Intra-Commonwealth trade

Trade with Britain

The relative magnitudes of some of the main categories in intra-Commonwealth trade are shown in Table IX. As will be seen from Appendix Tables 3, 5 and 7, the proportion of Commonwealth countries' total exports sent to Britain, the porportion of Commonwealth countries' total imports supplied by Britain, and the proportion of British imports supplied by Commonwealth countries, have all been falling. The processes of causation are complex, but an important part of the explanation lies in regional trade polarities in Europe, in the Pacific (Australia and New Zealand vis-a-vis Japan), and in North America – where sectoral arrangements covering trade between Canada and the United States in the fields of energy, defence procurement and automotive engineering have tended to detract from the influence of earlier, historic ties. In the light of the preceding paragraph, what may be seen as being of greatest importance may not be the attempted preservation of former patterns of trade, so much as a widening of the freedom of access (that was the hallmark of the Commonwealth system) both globally and regionally, while preserving and developing as far as

Table IX Intra-Commonwealth trade *a*

£ million

	1969	1970	1971	1972	1973*b*
Exports and re-exports from the Commonwealth:					
Britain to other Commonwealth countries	1,488	1,589	1,891	1,802	2,065
Other Commonwealth countries to Britain	1,633	1,850	1,774	1,936	2,399
Other Commonwealth countries to each other	1,579	1,779	1,954	2,155	3,132
(1) Total intra-Commonwealth	4,700	5,218	5,619	5,893	7,596
(2) Total to all countries	20,657	23,181	25,279	28,153	37,626
(1) *as a percentage of* (2)	*23*	*23*	*22*	*21*	*20*
Imports into the Commonwealth:					
Britain from other Commonwealth countries	1,832	2,056	2,065	2,114	2,719
Other Commonwealth countries from Britain	1,593	1,752	2,023	1,961	2,245
Other Commonwealth countries from each other	1,491	1,730	1,865	1,985	2,756
(1) Total intra-Commonwealth	4,916	5,538	5,953	6,060	7,720
(2) Total from all countries	21,691	23,766	26,250	29,069	39,813
(1) *as a percentage of* (2)	*23*	*23*	*23*	*21*	*19*

a Sum of individual country valuations.

b Provisional.

possible the liberal trade intercourse and political rapport with countries having historic ties. Material in the remainder of this section will illustrate the way in which regional Commonwealth ties are developing.

Australia, Canada and New Zealand

A large proportion of Canadian trade with Australia and New Zealand has traditionally taken place under an exchange of bilateral tariff preferences. The basis for this exchange had been Canada's bilateral trade agreements with these countries, as well as each country's respective trade agreement with Britain. The latter's accession to the EEC had left the future of some of these preferences uncertain. Because of this, Canada had a series of trade discussions with both Australia and New Zealand, which resulted in new arrangements to preserve, to the maximum extent possible, those preferences which were exchanged as a concommitant of agreements with Britain.

The New Zealand/Australia free trade agreement (NAFTA), which was signed in August 1965 and came into effect in the beginning of 1966, has proved an important catalyst in increasing trade between these two countries. The main aim of the Agreement, which runs for an initial period of ten years, is "to further the development of the area and the use of the resources of the area by permitting and assisting a mutually beneficial expansion of trade". The central element of the agreement is the list of goods on which duties are progressively reduced and bound at free in the import tariffs of both countries.

While Australia and New Zealand accorded each other the benefit of the British preferential tariff* under the terms of their 1933 Trade Agreement, now incorporated into NAFTA, the minimum margins of preference had been determined by each country's trade agreement with Britain. In January 1973 these agreements with Britain were terminated, and a new agreement concluded between Australia and New Zealand, giving each country a contractual right to margins of preference in the other's market. The agreement, which was of an interim nature, expired on 30 September 1974, and was temporarily extended pending the outcome of negotiations regarding the nature of the arrangements to operate after that date.

The interim agreement excluded motor vehicles and components, which constituted the largest item of Australian exports to New Zealand (valued at $83.4 million in the year ended June 1974) and an important British export interest. When the Agreement was concluded in 1973, New Zealand was not in a position to undertake any future commitment on tariffs on motor vehicles, but the Government at that time announced its intention to consult with Australia before making any change in the preferential tariff position, and had in fact retained the preference. In the later months of 1974, both Australia and New Zealand were examining their motor vehicle policies and, in recognition of the

* i.e. the Schedules of duties each applied to imports from Britain and its colonies.

importance of motor vehicles in the total trading relationship between the two countries, they proposed to enter into consultation as soon as practicable on the implications of their new policies for the development of trans-Tasman trade.

