty and income inequality. The country's exports are dominated by minerals, in particular diamonds, which contribute over 80 per cent, followed by copper and nickel, which contribute about 7 per cent. This trend has been of great concern to the country in view of the volatility of the commodities market and the predicted decline in diamond revenues. Economic diversification remains a priority for the government.

Request for technical assistance

In June 2015, the Government of Botswana through the Ministry of Investment Trade and Industry (MITI) requested from the Commonwealth Secretariat technical assistance for the development of a national strategy on Aid for Trade (AfT). The strategy was expected to be in line with the World Trade Organization (WTO) AfT initiative and was required to feed into the Southern African Development Community (SADC) regional AfT strategy. In April 2016, MITI further requested assistance from the Secretariat to review the implementation of its five-year National Export Strategy (NES) and to develop a new strategy for 2017-2021.

Progress of the project

The AFT project was launched in September 2015 with a scoping mission and stakeholder engagement to delineate its scope. Following this, the project carried out two mapping studies, of existing policies that have impacts on trade and development, and identification of previous and ongoing AfT projects of major bilateral and multilateral donors and regional and international organisations in Botswana. Following the review of the mapping studies and 3 stakeholder consultations, the AFT strategy was developed.

Component 1: Aid for Trade

AfT has become an important vehicle to assist developing countries to improve their trade capacity and benefit from the expansion of global markets. The benefits of a liberalised trade regime can be fully realised only in an economy with efficient infrastructure linking local producers to domestic, regional and global markets and a regulatory environment that encourages a vibrant private sector. Developing countries, particularly those that are least developed, require help in building their trade-related capacity to integrate and compete effectively in global markets.

Following the request from Botswana, the Trade Competitiveness Section (TCS) at the Commonwealth Secretariat worked with the principal officers of MITI to develop a project with specified objectives and to a timeframe of 12 months. The programme of assistance was successfully implemented and the AFT strategy was launched on 20 September 2016.

The Botswana AfT strategy identifies priority areas for assistance (technical and financial) across sectors and provides strategic guidance for the country to position itself to attract and take advantage of AfT resources in pursuit of efforts to diversify the economy, create employment and reduce poverty.

The AfT strategy also aims to drive the implementation of the National Development Plan, which identifies priority areas in accordance with relevant key national development objectives, which are to eradicate poverty and reduce inequality; achieve diversified export-led economic growth and employment creation; and strengthen human development.

Included in the strategy is a results-based management framework to monitor and evaluate implementation of the strategy and calibrate donor assistance received. This is expected to enhance reporting during the WTO's Global Reviews on Aid for Trade.

Component 2: National Export Strategy review and development

The TCS is also providing technical assistance to MITI to review the NES 2010-2016 and identify strategic options for export development. This intervention will consequently assist exporters or export-ready firms from strategic sectors to increase exports in regional and international markets.

The NES 2010-2016 outlines the goals and aspirations of the strategy, which include, among others, the need to (i) make the non-mineral export sector a major engine of growth by maximising the growth of the sector and its contribution to overall economic growth as well as diversifying the export base; (ii) maximise the non-mineral export sector's contribution to

employment creation, rural development, gender equality and poverty reduction; and (iii) improve the business environment and lower the direct costs of doing business by removing bottlenecks to trade, developing appropriate infrastructure and making available to exporters professional services such as clearing, freight forwarding, packaging and labelling. Two preliminary reports on the review of the strategy and its implementation have been submitted to MITI. Work is ongoing for the completion of a new NES 2017-2021, including identification of potential new products and markets for export diversification and an implementation matrix for monitoring and evaluation.

Results

If adequately implemented by Botswana, the AfT and NES strategies should result in improved overall trade performance for Botswana and reflect increased trade in non-mining exports; increased intraregional trade specifically within the Southern African Customs Union and SADC specifically, and in the global economy generally; expansion into new export markets; and increased benefits of trade for poor people, particularly women and youth, given the high unemployment rate among this group.



Boosting Trade Competitiveness of the East African Community

Background

The East African Community (EAC), comprising the Republic of Kenya, Republic of Uganda, the Republic of Burundi, the Republic of Rwanda, the Republic of South Sudan and United Republic of Tanzania (collectively referred to as the Partner States) are bound by a treaty to create a customs union, a common market, a monetary union, and ultimately a political federation. In November 2009, the EAC signed a Protocol on the Establishment of the East African Community Common Market. Under this Protocol, the Partner States provided for progressive removal of restrictions to result in the free movement of services, capital, persons and workers, as well as rights of establishment and residence.

In keeping with the above, the EAC is in the process of:

- i. operationalising the free movement of services through the progressive removal of restrictions;
- ii. concluding mutual recognition agreements among professional regulators.

Request for Technical Assistance

In February 2016, the Deputy Secretary-General of the EAC, acting on a directive from the responsible Ministers of the EAC to seek technical assistance to support the integration process, requested support from the Commonwealth Secretariat to support the EAC Secretariat and the Partner States to deepen their regional integration process. The focus of the support would be on supporting the EAC to ensure that the Common Market works for businesses by addressing the weaknesses that were identified

in the Common Market Protocol, and to support the deepening of regional integration through the negotiation of Mutual Recognition Agreements (MRAs) in professional services.

Progress of the Project

With respect to MRAs, the project has already resulted in the conclusion and entry into force of an MRA among veterinary professionals in the EAC. This will support cross-border agricultural trade by ensuring that there is a market in the necessary supporting services.

Negotiations for an MRA among land surveyors, who are important for infrastructure development, has also concluded, as well as negotiations for an MRA for advocates has also concluded. Both MRAs are scheduled to be signed this year.

The project is also supporting the negotiation of a Treaty Annex to ensure that concluded MRAs are implementable. When complete this Annex will be put to the EAC Summit of Heads of State for signature.

With respect to the Common Market, initial work has focussed on working with the East African Business Council to define the regional private sector's position for on the review of the Common Market Protocol. In the next phase, support will be given to the EAC Partner States to undertake the review and, where applicable, deepening, of the Common Market.

Partnership in Implementation

The support to the EAC is being undertaken in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). Under this partnership, the Commonwealth

Secretariat provides the analytical, advisory and negotiation support to the EAC Secretariat and the EAC Partner States, working with GIZ advisors based at their regional office at the EAC and its country offices throughout East Africa. GIZ provides the financial support to the process by funding all logistics costs of the negotiations.

As part of this collaboration, the Commonwealth Secretariat was invited to discuss its work programmes, areas for cooperation and the emerging issues in the global trade landscape at GIZ's biennial retreat for its staff based both in Germany and in the field. Subsequently, it was agreed that the Commonwealth Secretariat and GIZ will continue to work together to support the EAC, and share experiences and lessons learnt with GIZ's other regional programmes in Southern Africa and Western Africa.

During the course of implementation, the Secretariat was approached the International Trade Centre (ITC) to support their Trade and Regional Integration in East Africa Project. Under this project, the ITC was given funding by the Government of Finland to provide support to the private sector in East Africa to formulate a regional position on the review of the Common Market. Once again, the Secretariat was tasked with providing the analytical leadership by drafting the study and a draft position paper which was validated by private sector organisations from across East Africa. This position paper is to be used by the East African private sector, through their regional East African Business Council, in their engagement with Heads of States and Ministers on the Common Market. ITC and the Government of Finland was responsible for covering was responsible for covering all the logistics costs of this work.

Expected Results Upon Completion

The cost of non-implementation of the Common Market has been shown to result in regional trade being lower than it otherwise would have been. By supporting Partner States to implement the Common Market, this project will result in certainty and stability for service providers, which in turn will support regional trade in not only services, but on the manufactured goods and agriculture that rely on services. This in turn will lead to economic growth in the East African Community.



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Boosting Trade Competitiveness of Grenada

Background

Grenada is a Small Island Developing State (SIDs) with a population of approximately 108,500. It has an open economy, highly susceptible to both external economic shocks and natural disasters, which periodically destroy critical infrastructure. Grenada is reliant on a small range of goods and services for export. Historically, agriculture has been the most important sector of this upper-middle-income economy, dominated by nutmeg, mace and fish production. However, agriculture now accounts for only approximately 6 per cent of gross domestic product; services (mainly tourism) and manufacturing have assumed increased significance. Grenada's export sector is uncompetitive, largely because of higher production costs (particularly for labour and energy), lack of appropriate technology and poor productivity.

Request for technical assistance

In 2015, the Commonwealth Secretariat provided support to the Government of Grenada to review its 2006 National Export Strategy (NES) with the aim of using lessons from the design process and outcomes of the first strategy to develop a new strategy (2016-2020).

The support provided by the Commonwealth Secretariat covered:

- the review of Grenada's first NES (2006-2011);
- development of a strategic options paper for export development – to assist the country to consider its options in improving supply-side constraints in key sectors of the economy;

- support to design Grenada's second NES (2016-2021);
- support to draft and finalise the NES strategic document, its aligned action plans and the monitoring and evaluation framework.

Progress of the project

The technical assistance provided commenced with the NES (2006-2011) review process, which was considered highly participatory, drawing together a range of stakeholders over a four-month period from the public and private sectors and civil society to discuss the aims and objectives and design process of the first NES. Findings from the review were used to enrich the new design process, to update and restructure the previous strategy, which broadly had not been implemented, in part because of resource constraints, including a lack of institutional capacity. Between January and July 2016, a series of stakeholder meetings, sector workshops and a national consultation symposium were held to develop the new strategy. The core team working on the strategy presented the first draft strategic document to the cabinet, Government of Grenada, on 22 August 2016. The cabinet broadly endorsed the strategy, with some caveats for further consideration, which the final document subsequently addressed. The revised draft NES document, action plan and monitoring and evaluation framework were submitted in October 2016. The final text of the NES document and the action plans were released at the end of January 2017.

Results

Implementation of the NES is expected to support Grenada's diversification of exports agenda, particularly improving value addition in traditional and non-traditional goods. The country's export sector has been identified as uncompetitive largely because of high production costs (particularly for labour and energy), lack of appropriate technology and poor productivity. Interventions designed under the NES are poised to help address these challenges. The overall objective of this project is improvement of the competitiveness of Grenada's goods in regional and international markets. With full implementation of the NES, country exports in the targeted sectors are expected to increase by a quarter.



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Boosting Trade Competitiveness of India

Background:

India's foreign trade policy of 2015–20 has the broad objective of promoting the Make in India initiative. This policy aims at raising India's participation in world trade, as well as increasing the domestic value-added content of India's exports while promoting 'brand India'. One of the ways in which these three objectives can be simultaneously achieved is if India initiates its own global value chains (GVCs) in a manner that not only increases its share in world trade, but also increases its global competitiveness.

