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The Kuala Lumpur CHOGM and Its Implications on Trade Policy

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ABSTRACT

This article examines the global events which led to the Kuala Lumpur CHOGM Communique on trade policy. The management of a multilateral trading system that is perceived to be both effective and equitable is important in promoting world trade and growth. The growing interdependence of countries especially in the trade area presents a political challenge for governments to continue to ensure the success of the coming Uruguay Round of negotiations. The role of Commonwealth per se versus the role of the largest exporters and importers within the Commonwealth in shaping world trade policy was also examined.

ABSTRAK

Artikel ini mengkaji kegiatan dunia yang menyebabkan munculnya Pernyataan Bersama Mesyuarat Ketua-Ketua Kerajaan Komenwel di Kuala Lumpur yang bersabit dengan dasar perdagangan antarabangsa. Pengurusan sistem perdagangan antarabangsa berbilang hala yang adil dan berkesan amatlah penting untuk meningkatkan perdagangan antarabangsa dan pertumbuhan ekonomi. Kebergantungan antara negara, terutamanya dalam bidang perdagangan antarabangsa merupakan satu cabaran politik bagi kerajaan-kerajaan untuk menjayakan perundingan Pusingan Uruguay. Peranan Komanwel berbanding dengan peranan negara pengeksport dan pengimport yang terbesar dalam Komanwel untuk membentuk dasar perdagangan antarabangsa juga dikaji.

INTRODUCTION

The Commonwealth presently consits of 49 member countries. The population of each individual member ranges from Seychelles' 0.6

million to India's 781 million inhabitants while the Gross Domestic Product (GDP) ranges from Grenada's US$139.15 million to United Kingdom's US$764,601 million.[1] For the year 1987, Canada's annual per capita GDP of US$16,612.84 ranks highest among the Commonwealth members. This is then followed by the United Kingdom, Australia, New Zealand and Singapore with per capita GDP of US$13,440, US$12,292.73, US$110,697.82 and US$8,032.57 respectively. Uganda's annual per capita GDP of US$30.54 ranks the lowest among the Commonwealth members.[2] Sierra Leone, Tanzania, Nigeria and Bangladesh are among the countries at the lower end of the scale with annual per capita GDP of US$70.15, US$76.87, US$155.78 and US$163.02 respectively. This diversity in the economic capacity of members is no accident since it is a voluntary association of independent sovereign states whose histories were intertwined for a period and have certain similarities such as language and working methods. The Commonwealth is not a federation or a military or economic bloc and it has no constitution or rules.

The earlier British (and European) expansion into the rest of the world was economically motivated. The British colonies served as a source of raw materials and also as markets for the mother country. During the nineteenth century, in each of the colonies there was a local elected assembly but real power rested in the hands of the governor appointed from London and the two were often in conflict. The armed uprisings in the Canadian provinces during the 1830s resulted in Lord Durham's report in 1839. This report suggested that the governor of the colonies should appoint Prime Ministers who had the confidence of the assembly and that the views of the local assembly should be accepted except in certain matters. The origins of the Commonwealth can be traced to Lord Durham's original report which suggested that a system of responsible government be erected in the colonies. This system of responsible government was in operation in Canada by 1847 and it was then extended to other colonies in Australia, New Zealand and South Africa.

In 1887 when Queen Victoria celebrated her golden jubilee, Lord Salisbury, Prime Minister at that time, summoned a colonial conference for the discussion of those problems which appear more particularly to demand attention at that time.[3] The early conferences known as the Imperial Conferences later became the Commonwealth Conference. The previous Imperial Conferences was replaced from 1944 onwards by Prime Ministers' Meetings. No precise rules or procedure govern the