Pacific Islands

Efforts to increase regional commerce between Commonwealth countries in the South Pacific continue. The South Pacific Forum came into existence in 1971 as a result of the periodic meetings of ministers or heads of state from Australia, the Cook Islands, Nauru, New Zealand, Tonga and Western Samoa. The South Pacific Bureau for Economic Co-operation (SPEC) is an outgrowth of this grouping, and has been commissioned to investigate ways of increasing potentially remunerative commercial contacts among members of the Forum. At the fifth meeting of the Forum, in March 1974, members endorsed the decision of the Conference of the Pacific Island Producers Association that the Association should be terminated and its functions absorbed by SPEC.

Table X Intra-Commonwealth trade

Exports by individual Commonwealth countries to all other Commonwealth countries

£ million

	1969	1970	1971	1972	1973*a*
Australia	505	573	624	739	975
Bangladesh	38	35	20	*b*	*b*
Britain	1,488	1,589	1,891	1,802	2,065
Canada	619	840	786	748	948
Ghana	38	44	31	37	51
Guyana	28	29	32	29	29
Hong Kong	242	268	318	357	586
India	171	190	193	235	304
Jamaica	47	45	53	54	60
Kenya	63	70	72	75	92
Malawi	15	17	20	20	23
Malaysia	229	245	247	259	428
New Zealand	271	267	282	348	444
Nigeria	118	163	185	236	349
Singapore	242	249	311	354	552
Sri Lanka	44	50	42	35	43
Tanzania	58	62	70	65	63
Trinidad & Tobago ..	44	43	46	51	52
Uganda	43	50	49	40	40
Zambia	128	112	62	77	119
Others	269	277	285	332*c*	373*c*
Total	4,700	5,218	5,619	5,893	7,596

a Actuals, or annual rates based on latest data.

b Estimate included in "Others".

c Including estimates for Bangladesh.

Caribbean

The Caribbean free trade area CARIFTA, which had been launched in 1968, had provided for the freeing of the bulk of intra-regional trade immediately, with the exception of a short list of items. At least 90 per cent of intra-regional Commonwealth Caribbean trade was freed of import duties and quantitative restrictions at the outset. Limited available data suggest that most of the resulting trade volume increase, between 1967 and 1970, was on the part of and between the four more advanced member countries, viz Barbados, Guyana, Jamaica, and Trinidad and Tobago: the smaller countries were unable to increase their exports to the rest of CARIFTA to any appreciable degree. However, an Agricultural Marketing Protocol, which had originally provided for equal treatment for all CARIFTA countries in the allocation of relevant markets, was modified to provide for the surpluses of the smaller countries being given priority, in the regional market, over surpluses of the more advanced members. Furthermore, a regional Oils and Fats Agreement, which had been in operation since the end of the second world war, was substantially revised in 1970 and redrafted as a protocol to the CARIFTA Agreement. It is reported that the smaller CARIFTA countries have as a result gained large increases in the regional market for copra and raw oil.

Table XI Intra-Commonwealth trade

Exports to other Commonwealth countries as percentage of each country's total exports

	1969	1970	1971	1972	1973
Australia	31	30	30	28	26
Bangladesh	17	16	14	..	..
Britain	20	20	21	18	17
Canada	11	12	11	9	9
Ghana	25	24	22	25	22
Guyana	56	52	52	49	50
Hong Kong	27	26	27	26	26
India	22	23	23	24	25
Jamaica	45	32	37	36	36
Kenya	60	59	59	56	49
Malawi	68	68	66	62	58
Malaysia	34	35	37	38	38
New Zealand	54	53	51	49	43
Nigeria	31	32	25	27	32
Singapore	40	42	46	44	40
Sri Lanka	38	36	30	27	26
Tanzania	56	58	60	51	45
Trinidad & Tobago ..	24	23	23	25	20
Uganda	45	43	45	35	30
Zambia	29	27	22	25	25
Others	54	50	44	36	32
Total	23	22	22	21	20