Request for technical assistance

In April 2015, the Government of India, through the Ministry of Commerce and Industry, requested the Commonwealth Secretariat to provide technical support in the design, development and launch of a project aimed at assisting India to form its own GVCs and link suppliers from Least Developed Countries (LDCs) into these GVCs.

It was highlighted that the government is keen to incentivise Indian firms to initiate GVCs under their own brands. It was suggested that the markets to be assessed where India could potentially boost its exports were the Regional Comprehensive Economic Partnership (RCEP) negotiating countries, the EU, USA and selected African countries. In this context, the main objectives of the proposed project were to: determine India's lead products in the identified markets and estimate the rise in their market share based on their competitiveness; formulate a strategic plan of action to enable India to form its own GVCs in these products; increase domestic value addition in its exports; and improve India's

trade competitiveness by sourcing inputs from more competitive suppliers, which may in turn lead to a higher utilisation rate of its LDC package.

Progress of the project

The project was launched in June 2015 with a study undertaken to identify India's lead products and their potential GVCs, which could also link LDCs into these GVCs. The results of the study were shared with industry by organising two industry consultations in partnership with the Federation of Indian SMEs (FISME) and the Federation of Indian Chambers of Commerce and Industry (FICCI) in Delhi and Mumbai. The industry provided their inputs, endorsed the methodology and, subsequently, the results.

The study contributes to the Make in India campaign by identifying India's lead products in 50 different markets (including RCEP countries, the EU, USA and selected African countries) where Indian products have a competitive edge and can capture a higher market share. The study further identifies inputs that India can source from LDCs at more competitive rates when compared to their current sources. This will help improve the utilisation rate of India's LDC package and integrate LDCs into India's GVCs.

The four main contributions of this study are:

- i. it identifies India's lead products in 50 identified markets, where India has the potential to capture additional market share and form its own GVCs;
- ii. it estimates India's potential market share in each of the identified markets;

- iii. it identifies LDCs which can link into India's GVCs by supplying inputs, and estimates the potential market access for the identified LDCs; and
- iv. it identifies and estimates product-wise investment potential in LDCs and categorises inputs that may require regional investment and those where Indian investment can go to help LDCs link into India's GVCs.

A list of 35 unique lead products for India have been identified, with 71 lead product–market combinations. The lead products are from 16 broad Harmonized Commodity Description and Coding System (HS) chapters. These include products like processed fish, cashew nuts, appliances, dyes, leather articles, footwear, carpets, women's dresses, textiles furnishing articles, jewellery, machinery, turbines, transformers and tractors.

In terms of markets, the total potential market share in the identified lead products was estimated to be worth US\$22.8 billion in addition to India's existing exports of US\$10.7 billion in 2015, implying that there is potential to increase exports of these lead products by 112 per cent. It was estimated that in the US market, existing exports of US\$7.9 billion could increase to US\$17.5 billion, a rise of almost 120 per cent; meanwhile in the UK, potential exports could increase to US\$3.1 billion from the existing US\$1.3 billion (a 125 per cent increase). In the EU, exports of lead products have the potential to rise by US\$1.2 billion (an 80% increase) from the current value of just US\$700 million.

The study also identifies 20 LDCs, which are found to be cost-competitive as sources of inputs for India, compared to existing sources of those imports. These LDCs can together

export around US\$ 12 billion worth of inputs into exports of India's lead products. There are 20 LDCs that can export 129 unique inputs at HS 6-digit (55 at HS 4-digit) more competitively for India's GVCs in the identified lead products. These include Benin, Nepal, Senegal, Malawi, Zambia, Guinea, Cambodia, Mali, Rwanda, Bangladesh, Mozambique, Sierra Leone and Togo, among others. Uganda is found to have maximum potential market access (US\$2.4 billion) into India, followed by Tanzania (US\$1.9 billion). There are 192 LDC-input combinations identified at the HS 4-digit (281 at 6-digit HS).

Results

To actualise the potential trade estimated by this study, it is important to initiate a common sustainable platform, where the producers/exporters/importers from Africa and other LDCs can meet Indian firms. For this purpose, the Secretariat has launched India's Commonwealth SME Association (ICSA) (<http://www.icsa.net.in>). The main objectives of this association are to provide a sustainable platform for exporters and importers to regularly meet to build awareness of existing global standards, as well as to encourage regional and extra-regional investments in areas where African LDCs have competitiveness but lack supply capacity. The association can be beneficial for both India as well as African LDCs, since it will enable Indian firms to source their inputs more competitively while at the same time helping African LDCs to improve their supply capacities and diversify their export baskets. ICSA has set up an Advisory Board and is in the process of hosting its first meeting of Commonwealth SMEs in 2017.



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Boosting Trade Competitiveness of Jamaica

Background

The Commonwealth Secretariat has provided support to key projects of the Government of Jamaica over the years to aid with the country's economic development. Secretariat support has helped Jamaica's agencies including the Jamaica Promotions Corporation (JAMPRO), the ministries responsible for trade and the Ministry of Transport to advance the development of key priority sectors and national strategies or initiatives.

Requests for technical assistance

- i. In October 2014, the Secretariat received a request from the Planning Institute of Jamaica for technical assistance to establish ship repair/dry docking facilities in Jamaica. The request for support built on previous work the Trade Division had undertaken in the maritime sector with a focus on increasing value and developing the institutional framework for the sector to operate effectively. Previously, the division had undertaken work on a framework on establishing a maritime hub in the region and a market study on bunkering.
- ii. In late 2014, the Secretariat received a request from the Government of Jamaica to design the country's second National Export Strategy (NES) 2015-2019. The Secretariat's Trade Competitiveness Section (TCS) assisted with designing the new strategy over a nine-month period, drawing on lessons from the review process of the first NES and focusing on emerging areas of competitive advantage with due regard for the demands of the global marketplace, supply-side constraints within the country and bottlenecks at an institutional level within key enabling sectors of the economy, such as finance.

Progress of the projects

Project 1: Dry docking facilities

The project was launched in February 2015. One of the first outputs following consultation was a study that applied macro as well as micro approaches to analyse the potential benefits and constraints for dry docking in Jamaica and suggest a way forward. The study considered the broad parameters of world maritime trade, the shipbuilding market and key trends in the ship repair sector before drilling down into the local competitive factors; the potential parameters of the Jamaican ship repair market; and, at a very practical level, the type of ship repair services most appropriate to deploy in Jamaica as well as precisely what interventions are needed from the government.

Throughout the preparation of the study there was strong recognition of the importance of capitalising on the current climate of opportunities that permeates both the public and private sectors with regard to establishing ship repair/dry docking services in Jamaica, for example the imminent widening of the Panama Canal. The research and analysis indicated that the time was ripe for such an intervention and it was hoped that the study would play an important role in establishing such services promptly to the benefit of the sector and Jamaica as a whole.

The study identified the areas of intervention and the role the government could play to promote these facilities. It was highlighted that the government needed to clear the path for the set-up of ship repair/dry docking services through undertaking any required legislative/regulatory reforms.

Project 2: The second NES design process

Jamaica's second NES design process commenced in November 2015. The main objective of this project was to improve Jamaica's export performance by advancing the competitiveness of firms and priority industry sectors, while enhancing the business and trade environment. The priority sectors were identified as agriculture/agri-business; film and animation; light manufacturing; mining; and information-technology enabled services. Expected outcomes by the end of project implementation in 2019 are a stronger economy, delivered through an improved export sector; the growth of non-traditional exports; an increase in higher-value products for export; increased trade in new markets; increased employment as a consequence of expansion in the priority sectors; and an improvement of international competitiveness.

Results

The impact of the dry docking study can be assessed through the increased interest of the private sector in establishing facility in Jamaica. Inspired by the study, a major German shipping line, Harren & Partner, has expressed its desire to establish a dry docking facility in Jamaica. The managing director of this company visited Jamaica and held discussions with government officials (chair of the Ports Authority and other key agencies) on the formalities of setting up a dry docking facility. Negotiations are at an advanced stage, with a potential investment commitment of US\$30 million. The Secretariat's intervention has highlighted potential benefits for the investors as well as the economy of boosting dry docking facilities, which has encouraged potential foreign direct investment into the economy.

Jamaica's previous Prime Minister Portia Simpson-Miller launched Jamaica's second NES in August 2015. Implementation of the NES commenced in September 2015. The NES 2 incorporates a strategic action plan, and an electronic monitoring and evaluation framework to assist accountable agencies to implement the action plan; achieve results; and measure how and where export growth occurs over the period. Finalisation of the NES 2 has precipitated alignment of the country's Foreign Trade Policy with the strategy. The Ministry of Foreign Affairs and Foreign Trade has produced an action plan that ties the NES 2 to its trade policy work. It is noteworthy that a key recommendation of the NES is to develop Brand Jamaica, to enable the country to benefit from its globally recognised culture and unique products and services. Brand Jamaica has been recognised as one of the underdeveloped areas of Jamaica's competitive advantage, with support required to fully realise the country's potential to enter new markets and increase its market share in existing trading relationships. To provide further support to Jamaica's export diversification drive, the Secretariat is also supporting JAMPRO to identify new competitive products and potential markets and to link industries into global value chains. This is captured through work under the new products and new markets scheme of the Commonwealth Secretariat's Trade Division's TCS.



Boosting Trade Competitiveness of Kenya

Background

Kenya's services sector accounts for just under 60 per cent of its gross domestic product (GDP). Between 2005 and 2013, services exports increased by 13 per cent, reaching an estimated US\$3,943 million in 2013, equivalent to 40 per cent of total exports. Transportation accounts for more than half of Kenya's exports (55 per cent), followed by travel (24 per cent). Other commercial services—a diverse category encompassing a wide range of services—accounts for about 20 per cent of exports. According to the World Bank, the fastest-growing sectors of the economy in 2014 included construction (12.9 per cent), finance and insurance (9.1 per cent), wholesale and retail trade (8.5 per cent) and information and communication technology (ICT) (8.2 per cent).

Request for technical assistance

In September 2012, the Government of Kenya, through the Export Promotion Council (EPC), requested assistance to support further efforts to develop and enhance the country's export value chain and reduce barriers to Kenya's global competitiveness. In support of this aim, assistance was provided to:

- i. enhance the development and promotion of the country's professional services; and
- ii. develop an action plan to institutionalise the International Transports Internationaux Routiers (TIR) Carnet System in Kenya, which will be integrated within the East African Community (EAC).