TABLE 1. GDP, Population and GDP Per Capita of Commonwealth Countries, 1987

Country	GDP (million of US$)	Population (millions)	GDP/capita (US$)
1. Australia	199,756.8	16.25	12,292.73
2. Antigua & Barbuda	188.85[a]	.08[a]	2360.625[a]
3. Bahamas	1448.9[b]	.22[b]	6585.9[b]
4. Bangladesh	16,719.23	102.56	163.02
5. Barbados	1331	.25	5324
6. Belize	215.65	.17	1268.53
7. Bostwana	1754.76	1.17	1499.79
8. Brunei	-	-	-
9. Canada	426,119.4	25.65	16612.84
10. Cyprus	4,082.16	.68	6003.18
11. Dominica	114[a]	.08[a]	1425[a]
12. Gambia	153.7[a]	.77[a]	199.61[a]
13. Ghana	2155.7	14.04	153.54
14. Grenada	139.15	.10	1391.5
15. Guyana	335.7	.99	339.1
16. India	225,363	781.37	288.42
17. Jamaica	2423.3	2.41	1005.52
18. Kenya	6661.9	22.94	290.41
19. Kiribati	-	-	-
20. Lesotho	393.6	1.62	235.69
21. Malawi	1395.3	7.5	186.04
22. Malaysia	28,775.2	16.56	177.69
23. Maldives	75.54	.19	397.58
24. Malta	170.32	.34	500.94
25. Mauritius	1866.4	1.0	1866.4
26. Nauru	-	-	-
27. New Zealand	34,767.9[a]	3.25	10697.82[a]
28. Nigeria	15,810.3	101.49	155.78
29. Pakistan	34,509	102.24	337.53
30. Papua New Guinea	2,814.13	3.25	840.04
31. St. Christopher	-	-	-
32. St. Lucia	151.18[c]	.13[c]	1162.92[c]
33. St. Vincent	126.19[a]	.111[a]	1136.85[a]
34. Seychelles	221.18[a]	.07[a]	3159.71[a]
35. Sierra Leone	257.45	3.67	70.15
36. Singapore	20,965	2.61	8032.57
37. Solomon Islands	143.34	.29	494.28

continued to next page

TABLE 1. *(continued)*

38. Sri Lanka	6394.8	16.36	390.83
39. Swaziland	495.9	.71	698.45
40. Tanzania	1785	23.22	76.87
41. Tonga	-	-	-
42. Trinidad & Tobago	4603.3	1.22	3773.2
43. Tuvalu	-	-	-
44. Uganda	506.94	16.6	30.54
45. United Kingdom	764,601	56.89	13439.99
46. Vanuatu		.14[d]	
47. Western Samoa		.16[d]	
48. Zambia	2454	7.56	324.60
49. Zimbabwe	5291.6[a]	8.41[a]	29.2[a]

Source: International Financial Statictics, Yearbook 1988, 1989, IMF.
a: Data is for 1986, b: Data is for 1982, c: Data is for 1984 and d: Data is for 1985.

Prime Ministers' meetings although certain conventions have developed. It is understood that the internal affairs of a member country and disputers between one Commonwealth member and another will not be discussed except with the consent of the parties to the dispute.

In matters concerning international affairs, no formal decisions are taken and no attempt is made to formulate Commonwealth policies. Lord Normanbrook (who acted as Secretary to the Commonwealth Prime Ministers' Meeting from 1946 to 1962) has quoted that

> ... the purpose and object of discussion at Commonwealth meetings has been not so much to concert a common policy or to plan joint action but rather to ensure that all Commonwealth governments have a common understanding of what may be at stake and that they appreciate the motives and purposes underlying the policies which each is seperately pursuing. The objective has always been to reach the highest measure of understanding, not the lowest measure of agreement.[4]

The Commonwealth has had trying times but it has managed to survive. Political and economic expediency has forced Britain to abandon imperial preferences towards Commonwealth members when she decided to join the EEC (European Economic Community) and thus adopt the common tariff wall of EEC. Since the Commonwealth has no rules, the accession of Britain to the EEC did not involve the infringement of any rules.

Some quarters who are sceptical of the value of the Commonwealth regard it as an anachronism but other quarters view it as a beneficial grouping where leaders can speak to each other in candour unknown elsewhere.[5] The Commonwealth Declaration of Principles unanimously approved at the CHOGM (Commonwealth Heads of Government Meeting) in Singapore (1971) reiterates that the association is based on consultation, discucssion and cooperation. The ability of the association to survive attests that the benefits of the association must outweigh its costs.