Table XII Intra-Commonwealth trade

Imports by individual Commonwealth countries from all other Commonwealth countries

£ million

	1969	1970	1971	1972	1973*a*
Australia	565	613	646	614	836
Bangladesh	28	30	22	*b*	*b*
Britain	1,832	2,056	2,065	2,114	2,719
Canada	495	513	556	645	729
Ghana	49	50	55	31	52
Guyana	29	32	31	32	40
Hong Kong	159	200	234	235	378
India	157	181	233	216	295
Jamaica	67	75	80	94	103
Kenya	67	79	100	89	93
Malawi	18	23	25	30	30
Malaysia	198	228	248	232	309
New Zealand	241	289	311	360	462
Nigeria	112	152	225	204	213
Singapore	320	361	379	412	634
Sri Lanka	62	60	49	38	37
Tanzania	46	52	56	57	62
Trinidad & Tobago ..	50	62	69	77	70
Uganda	43	42	58	39	43
Zambia	74	83	94	86	79
Others	304	357	417	456*c*	536*c*
Total	4,916	5,538	5,953	6,060	7,720

a Actuals, or annual rates based on latest data.
b Estimate included in "Others".
c Including estimates for Bangladesh.

By 1973 Barbados, Guyana, Jamaica and Trinidad and Tobago had reached the stage of common market formation out of the existing free trade area. Belize (British Honduras), Dominica, Grenada, Montserrat, St Lucia, and St Vincent joined the common market, CARICOM, in 1974 – as also did St Kitts/Nevis/Anguilla and Antigua, whose Governments had earlier withheld their decision to join. CARICOM has the following main features: substantial internal free trade; an external tariff common to all participants: the construction of a protective policy to encompass the region as a whole; harmonization of fiscal incentives to industry and agriculture; a multilateral system for the avoidance of double taxation within the area; and the rationalization of agricultural production within the Market. As with CARIFTA, special provision was made with regard to the less developed member countries. To this end the Agreement enables the members of the Eastern Caribbean Common Market to take eight years, instead of three, to align their own external tariff with that of CARICOM. Provisions also enable the smaller countries to bestow tax holidays for as long as fourteen years on industrial projects, while the four more advanced member

Table XIII Intra-Commonwealth trade

Imports from other Commonwealth countries as percentage of each country's total imports

	1969	1970	1971	1972	1973
Australia	35	34	35	33	31
Bangladesh	10	9	11	..	..
Britain	22	23	21	19	17
Canada	9	9	9	9	8
Ghana	34	29	31	27	28
Guyana	60	58	56	57	56
Hong Kong	16	17	17	15	15
India	18	21	23	24	23
Jamaica	37	34	35	38	38
Kenya	45	43	43	42	37
Malawi	58	56	55	58	52
Malaysia	41	39	41	36	33
New Zealand	61	60	60	62	55
Nigeria	39	34	36	34	30
Singapore..	38	36	33	31	31
Sri Lanka	35	37	36	29	21
Tanzania	46	39	36	35	31
Trinidad & Tobago ..	25	27	25	25	22
Uganda	59	59	56	61	66
Zambia	41	42	40	38	37
Others	37	37	37	34	34
Total	23	23	23	21	19

countries are restricted to a nine-year period. The smaller members are also permitted to have preferential marketing outlets for certain agricultural commodities that can be quickly cultivated, and to benefit by particular local content and quota concessions.

The decision of Trinidad and Tobago, Jamaica, and Guyana to marry their natural resources for the purpose of establishing aluminium smelters, announced in July 1974, is perhaps the clearest manifestation so far of regional economic integration in the Commonwealth Caribbean. Both Jamaica and Guyana have large reserves of bauxite, the raw material for aluminium, but Trinidad and Tobago is reported to be the site for the first of the two smelters which the three Governments will build jointly. World oil price increases, the revised fiscal treatment of the oil companies operating in Trinidad and Tobago and the large reserves of natural gas recently discovered offshore, will provide some of the funds necessary for the industrial development contemplated. It has been reported that the integrative effects of the whole project will be further enhanced by the setting up of a wide range of aluminium-using manufacturing plants in Jamaica, Trinidad and Tobago, and ultimately Guyana. Jamaica, with the worst unemployment problem in the region, was said to be particularly interested in this aspect of the whole exercise.