EPC identified these areas as result of the Kenyan Government's recognition of the important role services can play in economic development and

wealth creation. Policy documents at the macro, sectoral and institutional level (including Kenya's Vision 2030; the Private Sector Development Strategy; and the Strategic Plans of the Ministry of Trade and the EPC) all outline key actions aimed at boosting the country's non-tourism services sector. Kenya's commercial services accounted for 9.3 per cent of GDP in 2010, having increased by 14 per cent since 2005. Professional services exports accounted for about US\$600 million in 2011.

Progress of the project

Component 1: Professional services

The market and export readiness of the services sub-sectors were assessed on the basis of global and regional demand, skill capabilities, infrastructure capacity, industry clusters and the business environment. The results demonstrated that ICT, business process outsourcing (BPO) and non-banking-financial services (NBFS) were better suited to the international market. The rest of the sectors require further capacity development and support; therefore, regional markets offer the best prospects in the short term.

In addition to enhancing the diversification of the country's export products, and in line with the EPC's primary objective to address bottlenecks that are facing exporters and producers of export goods and services, transport facilitation is a subject that has acquired prominence in Kenya. Transport-related issues in Kenya have acquired a renewed sense of urgency, as these have generally had an impact on national productivity and the cost of doing business in the East African region. The cost of the transport component in the country's import-export business is rising and has thus affected the region's international

competitiveness. Application of the TIR system in Kenya and the East African region has the potential to improve the business environment and reduce the cost of doing business.

Component 2: Action plan to institutionalise the International TIR CARNET system

TIR is a robust international transit system governed by the TIR Convention, which is managed and administered by the United Nations Economic Commission for Europe and currently has about 70 signatories. The TIR Convention permits the international carriage of goods by road from a customs office of departure in one country to a customs office of destination in another country, through as many countries as required without any intermediate frontier checks unless customs authorities decide otherwise.

The geographical location of Kenya, combined with the status of Mombasa as a key transit port for neighbouring economies, particularly EAC Member States, underlines the rationale for ratifying and implementing the TIR Convention. Both the Northern Corridor and the planned Lamu Port, South Sudan, Ethiopia Transport Corridor, fed by an enhanced Lamu Port, would derive significant benefit from a transit regime streamlined within a TIR environment.

Results

Implementation of an effective countrywide industry development and promotion initiative requires a centralised organisation that can support, coordinate and facilitate the various stakeholders involved. A central 'apex body' can, while synchronising these activities, also become a unified voice for policy advocacy and address cross-cutting issues. In the current context, this

apex body is essentially a coalition of stakeholders from the professional services sectors. This intervention has led to the establishment of the Kenya Association of Services Industries under the ambit of the Association of Professional Societies of East Africa.

A feasibility study was conducted and TIR appears to be feasible in Kenya and would also be beneficial to the region if implemented. Transit times and border procedures for exports out of the region via the coastal ports would reduce, thereby lowering costs and increasing export competitiveness. The National Trade Facilitation Committee of Kenya has decided to incorporate TIR into its transit work plan. The intervention has also led the EAC Secretariat to consider incorporating TIR into the EAC Transport Strategy and Regional Roads Sector Development Programme. The EAC Secretariat is also considering TIR as an option in its upcoming study of regional transit schemes. This intervention is ongoing and is in the implementing planning phase. The perceived benefits of TIR to Kenya and EAC are:

- reduced transit times and thus cost in relation to transit cargoes;
- facilitation of exports and imports to and from trading partners in Europe, the Middle East and other regions where the TIR Carnet is in use;
- mitigation of risk to transit cargo entering the domestic market and consequential loss of revenue;
- added value to multimodal operations, particularly as railway infrastructure comes on line;
- Kenya becoming the 'thought leader' on TIR in the EAC region and a central player in its implementation.



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Boosting Trade Competitiveness of Lesotho

Background

Lesotho has moved from being a predominantly subsistence-oriented economy to being a lower-middle-income economy exporting natural resources and manufactured goods. The exporting sectors have brought higher and more secure incomes to a significant portion of the population. The Government of Lesotho is committed to diversifying the economy and improving the productive capacity of key sectors, utilising a number of key institutions and parastatals to drive this process.

The Lesotho National Development Corporation (LNDC) is the main parastatal of the Government of Lesotho charged with implementation of the country's industrial development policies. It has a mandate to 'initiate, promote and facilitate the development of manufacturing and processing industries, mining and commerce in a manner calculated to raise the level of income and employment in Lesotho'. LNDC promotes Lesotho as an attractive investment location for both foreign and indigenous investors, making it the first point of contact for investors who intend to invest in Lesotho. To this end, the corporation plays a leading role in national branding initiatives, investment promotion and policy advocacy for a streamlined and predictable investment climate. This intends to ensure market opportunities and sustainability for entrepreneurs (domestic investors) and growth of foreign direct investment.

LNDC has recently been charged with the responsibility of developing a structure for export promotion and diversification, in addition to its traditional role as an investment promotion

agency. The Government of Lesotho recognises the importance of export diversification as a key requirement in attaining high and shared growth. The National Strategic Development Plan (NSDP) incorporates an export-led economic strategy. The NSDP Growth Strategy aims to exploit international markets, predominantly in labour-intensive export industries, to supplement the small population and low per capita income levels. It prioritises the development of productive capacities in micro, small and medium-sized enterprises, commercial agriculture and the rural economy, manufacturing, tourism, information communication technology and mining. Consultations are therefore ongoing towards the development of a National Export Strategy that is aligned with Lesotho's trade policy direction.

Request for technical assistance

In January 2016, the Government of Lesotho, through LNDC, requested technical assistance from the Trade Competitiveness Section of the Secretariat to strengthen the capacity of the institution in trade and investment promotion; creating export opportunities; diversifying the export base; and designing a national branding programme. The LNDC required this technical assistance to develop a structure for export promotion and increase the visibility of Lesotho as an investment destination through the development of a national branding programme, as a powerful tool to communicate the values of the country and to create a coordinated and consistent message that resonates with investors.

Progress of the project

Following a scoping mission to Maseru in June 2016 to validate the request for the intervention and meet with relevant stakeholders, a Project Information Note was designed on delivering the requested technical assistance. The work programme is split into three components: capacity-building for LNDC; development of marketing export strategies; and development of a national branding programme. The following specific objectives were agreed for the project:

1. Strengthen the capacity of LNDC on trade and investment promotion through targeted capacity-building training on export promotion;
2. Undertake an analytical study on new product new market schemes for Lesotho and development of a strategic organisational plan to support export promotion and diversification activities and brand management activities for LNDC;
3. Develop strategies that link Lesotho businesses to existing value chains regionally and globally (automotive, arts and craft, textiles and garments and organic produce);
4. Develop a capacity-building programme for trade support institutions to facilitate the development of productive capacity in priority sectors;
5. Provide strategic direction and guidance on a national branding campaign to create a 'Lesotho brand' and promote a culture of excellence that sells Lesotho as a destination of choice for investment.

Results

The assistance is expected to result in four major outputs or potential outcomes.

1. It will build the capacity of LNDC to improve its trade and investment promotion services (with a focus on the core duties of an export promotion agency).
2. It will lead to the development of a new product new market scheme, pinpointing opportunities for export diversification.
3. It will identify the potential to link Lesotho businesses to existing regional/global value chains.
4. It will lead to the development of a national branding strategy to promote Lesotho as a prime investment destination.

If adequately implemented by Lesotho, the product export marketing strategies developed should result in improved overall trade performance for the country and reflect increased trade in the selected product lines; increased intraregional trade specifically within the Southern African Customs Union and Southern African Development Community specifically, and in the global economy generally; expansion into new export markets; and increased benefits of trade for poor people, particularly women and youth, given the high unemployment rate among this group. In addition, LNDC's capacity to provide export facilitation services to Basotho businesses should ensure that small and medium enterprises in Lesotho have equal access to global markets with adequate market information and trade support facilities and the creation of a national brand should accelerate the promotion of the country as a model investment destination and its product as quality assured.



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Boosting Trade Competitiveness of Mauritius

Background

Mauritius maintains an open trade policy that is focused on transforming its economy from a monoculture economy reliant on sugar, to a diverse economy where agro-processing, fisheries and, critically, services play an important role. The co-operation between the Commonwealth Secretariat and Mauritius on trade is long-standing and the Secretariat has supported Mauritius in several areas.

Requests for technical assistance

Over the past 10 years, the Government of Mauritius has made the following requests:

- i. In 2006, Mauritius approached the Secretariat to request its assistance in examining the seafood industry with a view to developing an action plan positioning Mauritius as a seafood hub. The project involved the identification of trade promotion measures Mauritius should take to advance this goal. The subsequent study informed Mauritius policy interventions to advance the Mauritius Seafood Hub.
- ii. In 2010, Mauritius requested assistance to improve the environmental sustainability of its hotel and restaurant industry. The project assisted hotels and restaurants in Mauritius to adopt environmentally sustainable practices, provided recommendations on improving the environmental standards in the tourism industry, and provided the private sector with a handbook on how to incorporate eco-friendly technologies and practices in their infrastructure and operations.

- iii. In 2013, Mauritius requested the Secretariat to devise a 'Look Africa' and 'Global Africa Hub' strategy for Mauritius. The goal of these strategies was to develop interventions to support Mauritius to become the centre of trade and investment into Africa. The project delivered comprehensive policy proposals to position Mauritius as the hub for trade, investment and the supporting financial services in Africa.

Most recently, Mauritius requested support as they embarked on joining negotiations of the Trade in Services Agreement (TiSA).

Progress of the project

Mauritius views participation in TiSA as part of its overall strategic focus, including transformation into an African hub for trade and investment.

The project supported Mauritius to undertake a regulatory audit of trade in services-related regulations, as well as to respond to textual proposals and offers and requests in the context of the negotiations.

To deliver this support, the Secretariat's Trade Competitiveness Section (TCS) worked together with colleagues in the Technical Assistance Unit to recruit a long-term expert to work with Mauritius to undertake the necessary regulatory audit, develop its offer and requests, and undertake domestic consultations. On request from the central bank and financial services regulator, the TCS provided dedicated support on financial services.

Results

Mauritius was able to gain a thorough understanding of its domestic regulatory framework for trade in services. From this, Mauritius was supported to be able to actively participate in negotiations by responding to textual proposals, constructing its offer and submitting requests. The result is that Mauritius was able to ensure that the outcome text is aligned with its national interests.