The Communique issued on October 24th 1989 at the conclusion of CHOGM in Kuala Lumpur, was worded in very broad and general terms. Communiques are generally issued to reflect consensus of the attending parties although the issues presented still remain as issues and are in need of solutions. The Communique touched on a broad spectrum of issues including disarmament, world peace, human rights, drug abuse and illicit trafficking, the world economic situation, regional economic cooperation, trade policy, commodities, debt and financial flows, poverty alleviation, management of technological change, women and children, the environment and the status of all the Commonwealth programs.

Both the developing and developed countries are obsessed with economic growth and the ensuing development that supposedly comes with it. In the following section, trade policy and its implications for growth will be discussed. The relationship between countries especially in the trade policy area is a delicate one. The ability to understand trade and trade related policies is an important element in promoting a fairly open international trading regime which hopefully will result in growth and development in both the developing and developed countries.

TRADE POLICY

The multilateral economic institutions created after World War II faciliated economic growth, world trade expansion, an increase in financial flows and a considerable liberalization of national economies. International trade has been a dynamic source of growth. Between 1950 and 1975, merchandise trade of industrial countries grew at an average rate of 8% and was an important contributor to historically high growth rates of over 4%.[6] This relationship between trade and growth has also been empirically estimated for the OECD (Organization for Economic Cooperation and Development) countries using data for the years 1961-81. The results show a significant relationship between import growth and economic growth.[7] Thus, the relationship between trade and growth has an accelerationist feature – increased growth stimulates an even faster growth of trade, which stimulates more economic expansion and so on.

The increasing significance of trade in economic growth has made national economies increasingly interactive and interdependent. The growing interdependence of the world economy has broadened the sources of competition in many sectors of our national economies. The Asian NIE'S (newly industrializing economies) and Japan's spectacular growth is a specific component of this increased pace of change. Competition has intensified economic pressures for adjustment and has also brought counterpressures on governments to reduce the pains of adjustment for traditional suppliers who are at a comparative disadvantage.

In the face of rising economic interdepence and increased competition, the developing countries are beginning to understand the virtues of trade in promoting efficient allocation of resources within and among countries. The case for free trade is grounded on solid economic theory. It benefits nations to produce domestically the goods in which they have a comparative advantage and to import goods in which they have a comparative disadvantage. There are also other economic arguments for free trade. Economies of scale are easier achieved through production for a world market especially for smaller developing countries. Monopoly rents can be reduced by the competition provided from imports in an open trading regime. The rigours of international competition provide a strong incentive to adopt new technology and to increase efficiency.

Just as the developing countries are beginning to embark on export-oriented strategies to expedite economic growth, the NIEs and Japan are reaping the fruits of their earlier export oriented strategies. Japan's (and to a lesser extent the Asian NIEs) technological ascent and competitiveness has resulted in her huge trade surpluses with the major developed countries. These surpluses have become a target for attack by the Western developed countries. Demands for reciprocity and increasing bilateralism in the trading system has made market access a major problem for the developing countries. Special and differential treatment is not as easily accorded to developing countries as before the ascent of the NIEs and Japan.

The global recession of the early 1980s made the process of sectoral and national adjustments difficult. Growing competition has created a suitable environment for economic nationalism, isolationism, and protectionism. The high levels of unemployment, economic dislocation, foreign exchange or debt service problems have prompted governments to step up exports and slowdown imports to promote expansion of demostic jobs resulting in the wave of "new protectionism". Governments unwilling to subsidize a sector (through production subsidies, tax relief or other measures) and at the same time is unwilling to see that sector adjust as fast as market forces might dictate, can resort to "adjustment resistance" policies by limiting external sources of competition.

