

Royal Commonwealth Society Roundtable Discussion

Part One

Prosperity in the Commonwealth

Report 2014



THE ROYAL COMMONWEALTH SOCIETY

About this Report

This report summarises an event that was organised by the Royal Commonwealth Society on the 16th of December 2014. The discussion took place at the UK Foreign and Commonwealth Office and sought to address what the Commonwealth can do to increase prosperity including trade, investment and economic development amongst its members. The discussion was attended by a select group of leaders from business, diplomacy, academia and Commonwealth organisations representing diverse facets of the Commonwealth. It was Chaired by the Director of the Royal Commonwealth Society, Michael Lake CBE and opened by UK Minister for the Commonwealth, The Rt. Hon Hugo Swire MP. The meeting was held under Chatham House rules in order to ensure a frank and honest debate /and this report provides a non-attributed overview of this discussion.

The Mutual Importance of the Commonwealth

Opening the discussion the UK Minister for the Commonwealth, the Rt. Hon Hugo Swire MP, emphasised the demonstrable value of the Commonwealth in building greater prosperity for its citizens, particularly young people. The Commonwealth is a network and an organisation that is both important to all members and also under-utilised. In the current globalised and inter-connected world the Commonwealth exists as an opportunity to make the most of interconnected business, trade and investment. The world is currently experiencing a shift as new markets, demographics and trading blocs emerge. Technology, innovative finance, rising middle-classes and a range of other factors are changing how the world does business and who is doing it. For individual countries the rise of new economies, rising populations with large youth demographics and developing regional trading blocs poses a challenge for foreign and economic policy makers. In a competitive world countries must navigate an economic path for themselves.

Against this backdrop of new economic realities and shifting economic power many of the participants saw the Commonwealth as a source of ready-made opportunities. The Commonwealth is bound by a number of important and tangible strengths, including a common global language, similarities in culture, strong educational institutions and Commonwealth professional associations, inter-governmental organisations and civil society networks that all members can take advantage of. As one participant put it, the Commonwealth is an *emerged* global architecture not an emerging one. The importance of these Commonwealth strengths is that they provide a means of connecting members to diverse global economic networks. It was acknowledged that the Commonwealth contains countries at various stages of economic development but, as some contributors stressed, all can benefit from economic connectivity in addition to their other international memberships and bilateral relationships. The Commonwealth provides opportunities for connectivity that in a practical sense can assist with finances and sharing expertise.

While the majority of the contributors emphasised the importance of the Commonwealth many of them also stressed that it was a network and an organisation which was undervalued and underutilised. Representatives of the business community admitted, that for them, seeing the concrete effects of Commonwealth membership was difficult in day-to-day business and that for most

colleagues the Commonwealth was simply not on their radar even when they were working across Commonwealth countries. This view was extended by some to the 'Commonwealth brand' which was seen as strong but poorly used and recognised. With regards to the Commonwealth's potential to increase prosperity there was broad discussion of the Commonwealth 'values' agenda. For some the development of a fair and equal society is a prerequisite for financial and economic stability; for others the emphasis and adopted approach for dealing with sometimes contentious 'values' issues, was a hindrance to progress in the Commonwealth.

Barriers to Prosperity

While the Commonwealth faces its own network challenges there are many other issues which present substantial barriers to achieving prosperity across the world as well as in the Commonwealth. Some of the barriers discussed included:

- Corruption
- Debt burdens
- Financial instability
- Massive economic inequality between countries and people
- Lack of access to water, electricity, education and other social needs
- Lack of access to funds and investment
- Climate change

Many of these challenges are ones which the Commonwealth itself should be taking particular notice of. With a large proportion of countries being small island states the Commonwealth should be aware that these issues can be mutually reinforcing. One discussant gave the example that small island states are vulnerable to having to pay off large debt burdens while recovering from environmental catastrophes.

Several smaller challenges for those seeking to trade and invest in the Commonwealth were also identified including visa restrictions between countries and differences between often-complex national regulations on tax and business rules. It was felt that many of these matters could be handled within the Commonwealth family.

For several of the diplomats in attendance the underutilisation of the Commonwealth was reflected in the limited funding that the Commonwealth Secretariat receives. With a large number of potential barriers to prosperity in the Commonwealth it was acknowledged 'that the Commonwealth has a long to-do list and limited resources to address it'. The view was expressed that regardless of response the Commonwealth did not make best use of what is available.