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Boosting Trade Competitiveness of Mozambique

Background

Mozambique is a least developed country with low socioeconomic indicators. Over the past decade it has experienced significant economic growth, fuelled by a historically high increase in the volume of its commodity trade and prices, on which the country is heavily dependent. The country is highly indebted and reliant on donor aid to enhance its economic development. Successive governments have been largely effective at undertaking successful economic reform over the past 20 years, which has contributed to a regionally high gross domestic product (GDP) growth rate, averaging 7.5 per cent per year (OECD, Investment Policy Reviews, October 2013). However, more than 70 per cent of the population is reliant on agriculture (largely small scale), which is negatively affected by inadequate infrastructure and low investment. This inhibits the country's transition to high-value agro-processing production. Agriculture's contribution to GDP is roughly 23.4 per cent; industry and services contribute 30.7 per cent and 45.9 per cent, respectively.

Mozambique drafted its first National Export Strategy (NES) (2012–17) with technical assistance from the International Trade Centre and financial support from the EU and the UN Industrial Development Organization. Unfortunately, it did not get off the ground or successfully undergo implementation, largely because of resource and institutional constraints.

A preliminary assessment by a Commonwealth Secretariat team of experts delivering an update of the NES found that many of the needs assessment findings and analysis that informed

the design of the NES 2012–17 could still be relevant. Therefore, under the updating of the strategy to articulate a second NES, technical assistance will include assessing the degree to which interventions defined for implementation under NES 1 can be updated and carried forward into the second strategic design process. The proposed NES 2 (2017–21) will have a critical focus on supporting Mozambique's export-ready firms and manufacturers to enter regional and global value chains, particularly in value addition agro-processing, to bring further benefits to the country. The Government of Mozambique is focused on ensuring the good economic growth rates averaging over 7 per cent per year in the past two decades translate into sustainable jobs for the future, particularly given the fast-growing young population and by implication the labour force increasing by approximately 300,000 each year.

Request for technical assistance

The Commonwealth Secretariat is providing support to the Government of Mozambique to design the country's second NES (2017–21). The support is being channelled through the country's Instituto de Promoção de Exportação (the Institute of Export Promotion) with oversight by the Ministry of Industry and Trade. The NES is envisaged as a critical institutional framework to guide Mozambique towards export diversification, recalibrating the economy away from its dependence on commodity trade.

The support provided by the Trade Competitiveness Section of the Trade Division at the Commonwealth Secretariat has covered:

- A preliminary needs assessment of the institutional factors to drive NES implementation.
- Support to update Mozambique's NES (2017–21).
- Support to draft and finalise the NES strategic document, its aligned action plans and the monitoring and evaluation framework.

Progress of the project

The design of the updated NES 2017–21 is currently under consultation with key stakeholders from the preliminarily identified sectors. A number of focus group consultative meetings took place in September/October 2015, the findings of which have fed into a skeleton framework for the new NES document. In early 2017, a national consultative meeting will take place in Mozambique across three main regions. This will provide an opportunity to further narrow down priority areas and articulate the activities/interventions that will help improve the competitiveness of these sectors. Wide stakeholder consultation should capture the differential needs of women-owned export businesses to ensure the final products (i.e. the NES document, Strategic Action Plan and Implementation Framework) take account of gender equity implications. Subsequently, following the national consultative meeting, a draft strategic document will be finalised and circulated for further inputs and consideration.

Results

Full implementation of the NES 2017–21 is expected to feed into Mozambique's export diversification efforts. The country is still highly commodity-dependent, reliant on its significant natural resources. A more diversified economy, trading in agro-processed goods and fisheries products, may better translate into sustainable economic growth with increased job creation.

The finalised strategy is expected to address some of the challenges facing the export sector (particularly small and medium-size enterprises) in terms of high energy prices, etc.

The NES strategic document and action plan, when finalised, will articulate growth targets for the priority sectors. Such smartly defined (SMART) targets aligned with appropriate resources to undertake interventions/activities will support the effective implementation of the strategy.



Boosting Trade Competitiveness of Nigeria

Background

Services are part and parcel of today's social and economic fabric. Services such as health and education are vital to improving livelihoods. Transport, telecommunications, financial and business services facilitate trade and reduce transaction costs. Services such as tourism transform local communities and contribute to the preservation of culture and heritage, while developments in Information and Communication Technology (ICT) transform business models, catalysing innovation and creating avenues for the diffusion of information and knowledge.

In 2010, the Nigerian Export Promotion Council (NEPC) received assistance from the Commonwealth Secretariat to develop a strategy for the export of professional services. The overarching goal of the strategy was to contribute to the country's long-term objectives to generate wealth, create employment and reduce poverty, as enshrined in the Nigeria National Economic Empowerment and Development Strategy (NEEDS). The strategy had three expected outcomes:

- i. An increased awareness of the potential of services to contribute to wealth creation, export development and growth.
- ii. A more diverse economic base and export basket.
- iii. A more streamlined institutional framework to support services trade, including institutionalised public-private sector dialogue.

The sectors targeted under the strategy—ICT, financial services and entertainment—had significant growth and export potential. The strategy recommended a total of 33 discrete activities, most of which were to be led by the NEPC. An implementation review in 2015 established that 63 per cent of the strategy recommendations had been partially or fully implemented. The review also found that there was a greater appreciation of the role that services could play in the economy. The priority sectors have grown in strength over the years with increased exports, investments and resource mobilisation campaigns. Nonetheless, a number of challenges still remained, key of which was the internal capacity of the NEPC to provide effective leadership and support to drive the services sector.

Request for technical assistance

In September 2014, the Government of Nigeria, through the NEPC, requested the Secretariat to provide technical assistance to support the development of services exports in Nigeria by:

- i. reviewing the implementation of the country's services exports strategy (2010);
- ii. supporting the mainstreaming of services in the country's national development strategy;
- iii. establishing mechanisms for systemic data capture;
- iv. developing a programme for capacity-building;
- v. recommending an incentive regime to boost investment in the sector.

Project overview: Nigeria Trade in Services Programme

In response to the request, with support from the Secretariat's Trade Competitiveness Section, the Nigeria Trade in Services Programme (NTISP) was developed. It is a medium-term framework to strengthen the capacity of the NEPC to lead and co-ordinate three priority programmes of capacity-building, policy advocacy and knowledge management over the next 3–5 years. The NEPC has commended the TCS team for the successful launch of the project and committed to the implementation of the identified programs.

Results

The World Bank estimates that services account for close to 60 per cent of Nigeria's GDP, a rise from about 53 per cent in 2011. If adequately implemented by Nigeria, the services export strategy should result in increased overall trade performance for the country and reflect increased trade in the identified sectors of ICT, transportation and financial services and entertainment. This would support the country's export diversification efforts, as the increasing contribution of the services sector to GDP would be realised, especially given the decline of commodity exports and the global oil price slump.

Request for further research assistance

Project 1: West Africa–EU Economic Partnership Agreement: Implications for Nigeria

In April 2015, the Government of Nigeria, through the Federal Ministry of Industry, Trade and Investments (FMITI), requested the Secretariat to provide technical assistance and policy advice on the West Africa–EU Economic Partnership

Agreement (EPA). West Africa initialled their EPA on 30 June 2014. The EPA was subsequently, in principle, approved by the heads of state for signature in July 2014 who tasked their chief negotiators to 'take all necessary steps to quickly start the process of signing and implementing the Agreement'. While a number of ECOWAS states have signed the agreement, Nigeria is yet to sign and required extra studies carried out to measure the economic and legal impact of such a comprehensive trade agreement on its economic sectors. The study was commissioned and jointly carried out by external consultants and in-house TCS advisers. It was submitted to FMITI in November 2015.

Project 2: Examining the impact of Brexit and opportunities for Nigeria

Given its historic relationship, the United Kingdom has been one of the traditional markets for Nigerian non-oil export products and with the growing numbers of Nigerian diaspora in the United Kingdom, opportunities exist to further increase the trade balance between Nigeria and the UK.

With the recent decision by the UK to leave the EU, and its implication for Nigerian export under the EPA, the Nigerian Government, through the Nigerian Export Promotion Council, requested a study on the implications of Brexit for Nigerian non-oil export trade and the identification of opportunities that might exist for furthering bilateral trade between the two countries.

With the imminent triggering of Article 50 (proposed for March 2017) by the UK, and a potential termination of the trade preferences currently being enjoyed by Nigeria to the UK market through the EPA, Nigeria needs to proactively engage with the UK to ensure that it can secure a trade deal that would minimise potential trade losses. The study is being carried out by TCS Advisers.



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Boosting Trade Competitiveness of Pakistan

Background

Pakistan recently launched its Strategic Trade Policy Framework (STPF), 2015–18. On the basis of (i) key enablers; (ii) evaluation of STPF 2012–15; (iii) emerging global trade scenarios; and (iv) extensive consultation with the private sector and other stakeholders, STPF 2015–18 identifies four pillars, which include product sophistication and diversification, market access, institutional development and strengthening, and trade facilitation.

Request for technical assistance

In April 2015, the Ministry of Commerce requested the Commonwealth Secretariat to provide technical assistance to: design an export diversification strategy; implement the Strategic Trade Policy Framework 2015–18; conduct a study costing the implementation of the Trade Facilitation Agreement (TFA) for Pakistan; and design and implement a services export development strategy. More specifically, to improve Pakistan's trade competitiveness and successfully implement the STPF 2015–18, technical assistance was requested in the following areas:

- i. diversification of exports of Pakistan in non-textile export sector, with a particular focus on the EU market;
- ii. assist Pakistan's Ready Made Garments (RMG) sector to integrate well with global supply chains;
- iii. produce a cost of implementing TFA study for Pakistan in order to make its exports competitive; and
- iv. develop and help implement a services export development strategy.

The technical request was followed by a scoping mission in May 2015 and a two-year project was implemented, which ends in June 2017. Under the project, four major areas of intervention, with specific activities, were identified:

- i. develop an Export Diversification Strategy which will focus on the EU;
- ii. link the RMG sector to global value chains (GVCs);
- iii. develop the Services Export Strategy in the context of the Trade in Services Agreement (TiSA); and
- iv. estimate the cost of implementing selected provisions of TFA.

Progress of the project

The project is ongoing with some milestones achieved.

Component 1: Export Diversification Strategy

A New Product and New Market Scheme has been developed and validated by the Industry. In order to develop the capacity of the Ministry to undertake 'New Product, New Market' strategies and share the methodology with them, an officer was identified by the Ministry to work closely with the Secretariat's Trade Competitiveness Section (TCS). The officer completed the report in close collaboration with the TCS using innovative research methodology. The report identified new products for the EU market, apart from the RMG. It identified 17 new products for the EU where Pakistan can increase its exports by around US\$1.3 billion per annum. The markets are those for which Pakistan has preferential access due to the EU Special Incentive Arrangement for

Sustainable Development and Good Governance. Also, Pakistan is already familiar with these markets, although the products will be new exports. This list includes those products where Pakistan has competitiveness and is exporting globally but not to the EU, although the EU is importing these products from other countries. This list of new products for the EU includes products such as durum wheat, processed fish, and dried leguminous vegetables (shelled, whether or not skinned or split, etc.). Furthermore, 14 new markets in the Association of Southeast Asian nations (ASEAN) and Central Asia have been identified for RMG exports from Pakistan where Pakistan can capture US\$1.4 billion market access from its weak competitors.