The previous rounds of multilateral negotiations have succeeded in lowering tariffs but the new waves of protectionism has taken other forms. Nontariff measures including "voluntary" export restraints on supplier countries, health and safety requirements, increasingly important government intervetion through subsidies, performance requirements, foreign investment regulations, aggresive technological policies and others have been found to limit or distort competitive market forces. Many of these measures have "sophisticated" designs that they do not fall within the ambit of GATT (General Agreement on Tariff and Trade) or they slip through the ambiguities of GATT. The nontariff measures have made it possible to ignore most favoured nation status in the multilateral trading system.

Concern for the growth and market access of developing countries and the increasing recourse to bilateralism is reflected in the CHOGM Communique of 1989 where the

> ..... Heads of Goverment emphasized the importance of an open and non-discriminatory multilateral trading system for sustaining non-inflationary world growth. ... they deplored continuing protectionism, which was particularly damaging to exprots from developing countries. ... They deeply regretted the growing recourse by some major developed countries to unilateral and bilateral pressures to settle international trade disputes.[8]

The growing similarity of factor endownments and technological levels among industrial countries and also among developing countries causes camparative advantage to be relatively arbitrary across a range of manufactured goods. Government intervention with special support in selected sectors will then provide undue advantage for a particular sector. Trade perfomance then becomes less a matter of comparative advantage but more a matter of determination of strategic behaviour akin to that of imperfectly competitive markets. This state of affairs where comparative advantage is arbitrary again emphasizes the importance of formulating an effective and equitable international trading regime where a "level playing field" with international rules of behaviour is maintained.

The increasing economic and policy interdependence among nations has led to a growing role of international forces in the national economies of countries. Not only is trade policy vulnerable to international forces but more recently international monetary affairs have also had an important impact on trade flows and trade policy. The sizeable balance of payments deficit of some countries may lead them to limit imports in order to conserve foreign exchange. Article XII of GATT permits application of import barriers for balance of payments purposes. Misaligned exchange rates also have a significant impact on trade flows and trade policy. Overvaluation of a currency will result in a disadvantage when trading internationally because prices in both exporting and import-substituting industries will be above equlibrium levels by the amount of the overvaluation. Undervaluation of a currency will result in a temporary international competitive advantage and subsequent heavy investment in export and import-substituting industries. When the undervaluation is eventually corrected, these industries will no longer produce competitively. These industries injured by the inappropriate price signal emanating from their countries international economic policies may then seek and receive protection.

The concept of economic interdependence among the nations of the world is widely recognized. But it is less widely realized that there is an enormous amount of policy interdependence especially in the trade area. Trade policy must be able to cope with current and prospective problems at the national and international level. Trade policy must also be able to respond effectively to the problems perceived as significant for a country's trade position. Sluggish response to the trade problems of a country will tend to push a country's policies in a restrictive direction. Restrictive action by a major player in the trading system increases the prospect of similar action by other players within the same industry (due to the fear of trade diversion) and in unrelated industries (due to the general trend).

In the past, the US with a large external surplus and a large share of gross world product, along with the relatively small impact of external events on the US economy has succeeded in maintaining a fairly open world trading regime. With the erosion of US hegemony, the major trading nations and multilateral institutions like GATT and OECD will have to undertake the responsibility of managing the world trading system. The major trading nations must be able to manage international economic disputes in a manner that at least maintain the major economic and political benefits that stem from a reasonably open trading system. The inability of the major trading nations to collectively formulate and enhance a trading regime that is widely viewed as both effective and equitable, will inevitably enhance protectionist pressures in individual countries.

In a highly interdependent world economy, unilateral action is the antithesis of multilateral cooperation. The major challenge to the multilateral order is a policital challenge. If governments continue to search for selective, sectoral solutions and bilateral exceptions to multilateral agreements and procedures, the erosion of the multilateral trading system can be expected to continue. Thus, in the CHOGM Communique of 1989, the importance of the Uruguay Round of multilateral negotiations was emphasized.