Opportunities for Prosperity

While the discussion of barriers to prosperity has the potential to cause pessimism the discussion also identified numerous current and potential opportunities for prosperity to flourish and grow in the Commonwealth. These areas of opportunity included both traditional and emerging economic issues. Some were seen as a particular opportunity for small island or developing states and others were

potentially exploitable by all Commonwealth economies. These opportunities included existing Commonwealth assets, developing economic patterns and new industries awaiting increased utilisation. The discussion covered:

- Small and medium-sized enterprises (SMEs)
- A large and dynamic Commonwealth population of young people
- Technological innovation, particularly around communications and access to finance
- Micro and alternative-financing
- Scientific advances
- Well respected universities
- Strengthening intellectual property rules
- Service industries
- Infrastructure development

The discussion identified a number of inherent Commonwealth characteristics that could be utilised practically and imaginatively to the benefit of individual countries and the Commonwealth as a whole.

The Role of the Commonwealth

As both barriers to and opportunities for increasing prosperity in the Commonwealth were discussed participants expressed a range of views as to what role the Commonwealth, and the numerous actors within it, should play in addressing these issues. This discussion also addressed which issues such actors should be prioritised. The negotiation of the Post-2015 Sustainable Development Goals has included an acknowledgement that economic development is key to alleviating poverty. This was seen as relevant to the Commonwealth, particularly for poorer countries. Another priority for less-economically developed countries was investment rather than trade. As one diplomat explained, without investment in transport infrastructure and production processes countries have nothing to produce for trade and no way of trading it and ultimately limited opportunities to develop as societies and economies. It was further acknowledged that a lack of data on these type of economic transactions in the Commonwealth was exacerbating the problem.

Amongst the discussion on priorities points were made on the role of governments: for some the 'neo-liberal' emphasis on small government was misplaced and achieving greater prosperity required the input of a democratic government in economic governance. For others, Commonwealth governments should be working towards simplifying and standardising business regulations allowing for greater trade and business by non-government sectors. The discussion on role also extended to the Commonwealth itself. It was acknowledged that the Commonwealth Secretariat plays an extremely important role but has limited resources and has been drawn into a broad and potential engagement. Beyond the Secretariat and the member states there are numerous other organisations within the Commonwealth which were identified as playing a role in promoting prosperity. The Commonwealth Enterprise and Investment Council now operating on a mutual-assistance business model was seen as a key player in promoting commercial interaction. In addition, participants looked to the variety of Commonwealth professional associations and generalist organisations, such as the Royal Commonwealth Society, as a way of sharing expertise within the Commonwealth. Diplomats and businesspeople also had a role to play, particularly in connecting to Commonwealth colleagues to

forge new links. Summing up, one participant suggested that these diverse actors should look to the Commonwealth Heads of Government to deliver clear leadership and a coherent programme of action on prosperity with which the Commonwealth organisations can build upon.

Action for the Commonwealth

The whole discussion included references to potential action for the Commonwealth. The challenges and barriers to prosperity identified are not insurmountable with clear intent and determination. The opportunities identified require action in order to be exploited effectively.

The Commonwealth was seen as at its best where it helps to facilitate and to connect. The Commonwealth was seen as a way of connecting countries to different trade blocs, businesses to new markets and individuals, governments and organisations to finance and expertise. The Commonwealth's assets of shared language, legal systems and connected organisations provided a ready-made set of tools to continue to connect economic networks. Many participants agreed that to build on this network did not have to be complicated. The CWEIC's recent infrastructure conference was given as an example of an effective way of bringing multiple actors together and facilitating business deals. Practical actions that were suggested included simplifying business rules, increased communication and discussion between the relevant Commonwealth ministers and creating new opportunities for diplomats, investors and businesspeople to meet and explore new investment and trade opportunities.

While this discussion did not produce a single set of recommendations for addressing particular socio-economic policy issues it has confirmed an optimist's view of the Commonwealth and its distinct potential and suggested ways and roles for the Commonwealth in increasing prosperity. A range of challenges have been identified, a diverse set of opportunities have been articulated and a number of paths of action for the Commonwealth have been proposed. This paper provides a starting point for a broader forward-looking debate on how the Commonwealth can increase prosperity for its members and citizens. As the opening statement of this discussion pointed out, with the next Commonwealth Heads of Government Meeting focusing on the Commonwealth's global value, this is now the time to build a Commonwealth conversation about how that value can be delivered in terms of prosperity. The Chairman concluded by saying that the single key issue was the extent to which national leaders and their governments recognised the undoubted values of the Commonwealth and its untapped potential and acted accordingly.