Component 2: Linking RMG into Global Value Chains (GVCs)

This analysis is ongoing and the draft report will be shared with the industry in April, before it is finalised.

Component 3: Promoting Services Exports

A report is being prepared that will highlight the opportunities which may exist in TiSA partner countries for Pakistan's trade in services. Existing domestic regulations and the changes needed in the selected services sectors, which are included in Pakistan's offers and requests, are being analysed. Pakistan's vulnerable services sectors in the context of TiSA have been identified along with its strengths. Based on these inputs, a services export strategy for identified priority services sectors is being developed.

Component 4: Cost of Implementing Trade Facilitation Agreement

A template has been developed on the cost of implementing various provisions in the TFA. This template has been populated from the fieldwork carried out in Pakistan with the help of customs and other stakeholders. The Report will be finalised in by May.

Results

The technical assistance provided by the Secretariat is expected to result in four major outcomes. First, it will provide a comprehensive strategic plan of action on export diversification, identifying new products and new markets, which will enable employment generation in new areas and within the traditional export sectors where the intensive margins will grow due to increased export opportunities. Second, it will deliver a comprehensive plan of action to link Pakistan's exports into GVCs as well as develop its own GVCs in lead products, which should empower small and medium enterprises and promote technological development. Third, it will provide an action plan on the way forward in boosting the export of services, especially in the context of TiSA, helping to generate employment for youth and women. Finally, it will support the country to implement TFA by estimating the cost of TFA implementation, helping to improve its trade competitiveness, generating incomes and reducing poverty.



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Papua New Guinea

Trade Competitiveness support briefing

Boosting Trade Competitiveness of Papua New Guinea

Background

Papua New Guinea (PNG) is deeply engaged in three regional integration initiatives that are rewriting the rules of its trade. The first is the Melanesian Spearhead Group, which is made up of a subset of the Pacific small island states. This core group has engaged in goods liberalisation and is undertaking services integration. PNG, as part of the Pacific Group of States, is also engaged in negotiations for the Pacific Agreement on Closer Economic Relations (PACER Plus), with some of its largest trading partners Australia and New Zealand. Finally, PNG is also engaged in Asia-Pacific Economic Cooperation (APEC), which, although putatively not a negotiating forum, has in recent years produced agreements that result in liberalisation (such as the APEC Environmental Goods Agreement) and is exploring pathways to a Free Trade Area of the Pacific. Put together, these initiatives represent the most fundamental shift in trade relations for PNG. There is an urgent need for PNG to understand and respond to such a shift.

Request for technical assistance

In October 2015, the Government of PNG, through the Department of Trade, Commerce & Industry, asked the Commonwealth Secretariat to provide technical support to the country's efforts to integrate into regional markets. The Secretariat would provide support in two areas: institutional strengthening to officials of the Trade Division and related trade policy stakeholders, to equip them with the skills and knowledge to be able to address integration; and the analysis necessary to increase their technical engagement in regional trade initiatives.

Progress of the project and results

The project has provided advisory support to PNG to undertake a National Interest Analysis of the effect of specific regional integration initiatives on PNG and has provided policy-makers with options to consider going forward.



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Boosting Trade Competitiveness of Seychelles

Background

Seychelles is classified as a small island developing state with significant resource constraints and high dependency on imports. In July 2015, Seychelles reached high-income status, after average gross national income per capita reached US\$13,710 in 2013–14. The government has implemented sound macroeconomic policies and comprehensive structural reforms in recent years, which have supported robust economic growth, averaging 5.3 per cent during 2011–15, driven primarily by tourism and information and communication technology. Growth rates have nonetheless registered an overall downward trend, from about 7.9 per cent in 2011 to an estimated 4.6 per cent in 2015, mainly because of decelerating growth in construction, as several large projects ended in those years.

Seychelles' medium-term growth outlook is moderate, with gross domestic product projected to grow at 3.1 per cent in 2016 and 3.7 per cent in 2017. The traditional tourism and fisheries sectors are expected to remain the main drivers of growth. Prudent fiscal and monetary policies have helped consolidate macroeconomic stability, and inflation is expected to remain below 3 per cent in 2016 and 2017.

Seychelles continues to face a number of challenges. The country suffers from insufficient economic diversification and vulnerability to external shocks, given the dependence of its economy on tourism and fisheries. Development of the private sector is therefore paramount in achieving a more diversified economy, reducing vulnerability and shielding the country from shocks. However, the private sector requires

more of an enabling environment if it is to exploit its potential fully and expand into new business areas. Furthermore, growth needs to be made greener to protect Seychelles' fragile natural environment better against the adverse impacts of climate change.

In Seychelles' Strategy for 2017 the government identifies developing the fisheries and tourism sectors as pillars of the economy, two areas of activity that are highly dependent on the efficient working of the Port of Victoria, Seychelles' one major maritime gateway. The port is a vital component in the economic engine for the Seychelles and is a resource that must be tuned to meet future national aspirations and user requirements.

In 2008, the Secretariat conducted a study that identified a need to modernise and expand the capacity of the Port of Victoria if the port were to continue to fulfil its role as the major gateway to the Seychelles economy. The analysis anticipated strong demand in the period to 2020 and a need to significantly increase capacity to ensure demand growth is not constrained. The study further identified considerable developments underway in the liner sector that will have impacts on the port. The move by major shipping lines to integrate Indian Ocean services with major regional trans-shipment hubs will continue. It is vital to improve facilities at the Port of Victoria to a sufficient level to allow for the economic handling of future container vessels. Without this, there is a danger that the islands will be relegated to secondary feeder status — that is, links with Europe and Asia will be via a local hub and then a major relay port. This would be a severe setback for the economy in terms of transportation and service costs.

Request for technical assistance

In August 2016, Seychelles' Ministry of Foreign Affairs and Transport asked the Secretariat's Trade Competitiveness Section for technical assistance to conduct a review of and update on Seychelles' trade facilitation. The request identified the Seychelles Port Authority as the main beneficiary. It was highlighted that the Port of Victoria would develop its activities and services to respond to the current and future demands of maritime traffic and with the aim of becoming a hub within the region.

The proposed components and activities of the project are as follows:

1. Review the Secretariat's 2008 *Seychelles Trade and Transport Facilitation: Sector Review* and identify implementation gaps;
2. Revise the main recommendations of the 2008 report to reflect new global and regional trends in the maritime sector;
3. Analyse new trends in tourism, fisheries and port-related services;
4. Develop investment strategies for maritime infrastructure development and port extension;
5. Conduct a performance analysis of the Port of Victoria;
6. Recommend short-, medium- and long-term strategies to improve the performance of the Port of Victoria.
7. Conduct stakeholder sensitisation.

The project has been approved, and the scoping assessment is scheduled for undertaking in mid-March 2017.

Results

The review and update of the 2008 *Seychelles Trade and Transport Facilitation: Sector Review* should reflect the following new developments:

- Changes in maritime traffic demand;
- Regional infrastructure development;
- Trends in terms of opportunities in tourism, fisheries and port-related services.



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Boosting Trade Competitiveness of Sierra Leone

Background

Sierra Leone is a post-conflict state, experiencing growing post-civil war political stability backed by international goodwill to influence sustainable development and improve trade outcomes. It is rich in natural resources, particularly diamonds and other high-value minerals. However, the domestic market is small, with a poor (though improving) enabling environment for private sector development. It also is beset by weak infrastructure, governance challenges and a large unskilled young labour force. The critical value of trade in a national economy is primarily its impact on gross domestic product and government revenue that can be directed to reducing poverty. Trade also has impacts on household and business poverty through market prices faced by consumers and producers supplying into value chains. Within this context, high-quality packaging is a powerful marketing tool to increase the competitiveness of finished products and serve as a key element of sustainable and sector development plans.

Access to quality packaging at a reasonable cost is an important prerequisite in the production of world-class products in all sectors of an economy. Whether packaging agro-processed goods, food products or seafood, this important input to the overall product is a conduit to communicate information, protect and preserve contents and provide an opportunity to promote a brand's identity. In a global marketplace, packaging has become a key differentiator between a world-class competitive offering and others that fail to meet international standards. Developing an effective export packaging industry is essential

for any country seeking to orientate production towards export markets. Currently, most export packaging in Sierra Leone is sourced from the European Union, Asia and, to a lesser extent, West Africa. Exploring opportunities to deepen regional supply chains in export packaging would be a strategic approach in the drive to improve the country's competitiveness.

Request for technical assistance

In June 2013, the Government of Sierra Leone's Ministry of Trade and Industry submitted a request to the Commonwealth Secretariat for support on implementation of the country's National Export Strategy (NES), particularly on those components of the strategy that were underperforming, such as export packaging. The Trade Division at the Secretariat provided support to the ministry's statutory agency, the Sierra Leone Export and Investment Promotion Agency, to design a project that could help improve the export competitiveness of Sierra Leone's export goods through improved quality reasonably priced packaging. The design of the project determined that it would be undertaken in two phases. The first phase focused on a needs assessment of the identified sectors for support, particularly those companies within each sector that are 'export-ready.' The identified sectors were already identified in the NES itself, but those sectors particularly requiring export packaging were agro-processing/agro-business and light manufacturing. The second phase was focused primarily on identifying a solution in terms of 'how to' improve poor packaging and build the nascent packaging industry.

Progress of the project

The project was launched in August 2015, with the design process being undertaken up to August 2016, over two phases. Phase 1 covered industry diagnostics and a needs assessment of the requirement for improved packaging in the two sub-sectors of agro-processing and light manufacturing. Phase 2 focused on the design of the strategic action plan and the design of a training programme to be implemented in a pilot activity, to raise the capacity of participating export-ready firms to upgrade the packaging of their product offerings.

The needs assessment process was undertaken successfully. Over 65 companies, agencies or individual entrepreneurs in the two sectors participated; in conjunction, a competitive analysis was carried out to identify which products of these companies could be improved through better packaging to increase their competitiveness in global and regional markets. A strategic action plan for the development of the packaging industry and improvement of industry packaging was completed. The action plan was discussed at a national consultative forum in August 2016, with the feedback used to enrich it. The action plan is now ready to be formally handed over to the Ministry of Trade and Industry for implementation.