> The Round's failure would have severe consequences for the world economy and the developing countries in particular. They (the Heads of Government) emphasized the crucial importance of rapid and substantive progress to produce a conclusion by the end of 1990 that was balanced and meaningful; strengthen the role of GATT and preserve the multilateral trading system; and lead to further liberalization and expansion of world trade, benefiting all countries especially developing countries.[9]

COMMONWEALTH TRADE

Trade among the Commonwealth countries is dominated by a small number of countries. Table 2 in the appendix shows export and import figures in billions of US dollars for the Commonwealth countries for the years 1986 and 1987. In 1987, the largest exporter in the Commonwealth is United Kingdom with exports totalling US$131.264 billion. This is followed by Canada, Singapore, Australia and Malaysia with exports of 98.12, 28.692, 26.517 and 17.939 billion US dollars respectively. The total exports for the five largest exporters in the Commonwealth is US$302.53 billion. This is about 88% of the total exports of the 28 Commonwealth countries for which data are available for 1987.[10] In other words, 10% of the countries in the Commonwealth export about 88% of the total exports of the Commonwealth. In 1987, the largest importer in the Commonwealth is United Kingdom with imports of US$154.4 billion. This is followed by Canada, Singapore,

TABLE 2. Exports and Imports of Commonwealth Countries, 1986 and 1987

	Exports (billions of US$)		Imports (billions of US$)	
Country	1986	1987	1986	1987
1. Australia (IND)22.622	26.517	26.10	29.32	
2. Antigua & Barluda (WH)	-	-	-	-
3. Bahamas (WH)	.825	-	1.62	-
4. Bangladesh (AS)	.880	.887	2.49	2.71
5. Barbados (WH) .275	.156	.59	.52	
6. Belize (WH)	.093	.099	.12	.14
7. Bostwana (AF)	.825	1.521	.68	.85
8. Brunei (AS)	1.798	-	.65	-
9. Canada (IND)	90.193	98.121	85.07	92.73
10. Cyprus (ER)	.459	.584	1.27	1.48
11. Dominica (WH)	-	-	.04	-
12. Gambia (AF)	.035	-	.10	-
13. Ghana (AF)	.863	-	.78	-
14. Grenada (WH)	.029	.035	.08	.09
15. Guyana (WH)	.228	.235	-	-
16. India (AS)	9.499	11.375	15.41	16.72
17. Jamaica (WH)	.596	.649	.96	1.21
18. Kenya (AF)	1.217	.961	1.65	1.76
19. Kiribati	-	-	-	-
20. Lesotho (AF)	.026	-	.39	-
21. Malawi (AF)	.220	.277	.26	.30
22. Malaysia (AS)	13.876	17.939	10.83	12.70
23. Maldives (AS)	.025	.031	.06	-
24. Malta (ER)	.497	.605	.89	1.14
25. Mauritius (AF)	.076	-	.68	-
26. Nauru	-	-	-	-
27. New Zealand (IND)	5.880	7.195	6.06	7.28
28. Nigeria (AF)	-	-	-	-
29. Pakistan (AS)	3.384	4.172	5.37	5.82
30. Papua New Guinea (AS)	1.033	1.141	1.07	-
31. St. Christopher	-	-	-	-
32. St. Lucia (WH) .083	-	.15	-	
33. St. Vencent (WH)	-	-	-	-
34. Seychelles (AF)	.019	-	.11	-
35. Sierra Leone (AF)	.143	.129	.13	.14
36. Singapore (AS)	22.495	28.692	25.51	32.56
37. Solomon Islands (AS) .	066	-	.07	-

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TABLE 2. *(Continued)*

38. Sri Lanka (AS)	1.215	1.393	1.86	2.06
39. Swaziland (AF)	.267	.311	.35	.37
40. Tanzania (AF)	.343	-	.87	-
41. Tonga (AS)	.005	.008	.04	.05
42. Trinidad & Tobago (WH)	1.378	1.464	1.36	1.21
43. Tuvalu	-	-	-	-
44. Uganda (AF)	-	-	.34	-
45. United Kingdom (IND)	107.199	131.264	126.33	154.4
46. Vanuatu (AS)	.014	.017	.06	.07
47. Western Samao (AS)	.011	.012	.05	.06
48. Zambia (AF)	.517	-	.65	-
49. Zimbabwe (AF)	1.302	-	1.13	-

Source: International Financial Statistics, Supplement on Trade Statistics, Supplement Series, No. 15, IMF, 1988.

IND denotes industrial countries
AF denotes African countries
AS denotes Asian countries
ER denotes European countries
WH denotes countries in the Western Hemisphere

Australia and India with imports of 92.73, 32.56, 29.32 and 16.72 billion US dollars respectively. The total imports for the five largest importers among the Commonwealth members is US$325.73 billion. This is about 89% of the total imports for the 25 Commonwealth countries for which the data are available. It can be said that within the Commonwealth, the largest exporters and importers contribute significantly to the total exports and imports, thus suggesting that the smaller countries are minor players in the Commonwealth. The United Kingdom, Canada, Australia and Singapore dominate both the exports and imports of the Commonwealth.

Tables 3 and 4 present export and import data for five different groups of countries within the Commonwealth. The five groups include the industrial countries (United Kingdom, Canada, Australia and New Zealand), the Asian countries, the African countries, the European (Malta and Cuprus) countries and the countries in the Western Hemisphere. It can be gleaned from Table 3 that the average annual export of the industrial countries is US$67.77 billion for the year 1987. This is then followed by the Asian countries with an annual average export of US$5.969 billion. The average annual export of the African, European

TABLE 3. Exports of the Commonwealth Countries (Billions of US$)

	1975	1980	1985	1986	1987
Industrial Countries (av.)	22.90	51.31	55.17	56.47	67.77
	(4)	(4)	(4)	(4)	(4)
African Countries (av.)	.85	2.25	1.29	.50	.64
	(15)	(15)	(15)	(13)	(5)
Asian Countries (av.)	1.3	13.93	4.35	4.18	5.97
	(13)	(13)	(13)	(13)	(11)
European Countries (av.)	.16	.51	.42	.48	.59
	(2)	(2)	(2)	(2)	(2)
Western Hemisphere Countries (av.)	.49	.95	.54	.44	.44
	(11)	(11)	(9)	(8)	(6)

Source: International Financial Statistics, Supplement on Trade Statistics, Supplement Series, No. 15, IMF, 1988.
( ): Number in brackets denotes the number of countries over which the averages were derived.

TABLE 4. Imports of the Commonwealth Countries (Billions of US$)

	1975	1980	1985	1986	1987
Industrial Countries (av.)	25.83	51.49	55.37	60.89	70.9
	(4)	(4)	(4)	(4)	(4)
African Countries (av.)	.84	1.88	1.10	.58	.68
	(15)	(15)	(15)	(14)	(5)
Asian Countries (av.)	1.80	4.7	5.16	4.88	8.08
	(13)	(13)	(13)	(13)	(9)
European Countries (av.)	.35	1.07	1.01	1.08	1.31
	(2)	(2)	(2)	(2)	(2)
Western Hemisphere Countries (av.)	.54	.74	.66	.62	.63
	(11)	(11)	(9)	(8)	(5)

Source: International Financial Statistics, Supplement on Trade Statistics, Supplement Series, No. 15, IMF, 1988.
( ): Number in brackets denotes the number of countries over which the averages were derived.

and Westeran Hemisphere countries within the Commonwealth is less than US$0.7 billion. Table 4 presents import data for the five groups of countries within the Commonwealth. Again the pattern is similar to that for the export data. In 1987, the average annual import for the industrial countries is US$70.9 billion. This is followed by the Asian countries with an average annual import of US$8.083 billion. The average annual import for the European countries, the African countries and the countries in the Westeran Hemisphere are 1.31, 0.684 and 0.634 billion US dollars respectively. Therefore, in trade related matters within the Commonwealth, the industrial countries are the forerunners followed by the Asian countries. The contribution fo the African, European and the Western Hemisphere countries within the Commonwealth, to trade is small.