Results

The expected impact of the project relates to improved export competitiveness for Sierra Leone's agro-processing and small-scale manufacturing, through improved access to good-quality reasonably priced export packaging, which should lead to improved market access. The main output has been the production of the needs assessment report of identified sector/industries under Phase 1. The strategic action plan developed under Phase 2 includes a solution for improved packaging and signposts the availability of packaging suppliers in the sub-region (particularly Ghana and Nigeria).



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Boosting Trade Competitiveness of Solomon Islands

Background

Unemployment is a critical issue for young people in all parts of the Commonwealth today. The challenge is particularly acute in developing countries and small states where jobs in the organised sector are few and those in the informal sector are often unstable, unsafe and poorly paid.

A recent International Labour Organization (ILO) report in the Pacific reveals that young people in the region are six times less likely to secure jobs relative to older workers. National youth unemployment rates are double those of national unemployment rates, notably at 62 per cent in the Republic of Marshall Islands and 46 per cent in Solomon Islands.

Solomon Islands also has a young population: recent census figures show more than 60 per cent are under 25. Unemployment is a harsh reality for the country's burgeoning young population, many of whom were denied an education and socioeconomic opportunities during the ethnic tensions of the late 1990s. Training and education opportunities are in short supply.

ILO estimates that small and medium-sized enterprises (SMEs), often run by first-generation entrepreneurs, play a key role in job creation, providing two thirds of all formal jobs in developing countries. The Solutions for Youth Employment (S4YE), a World Bank-led multi-stakeholder coalition launched in 2014, analysed in its 2015 baseline report the relative effectiveness of 105 youth employment interventions implemented across the world since 1990 and found that entrepreneurship promotion interventions show the largest positive effects on employment outcomes and earnings.

Over many years the Commonwealth Secretariat has made concerted efforts to encourage youth entrepreneurship as a pragmatic strategy to address spiralling youth unemployment and to positively harness young people's potential.

Most recently, in order to assist governments in member countries to create an enabling environment in which youth entrepreneurship can flourish, the Commonwealth Secretariat, in partnership with the United Nations Conference on Trade and Development, has developed a *Policy Guide on Youth Entrepreneurship*. The role of young entrepreneurs as agents of positive change and creators of jobs in their communities and countries is increasingly recognised.

Solomon Islands' per capita gross domestic product ranks it as a least developed nation, and more than 75 per cent of its labour force are engaged in subsistence and fishing. Most manufactured goods and petroleum products are imported. Until 1998, when world prices for tropical timber fell steeply, this was Solomon Islands' main export product, and in recent years Solomon Islands' forests were dangerously overexploited.

Request for technical assistance

In March 2016, the Government of Solomon Island through the Ministry of Women, Youth, Children and Family Affairs (MWYCFA) requested technical assistance from the Secretariat for the development of a Trade-Oriented Youth Employment Strategy and Youth Entrepreneurship Strategy (TOYE). The MWYCFA Youth Development Division believes youth employment is a critical challenge and an increasing concern at the national level and is a cross-cutting issue that should be a key component of any youth development strategy.

Given the limited size of the domestic market and growing opportunities in the global economy, there is a need to develop clear policies, programmes and implementation plans specifically designed to address youth unemployment using entrepreneurship as a key strategy. Empowering young people to consider entrepreneurship as their vocation has to be a critical component of a youth employment strategy for Solomon Islands.

To increase the opportunities that exist for young entrepreneurs, there is a need to support these entrepreneurs during the growth phase of their businesses and strengthen their capacity to take advantage of international trade opportunities by connecting them to Markets. Linking youth entrepreneurship to Trade competitiveness requires the identification and removal of the most binding constraints to a country's trade competitiveness as well as identifying opportunities for increased youth employment in high-potential value chains within the economy.

Project Overview

The first of its kind, this project is being jointly facilitated by the Youth and Trade Division within the Secretariat. The goal of the project is to jointly design a programme that can help tackle the unemployment challenges of Solomon Island by focusing on the opportunities that exist to grow the nation's share of global trade in goods and services, with an emphasis on sectors where young people are most likely to participate.

Results

The assistance is expected to result in four major outputs:

1. It will identify key problem areas and policy priorities on youth employment and entrepreneurship (education, skills, vocational training, ease of doing business, access to finance, implementation and coordination mechanisms), among others.
2. It will help identify youth employment-oriented 'new tradable products and services'.
3. It will identify 'new markets' for the existing exports of Solomon Islands to boost youth employment opportunities.
4. It will identify the existing 'youth skill-gap' for tapping the potential markets in the identified products and services and lead to the development of a TOYE to address the identified challenges.

If adequately implemented by Solomon Islands, the TOYE should result in a decrease in youth unemployment to 50 per cent and reflect improved overall trade performance for the country as a result of increased participation of young people in trade across borders. It should also lead to increased trade across selected product lines where young people have the greatest ability to interface with the global economy.



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Boosting Trade Competitiveness of Sri Lanka

Background:

With a gross domestic product of around US\$82 billion, Sri Lanka's imports are growing much faster than its exports. In 2015, its exports amounted to US\$10 billion, while imports were US\$19 billion. An analysis of this trade structure shows that the country's exports are concentrated in a select set of traditional products to few markets. Heavy reliance on few countries in both exports and imports increases Sri Lanka's vulnerability to external shocks, particularly those that occur as a consequence of changing demand and supply differentials in its trading partners' domestic markets. There is thus a need to focus on diversifying the country's export basket, in terms of both intensive and extensive margins of trade.

Requests for technical assistance

Over the past five years, the Government of Sri Lanka through its ministries and state institutions has made the following requests for technical assistance:

- i. October 2011: Export Development Board – build the capacity of Sri Lankan garment exporters to access the UK market.
- ii. November 2012: Sri Lanka Export Credit Insurance Corporation (SLECIC) and the Ministry of Finance – build the capacity of export credit insurance to enhance the trade competitiveness of Sri Lanka (Phase 1); Phase 2 concluded in December 2016.

- iii. January 2016: Export Development Board, Department of Commerce and High Commission of Sri Lanka in London – improving Sri Lanka's export performance through an export diversification strategy and technical assistance for its bilateral free trade agreements (FTAs).
- iv. December 2016: Ministry of Finance – strategic analysis for the establishment of an export-import bank (EXIM).

Progress of the projects

Project 1: Build the capacity of Sri Lankan garment exporters to access the UK market

The project conducted a market access study for Sri Lankan small and medium-sized enterprises (SMEs) exporting to the UK market. This examined the market access constraints facing the SMEs and ways to enhance their market access capacity. The project was conducted over a period of eight months from October 2011 to May 2012 and was managed in three stages. The first involved conducting preliminary factory audits; presenting workshops on full business package models; and becoming export-ready through better marketing, designing and branding in-country. The second stage was dedicated to the selection of SME suppliers that showed signs of being capable of moving from cut-and-make to free-on-board business. The final stage focused on delivering the UK Match-Making Programme.

Project 2: Build the capacity of export credit insurance to enhance the trade competitiveness of Sri Lanka

This intervention is expected to enhance the international competitiveness of Sri Lanka's exports and improve the effectiveness of export credit insurance in export development. A diagnostic study was conducted identifying the country's structural weaknesses. Reviews were carried out on the existing export credit system: products and policies of export finance and export credit insurance. Policy recommendations were submitted to enhance the flow of credit for export production to boost exports; these included a modified financial architecture and, *inter alia*, to set up an EXIM bank. Recommendations also included suggestions on some new insurance and guarantee products to be offered by SLECIC to address the requirements of exporters.

Project 3: Improving Sri Lanka's export performance through an export diversification strategy and technical assistance for its FTAs

With the aim of improving Sri Lanka's export performance, an analytical study was conducted to identify 'New Products and New Markets' for Sri Lanka. New products were identified for existing markets and new markets for existing exports. The study's methodology and results were shared with the industry and the Export Development Board, and their feedback was incorporated. The study has identified 38 new products for 15 markets with an export potential of US\$85 million. The markets are China, France, Germany, Hong Kong, India, Italy, Japan, Korea Rep., Other Asia not elsewhere specified, Pakistan, Singapore, Thailand, United Kingdom, United States and Vietnam. Further, 30 new markets have been identified for established exports, to enable Sri Lanka to increase its market access by US\$19 billion per

annum. An export diversification strategy is now being prepared that will include designing product-market strategies for Sri Lanka. Technical assistance is also being provided for Sri Lanka's bilateral FTAs.

Project 4: Strategic analysis for the establishment of an EXIM bank

Following up on this request, a working group has been set up to undertake a feasibility study and develop an implementation plan related to setting up an EXIM bank in Sri Lanka.

Results

Regarding the first project to build the capacity of Sri Lankan garment exporters to access the UK market, new knowledge and capabilities have been developed (through a marketing communication strategy, market research, intelligence-gathering and sampling provision for targeted UK retailers). The project immediately resulted in enabling 10 exporters to secure orders from UK buyers and opportunities exist for increasing the number of benefiting SMEs involved in the project.

On the second project, to build the capacity of export credit insurance and enhance the trade competitiveness of Sri Lanka, the project has resulted in upgrading the institutional and human capacity of SLECIC to effectively reach out to both existing and prospective customers with a wider product range, strengthened risk management and competitive product pricing.

The recommendation to set up an EXIM bank has been accepted by the Government of Sri Lanka, and a working group has been constituted to commence work on delivery of the project.



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Boosting Trade Competitiveness of St Kitts & Nevis

Background

St Kitts and Nevis, with a population of 0.5 million and ranked as a high-income country, achieved a growth rate of 3 per cent in 2014. However, in spite of positive growth of around 2.4 per cent in its merchandise exports, it has a deteriorating merchandise trade balance, which reached US\$232 million in 2014. With limited diversification in its export basket, the bulk of the island's merchandise exports is directed towards the United States, especially in terms of electronic components. The island enjoys a favourable trade balance in services, with tourism and financial services being its main exports; the services sector contributes around 78 per cent of gross domestic product.

St Kitts and Nevis has been a World Trade Organization (WTO) member since 1996 and provides most-favoured nation treatment to all its trading partners. Preferential access is granted to Caribbean Community (CARICOM) countries. However, it does not have a national representation at the WTO in Geneva; it is represented by the Organisation of East Caribbean States. To date, it has made very few notifications to the WTO. Through its participation in CARICOM, it has signed bilateral trade agreements with Colombia, Costa Rica, Cuba, the Dominican Republic and Venezuela. Because of its geographic proximity, the Caribbean Basin holds a unique advantage in terms of the speed of delivery of goods to markets in both North America and Europe. However, despite their efforts to improve, the countries of the region need to achieve a greater level of efficiency in customs operations and other regulatory requirements if they are to enhance the competitiveness of the supply chain. Current customs and other regulatory procedures are causing disruptions in the supply chain, resulting in greater transaction costs. St

Kitts and Nevis has been actively and progressively adopting international benchmarks to improve its trade facilitation performance.

Request for technical assistance

The Government of St Kitts and Nevis through the Ministry of Finance and the Ministry of Trade submitted a technical assistance request to improve the island's trade competitiveness. Based on initial discussions with key stakeholders, three key priority areas were identified:

- i. trade facilitation:
 - a. custom brokers training;
 - b. a framework to establish a professional custom brokers association; and
 - c. a trade facilitation agreement implementation costing study;
- ii. capacity-building in national trade negotiations; and
- iii. business development.

Progress of the project

Customs brokers generally act as intermediaries between traders and customs in customs clearance processes. Brokers' knowledge of customs laws and processes in addition to their work experience in the trade supply chain can be useful for both traders and customs. While brokers support traders by providing all necessary documentation and undertaking formalities related to cargo clearance, customs brokers are also expected to maintain government interests by ensuring compliance with customs procedures and other regulatory requirements and the collection of appropriate duties and taxes. In line with ongoing customs reforms and

to further enhance their service delivery, some customs brokers are transitioning towards a more comprehensive consultancy and advisory role, rather than being confined to merely filing declarations/documents for customs release and clearance. They also collaborate with other actors in the supply chain on behalf of traders, such as freight forwarders, carriers/agents, warehouse operators and transporters. In some cases, brokers have even expanded to provide many other services in the supply chain, such as cargo handling, warehousing, multimodal transport carriage, packaging, consolidation, insurance coverage and delivery services, as well as providing consultancy in compliance and dispute resolution.

One main challenge confronting the St Kitts and Nevis customs administration is the quality of the customs declarations customs brokers submit. Most brokers do not possess the adequate knowledge on customs-related procedures. Brokers function in a fragmented framework and there are no professional customs brokers associations on the island to administer and manage brokering operations.

The Trade Competitiveness Section of the Commonwealth Secretariat conducted a comprehensive training programme in March 2016 that covered important topics such as valuation of goods, international trade transactions and border control and agency functions. The training programme provided an insight into rules of the WTO valuation of goods system, and its applicability to the work of customs brokers. Training provided participants with an understanding of international trade transactions and the impacts these have on the goods clearance process, and with knowledge of selected trade facilitation measures that have effects on border control activities and of agency functions.

Results

The capacity of over 100 customs brokers was enhanced in the areas of compliance, valuation and rules of origin. Brokers enhanced their knowledge on the six rules of the WTO valuation system. Special emphasis was placed on the Transaction Value Method, including the factors that affect customs value. Brokers also broadened their knowledge on conventions that affect the carriage of goods by sea and air, as well as multimodal methods. Bills of lading and air waybills, and their relative importance as contracts of carriage and in transacting business, were highlighted.

The absence of a functioning brokers' association is an impediment to proper representation on matters with customs and other regulatory agencies. Initial steps have been taken to establish a professional customs brokers' association on the island. A focal point (an influential member of the island's customs brokering community) has been appointed to liaise with the Ministry of Trade and with the customs administration with a view to establishing such an association.



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Boosting Trade Competitiveness of COMESA

Background:

The leather and leather products (LLP) industry provides substantial opportunity to African countries like Kenya and Rwanda to form regional value chains and add greater value to the region's exports. At present, the region is the largest source of the basic raw material of the global industry, i.e., leather, which is exported with little value-addition. In fact, linking at the lower end of global value chains (GVCs) by exporting raw materials can be counter-productive for countries and does not guarantee any structural transformation of their economies. Countries may get stuck at the bottom, unable to climb up the value chain and may continue exporting low-end, low-value added inputs, with lower gains in terms of domestic value-addition and diversification. Furthermore, the region's global imports of leather products have been steadily rising for the past two decades. Nevertheless, the industry has the potential to upgrade in regional/global value chains and raise export competitiveness and domestic value-addition in many countries of the region. Given the labour-intensive nature of the industry, this has the potential to generate large-scale employment for low-skilled labour. However, one of the major supply constraints faced by the industry in its exports of leather products is the inadequate design capacity in the region.

Request for technical assistance

In May 2015, the COMESA (Common Market for Eastern and Southern Africa) Leather and Leather Product Institute (COMESA LLPI) requested the Commonwealth Secretariat to undertake a project to boost design capacity in exports of leather products at the regional level. The request

was supported by Rwanda's Ministry of Trade and Industry and Kenya's Leather Development Council. It was identified that Kenya and Rwanda are two countries that have significant potential to link and upgrade value chains in the leather sector and are keen to increase value-addition in their exports from this industry. Further discussions with COMESA LLPI highlighted the need for establishing a regional institution to address the capacity constraints in the design of leather products in the region. Initiating a regional design studio such as this could provide a sustainable solution to adding value to exports of primary products from African countries.

Progress of the project

The project was launched in June 2015 and two workshops were held in Addis Ababa and Kigali to advise high-level policy-makers and the private sector of the benefits for a regional design studio.

The Commonwealth COMESA/LLPI Regional Design Studio (RDS), the first of its kind in the region, was launched on 9 May 2016 by Minister Adan Mohamed, Kenya's Minister of Trade, Industrialization and Enterprise Development, and Secretary General Sindiso Ngwenya, Secretary General of COMESA, who noted, 'this regional design studio is the beginning of transforming the leather sector because it is changing mindsets'.

The launch was followed by a training programme for African designers from the Commonwealth. Forty participants from eleven countries took part in the studio's first training session provided by a Canadian leather design company. The blueprint and roadmap for the studio have been developed and extra-budgetary resources are being mobilised for the studio's physical infrastructure.

Results

The RDS aims to strengthen small and medium-sized enterprises' (SMEs) design capacity in the COMESA region, strengthen linkages with relevant regional hubs and promote the COMESA region's trade competitiveness. In so doing it will:

- provide strategic interventions aimed at improving the understanding of shifting international market dynamics, and at enhancing growth and sustainable development across the regional leather industry;
- generate new employment opportunities, especially for women and young people. (addressing directly the growing youth unemployment challenge in African countries);
- function as a collaborative agency, using a strategy-based approach to leather products and associated design of leather services, packaging design, and user-interface and user-experience design where necessary;
- provide leather products and associated services that are based on trends analysis, user observation and research to inform product development collaboratively with SME membership;
- provide a platform for interpretation of trends in order to generate and evaluate product concepts;
- provide data and case studies informing design decisions required to strategically enhance trade competitiveness, value creation jobs and industrialisation efforts across the leather industry in Africa; and
- be positioned to inform strategic design policy interventions at the national and regional levels in the member states.

To make this initiative sustainable, it will be co-ordinated at a regional level by COMESA LLPI and supported by key developmental agencies and the private sector in the region.

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To make this initiative sustainable, it will be co-ordinated at a regional level by COMESA LLPI and supported by key developmental agencies and the private sector in the region.



Boosting Trade Competitiveness of the East African Community

Background

The East African Community (EAC), comprising the Republic of Kenya, Republic of Uganda, the Republic of Burundi, the Republic of Rwanda, the Republic of South Sudan and United Republic of Tanzania (collectively referred to as the Partner States) are bound by a treaty to create a customs union, a common market, a monetary union, and ultimately a political federation. In November 2009, the EAC signed a Protocol on the Establishment of the East African Community Common Market. Under this Protocol, the Partner States provided for progressive removal of restrictions to result in the free movement of services, capital, persons and workers, as well as rights of establishment and residence.

In keeping with the above, the EAC is in the process of:

- i. operationalising the free movement of services through the progressive removal of restrictions;
- ii. concluding mutual recognition agreements among professional regulators.

Request for Technical Assistance

In February 2016, the Deputy Secretary-General of the EAC, acting on a directive from the responsible Ministers of the EAC to seek technical assistance to support the integration process, requested support from the Commonwealth Secretariat to support the EAC Secretariat and the Partner States to deepen their regional integration process. The focus of the support would be on supporting the EAC to ensure that the Common Market works for businesses by addressing the weaknesses that were identified

in the Common Market Protocol, and to support the deepening of regional integration through the negotiation of Mutual Recognition Agreements (MRAs) in professional services.

Progress of the Project

With respect to MRAs, the project has already resulted in the conclusion and entry into force of an MRA among veterinary professionals in the EAC. This will support cross-border agricultural trade by ensuring that there is a market in the necessary supporting services.

Negotiations for an MRA among land surveyors, who are important for infrastructure development, has also concluded, as well as negotiations for an MRA for advocates has also concluded. Both MRAs are scheduled to be signed this year.

The project is also supporting the negotiation of a Treaty Annex to ensure that concluded MRAs are implementable. When complete this Annex will be put to the EAC Summit of Heads of State for signature.

With respect to the Common Market, initial work has focussed on working with the East African Business Council to define the regional private sector's position for on the review of the Common Market Protocol. In the next phase, support will be given to the EAC Partner States to undertake the review and, where applicable, deepening, of the Common Market.

Partnership in Implementation

The support to the EAC is being undertaken in partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). Under this partnership, the Commonwealth

Secretariat provides the analytical, advisory and negotiation support to the EAC Secretariat and the EAC Partner States, working with GIZ advisors based at their regional office at the EAC and its country offices throughout East Africa. GIZ provides the financial support to the process by funding all logistics costs of the negotiations.

As part of this collaboration, the Commonwealth Secretariat was invited to discuss its work programmes, areas for cooperation and the emerging issues in the global trade landscape at GIZ's biennial retreat for its staff based both in Germany and in the field. Subsequently, it was agreed that the Commonwealth Secretariat and GIZ will continue to work together to support the EAC, and share experiences and lessons learnt with GIZ's other regional programmes in Southern Africa and Western Africa.

During the course of implementation, the Secretariat was approached the International Trade Centre (ITC) to support their Trade and Regional Integration in East Africa Project. Under this project, the ITC was given funding by the Government of Finland to provide support to the private sector in East Africa to formulate a regional position on the review of the Common Market. Once again, the Secretariat was tasked with providing the analytical leadership by drafting the study and a draft position paper which was validated by private sector organisations from across East Africa. This position paper is to be used by the East African private sector, through their regional East African Business Council, in their engagement with Heads of States and Ministers on the Common Market. ITC and the Government of Finland was responsible for covering was responsible for covering all the logistics costs of this work.