Table 5 presents data for Commonwealth exports and imports compared to world exports and imports. For the year 1987, Commonwealth exports as proportion of world exports is 14.6%. The ratio is 15.2% for the year 1986. In 1987, Commonwealth imports as a ratio of world imports is 15.0% whereas in 1986, it is 15.6%. This then implies that Commonwealth countries account for about 15% of world exports and imports. It has been shown that the industrial countries within the Commonwealth are the major players in Commonwealth trade. These major players such as the United Kingdom, Canada and Australia are also members of other international organizations such as the Group of Seven which play a large role in shaping world trade policy. These major players in tandem with other major players (such as the US, Japan and Germany) help shape world trade policy for all countries in the world and not restricted to the Commonwealth countries alone.

CONCULSION

Britain's earlier economic strength and political will led to the establishment of the Commonwealth. Imperial preferences encouraged trade among Commonwealth countries. But today the role of the Commonwealth has diminished. Britain's accession to the EEC forced her to abandon imperial preference. This has led to diminished trade among Commonwealth countries. The impending formation of a Single Market in the European Community in 1992 has forced Britain to closely align herself with the other European countries. The economic facts of life has forced many Commonwealth countries to align their economies

TABLE 5. World Trade Compared to Commonwealth Trade (Billion of US$)

	1970	1975	1980	1985	1986	1987
Commonwealth exports	54.67 (45)	127.13 (45)	301.6 (45)	302.3 (43)	3291.13 (40)	343.77 (28)
World exports	290.6	822.4	1892.1	1798.7	1992	2352.6
Commonwealth exports as a percentage of world exports	18.8	15.45	15.94	16.8	14.6	14.6
Commonwealth imports	54.02 (43)	145.86 (45)	306.08 (45)	312.69 (43)	322.22 (41)	365.56 (25)
World imports	304.06	837.63	1946.34	1888.09	2061.56	2412.16
Commonwealth imports as a percentage of world imports	17.77	17.41	15.73	16.56	15.63	15.15

Source: International Financial Statistics, Supplement on Trade Statistics, Supplement Series No. 15, IMF, 1988.
( ): Number in brackets denote the number of countries in the Commonwealth that were included in calculating the data.

either with the US and Canada, the EEC or Japan and the Pacific Basin countries. Although both Canada and Britain are members of the Commonwealth, Britain is aligned with the EEC and Canada with the US, Singapore and Malaysia are looking more towards Japan and Asia for trade opportunites. Member countries of the Commonwealth seek trade with other countries based on economic (and political) rationale and not based on their association with the Commonwealth. The role of the Commonwealth per se in shaping world trade policy is negligible although the role of the largest industrial countries within the Commonwealth such as Canada, the United Kingdom and Australia can be substantial. These large industrial countries of the Commonwealth are interested in shaping world trade policy for reasons other than that of maintaining the Commonwealth spirit. In short, in the trade policy arena, the Commonwealth is too weak.

NOTES

[1] Data for the GDP was calculated from the *International Financial Statistics* published by the International Monetary Fund. The GDP for each country was given in the domestic currency unit. The exchange rate was then used to convert them to U.S. dollars.

[2] Data for the smaller countries in the Commonwealth is generally not readily available. The analysis for the poorer countries in the Commonwealth is based on the available data.

[3] Chapter 1 in Hall (1971) gives an excellent summary of the history of the Commonwealth.

[4] Quoted from *The Commonwealth in Brief* (1967, p. 9).

[5] This idea was portrayed in Walker (1978, ch. 2).

[6] As quoted from Cline, W. R. (1983, ch. 1).

[7] As quoted from Bergsten, C.F. and Cline, W.R., *Trade Policy in the 1980s: An Overview,* in Cline (1983, ch. 2).

[8] The full text of the Kuala Lumpur CHOGM Communique appears in *The Star,* October 25th, 1989, p. 17.

[9] Ibid.

[10] Countries for which the export and import data are not available are normally small countries. Deleting them will not underestimate too much the total exports or total imports of the Commonwealth.

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