Expected Results Upon Completion

The cost of non-implementation of the Common Market has been shown to result in regional trade being lower than it otherwise would have been. By supporting Partner States to implement the Common Market, this project will result in certainty and stability for service providers, which in turn will support regional trade in not only services, but on the manufactured goods and agriculture that rely on services. This in turn will lead to economic growth in the East African Community.



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Boosting Trade Competitiveness of Least Developed Countries

Background

Interventions supporting Least Developed Countries (LDCs) have not traditionally focused on services, typically centring around agriculture and, in some instances, light manufacture. As the role of services in manufacturing and competitiveness has increasingly been understood, LDC policy-makers have come to the view that to ignore services is to ignore the very fundamental factors that determine their ability to participate in value chains (see note on Boosting Trade Competitiveness of Sierra Leone).

It is against this background that LDC negotiators successfully pursued the adoption of a waiver at the World Trade Organization's Eighth Ministerial Conference to provide for preferences to be given to LDC services exporters, in order to increase their exports.

Despite its adoption at the 2011 Geneva Ministerial Conference, at the Ninth Ministerial Conference in Bali, it was noted that the waiver had been ineffective. Seeking to address this weakness, the Bali Ministerial adopted a decision on the Operationalization of the Waiver Concerning Preferential Treatment to Services and Service Suppliers of Least Developed Countries. This decision provided concrete steps to operationalise the waiver by laying out the request/offer process to identify the sectors and modes of interest to LDCs.

Request for Technical Assistance

The Common Market for Eastern and Southern Africa (COMESA) Secretariat is working to progressively remove restrictions on trade in services. COMESA views the LDC services waiver as a catalyst, not only for improved livelihoods in LDC member states in Eastern and Southern

Africa, but also for deeper regional integration through a more vibrant services trade market in the region. In mid-2016, COMESA requested the Secretariat's collaboration on a practical assessment, using national level data and consultation with exporters, to determine how LDC services exporters can take advantage of the waiver. This project focused on the Commonwealth COMESA LDCs, namely Malawi, Rwanda, Uganda and Zambia.

Progress of the Project

Working with private sector association and firms in the target countries, the project has undertaken country-level analysis to:

- i. identify services with demonstrable export potential;
- ii. identify key target markets and corresponding modes of supply;
- iii. baseline existing exports to key markets;
- iv. identify in-country and target market barriers to exports; and
- v. highlight priorities for capacity-building and technical assistance to overcome these.

Expected Results Upon Completion

This project will provide the private sector and policy-makers with evidence of the specific impediments to services exports in identified sub-sectors. In the first instance, these results will feed into regional-level processes at the COMESA level to support its members to overcome these barriers, so that the waiver can provide tangible benefits before its expiry in 2030.



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Boosting Trade Competitiveness of Pan Commonwealth Capacity-Building Program

Background

In recent times, the global trade architecture has witnessed the proliferation of regional and bilateral trade agreements, and the latest trend is the development of mega trade deals, such as the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP). The aim of deals such as these is to consolidate trade ties between large or fast-growing emerging economies and to reshape the international trading environment by introducing rules around new issues such as investment, competition, labour, environment and state owned enterprises (SOEs). Most developing and Least Developed Countries are left out of these negotiations and yet there is the real probability that these 'new' issues will eventually find their way into multilateral trade negotiations. Against this background, a number of Commonwealth member countries requested technical support from the Commonwealth Secretariat to build their capacity to be able to deal with these emerging trends. By partnering with a wide range of institutions and making use of expertise within the team, the Secretariat's Trade Competitiveness Section (TCS) has been able to deliver successful training programmes across these thematic areas.

Project 1: Boosting trade competitiveness around emerging new issues in multilateral and regional trade agreements

In response to the request by member countries, the TCS organised two workshops in Colombo, Sri Lanka, and Nairobi, Kenya, in collaboration with several key partners and hosted by the respective

Ministries of Commerce/Trade in each location. The objective of the programme was to provide a common platform for member countries of the Commonwealth, especially those where the TCS was providing technical assistance on trade agreements, to build their understanding of, and ability to respond to, emerging trade issues that have an impact on their competitiveness.

Both workshops were attended by over 100 participants, comprising senior government officials from 25 Commonwealth countries, with representation from the Africa, Asia, Caribbean and Pacific regions of the Commonwealth.

The training was largely carried out by in-house TCS advisers, with support from technical experts on selected topics. The workshop was structured around eight themes which served as an entry point to discuss, analyse and review the critical new issues that developing countries need to pay attention to in trade negotiations. These themes included: Government Procurement, Investments, Labour Standards, Subsidies and Agriculture, State-Owned Enterprises, the Trade Facilitation Agreement, and Trade and the Environment.

Project 2: Developing national policies for youth entrepreneurship

Today, unemployment is the most critical challenge confronting young people in all parts of the Commonwealth. This challenge is particularly acute in developing countries where jobs in the organised/formal sector are few and far between, while those in the informal sector are often unstable, unsafe and poorly paid. In collaboration with the Youth Division of the Secretariat, TCS facilitated two

regional workshops on youth entrepreneurship and developing trade-oriented youth entrepreneurship strategies aimed at empowering young people to consider trade entrepreneurship as their vocation.

These workshops were held in Tanzania and South Africa in partnership with ILO and UNCTAD and had over 100 participants from 15 member states made up of senior government officials from Youth, Trade and Labour Ministries. Also in attendance were representatives of the Commonwealth Alliance of Young Entrepreneurs (CAYE).

The TCS session focused on the opportunities that exist for young entrepreneurs, and the need to support these entrepreneurs during the growth phase of their businesses. The sessions also aimed to strengthen their capacity to take advantage of international trade opportunities by connecting them to markets, and identifying and removing the most binding constraints to a country's trade competitiveness, as well as identifying opportunities for increased youth employment in high-potential value chains within the economy.

Project 3: Annual Investment Forum of Developing Countries Negotiators

In collaboration with the International Institute for Sustainable Development (IISD) and the South Centre, the TCS facilitated the participation of selected member countries at the 9th and 10th Annual Forum of Developing Countries Investment Negotiators held in Brazil and Sri Lanka respectively. The 9th Forum was attended by over 87 participants from 50 countries across Africa, Asia, Eastern Europe, and Latin America and the Caribbean, as well as regional and international organisations, including the Caribbean Community and Common Market (CARICOM), the Commonwealth, the Office of the Chief Trade Adviser (OCTA), the United Nations Conference on Trade and Development (UNCTAD)

and the West African Economic and Monetary Union (UEMOA). The 10th Forum was attended by 70 participants from 47 countries across Africa, Asia, Eastern Europe, Latin America and the Caribbean.

The TCS facilitated two sessions, focused on the 'New dynamics in global investment governance: Mega-regionals, plurilaterals, the WTO, and the emergence of principles,' and 'Promoting and facilitating investments for sustainable development.'

Results

The TCS capacity-building programmes are geared towards helping member countries increase their knowledge of the various rules governing international trade and enhancing their ability to develop policies targeted at facilitating an increased share of global trade for sustainable development. By partnering with relevant institutions both within and outside the Secretariat, the team is able to expand the reach of its training programmes and maximise the impact of the funds allocated to the project to cover more policy-makers across a wider range of beneficiary countries.



Brexit: Opportunities and Challenges for Commonwealth Countries

Background

On 23 June 2016, the UK electorate voted in a 'Brexit' referendum to leave the EU, with an unequivocal majority of 52 per cent. The UK government has clearly voiced its intent to honour the referendum result and trigger Article 50 of the Lisbon Treaty (the legal provision that formally provides notification of a country's intention to leave the EU). For many of the Commonwealth countries, the UK has been an important market within the EU. Although the Commonwealth's share in the UK's merchandise trade amounted to only 7 per cent in 2015, the UK is a major market for many Commonwealth countries, with a share of as high as 30 per cent for some countries, like Belize.

Post-Brexit, the UK will have to put in place new trade and investment arrangements with Commonwealth countries. Many of the Commonwealth countries have signed/are negotiating economic partnership agreements (EPAs) or free trade agreements (FTAs) with the EU. To avoid regulatory vacuums and maintain current trade flows, post-Brexit an important challenge facing the UK and Commonwealth countries relates to the options available for putting in place a trade and investment arrangement either bilaterally or with the current African, Caribbean and Pacific regional blocs that can deepen trade and investment engagements with the UK, in addition to consideration of free trade agreements with the more advanced Commonwealth member states.

Request for technical assistance

Following the UK's decision on Brexit, some Commonwealth countries approached the Trade Competitiveness Section of the Trade Division of the Secretariat to examine the implications for their current trade regime with the UK and the opportunities provided and challenges they might face in the UK post-Brexit. Such requests were received from India, Jamaica, Kenya, Nigeria and South Africa.

Progress of the project

A series of papers on opportunities and challenges for different Commonwealth countries post-Brexit has been launched.

In September 2016, the paper on 'Brexit: Opportunities for India' was submitted, and in November 2016, the Secretariat organised a seminar in collaboration with the Centre for World Trade Organization Studies (Ministry of Commerce and Industry), the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Federation of Small and Medium Enterprises. The seminar was chaired by the commerce secretary of the Department of Commerce of the Government of India and was attended by more than 100 stakeholders. This included industry representation from India as well as the UK.

In November 2016, the Ministry of Foreign Affairs, Jamaica; the High Commission of Kenya in London; the Nigerian Export Promotion Council; and the Department of Trade and Industry, South Africa approached the Secretariat to develop papers within this series. Detailed comments on these papers have

been received from relevant stakeholders. A number of the papers have been completed and submitted to the relevant ministries/high commissions; others are at different stages of analysis.

Results

These papers provide various policy options for the requesting member states on how to respond to the impact Brexit may have on their current trade regime with the UK. They afford the countries a chance to be proactive in seeking alternative trade arrangements with the UK to preserve their current market access and also to take advantage of the opportunity to increase and diversify their trade with the country.

The papers have estimated a rise in trade between the six Commonwealth countries and the UK post-Brexit under different trade arrangements. They have also included some legal analysis of the issues

involved in negotiations of an EPA with the UK as well as of the trade and investment arrangement put in place by the UK in the transition period. For example, the pilot study for India shows that, although India has always had much less trade and investment with the UK than it has with the EU, trade and investments between India and the UK have been rising steadily since 2005. The paper estimates that an FTA between India and the UK will increase India–UK trade by 26 per cent per year. The UK's exports to India will increase by 33 per cent per year while the UK's imports from India will increase by 12 per cent per year. The paper also identifies new products that India can export to the UK that can increase its share in the UK's market by US\$2.1 billion. Similar analyses have been conducted for Jamaica, Kenya, South Africa and Nigeria. New products have been identified for these countries for exports to the UK that will help the countries diversify.



The Commonwealth

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