



Agency for International Trade Information  
and Cooperation

May 2005

## **WTO PUBLIC SYMPOSIUM**

### **Report on Workshop on: The Small and Vulnerable Economies in the WTO and the Doha Work Programme**

**Organised jointly by AITIC and ABPEG**

(21 April 2005 – WTO, Room B)

#### **I. Background and Objectives**

1. AITIC and the *Asociación Boliviana de Economía Política de la Globalización* (ABPEG) jointly organised a workshop on 21 April 2005 on the Small and Vulnerable Economies (SVEs) in the WTO and the Doha Work Programme (DWP) within the framework of the WTO Public Symposium. The session was co-chaired by Dr Esperanza Duran, Executive Director, AITIC and Ms Susanne Köhler, Executive Director, ABPEG.

2. The workshop aimed to explore and address the specific characteristics and problems relating to the small economies; and their situation and prospects in the DWP. The workshop included presentations on the issues relating to: SVEs: main characteristics and problems; the DWP on small economies: situation and prospects; and a presentation by the ABPEG.

3. In her opening remarks, Dr Esperanza Durán stated that the issues related to small economies had been controversial and neglected for long. The major problem had been the lack of any accepted definition of “small economies”. The DWP had given the small economies an opportunity to enhance their participation in international trade through the multilateral trading system (MTS), and thereby improve their economic development and poverty reduction strategies. While it was recognised that no new sub-categories of countries should be created, factors like the small size of the economies with particularly insignificant domestic markets and the resultant vulnerability, transport problems and high costs faced by small island states and the land-locked countries have now been identified.

4. Ms Susanne Köhler gave an overview on the working of ABPEG. She informed that ABPEG worked closely with academia on matters related to MTS

and were also involved in assessing the progress made by Bolivia and other similar small countries in their integration process. She highlighted the need for Bolivia to have practical solutions for an improved integration into the MTS, instead of mere bureaucratic discussions.

## **II. Small and Vulnerable Economies: Main Characteristics and Problems**

5. HE Mr Alvaro Moscoso Blanco, Ambassador, Permanent Representative of Bolivia appreciated the importance AITIC attaches to the issue of the SVEs. It was important to raise awareness, within the WTO in particular and the civil society at large, about the SVEs - their special characteristic features and the difficulties faced by them. The Doha Ministerial Declaration agreed to a work programme, to examine issues relating to the trade of small economies. In March 2002 the General Council instructed the Committee on Trade and Development (CTD) to conduct the work programme for small economies in "dedicated sessions".. He reinforced that SVEs were not looking for another sub-categorisation for themselves. He concluded by stating that the indicative list of the 17<sup>1</sup> specific characteristics and problems of the SVEs relevant to identifying the trade-related solutions for a fuller participation of the SVEs in the MTS should be considered by the CTD in dedicated sessions in preparation for the ministerial meeting in Hong Kong, China, in December 2005.

## **III. The Doha Work Programme on Small Economies: Situation and Prospects**

6. Ms Simone Rudder, Deputy Permanent Representative, Barbados, said that for a long time the WTO had not addressed the trade-related issues pertaining to small economies. However, this issue, along with the specific aspects relating to their vulnerability, had been discussed in depth and analysed extensively in several international organisations like the International Monetary Fund, UNCTAD and World Bank, etc. It was only in July 1998 that the WTO established a broad based task force to study SVEs. She said that a lot of effort had been put forth to frame the language to be incorporated in the Seattle text. Since the Seattle conference failed to reach any consensus, the issue was re-initiated, and in the Doha ministerial meeting SVEs asked for a mandate to resolve their trade-related issues, through proposals for S&D, Technical cooperation, and accession of new members from the SVEs.

7. She said the SVEs had suggested that the work of the CTD be approached in three stages: i) to consider the use of certain characteristics to identify the small and vulnerable economies; ii) to consider the trade-related problems that could, reasonably, be attributed to such characteristics; and, iii) to design appropriate systemic responses to these problems.

8. Mr Eyelio Alvarado Romero, First Secretary, Permanent Mission of Guatemala to the WTO said that the SVEs had put in tremendous effort to achieve

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<sup>1</sup>See WTO document - WT/COMTD/SE/W/12.

due recognition in the Doha Declaration and the DWP. Having achieved that, these issues need to be emphasised in the forthcoming WTO ministerial meeting in Hong Kong, China, in December 2005. To a large extent the insignificant contribution of SVEs to the world trade had restricted their participation in the various rounds of trade negotiations. Therefore, there was a need to elaborate on the characteristics, problems and solutions of the SVEs. Special care should be taken while framing the rules and regulations particularly in the areas of providing flexibilities in the implementation of agricultural and non-agricultural market access issues; trade facilitation; services etc.

9. Dr Sheila Page from the Overseas Development Institute (ODI) highlighted the need for SVEs to focus on two issues: preference erosion and S&D. She said that S&D should enable the developing countries to grow and benefit from trade without impeding the development of other developing countries. She was of the view that any form of S&D should be based on 'the enabling clause'. She wondered if there was a need for a new framework on S&D and whether 'the enabling clause' of 1979 needs to be re-looked and modified. She was not in favour of introducing special groups based on special characteristics. On the issue of preference erosion, she felt it could lead to distortion for competitive producers in some countries, which would stand to lose.

#### **IV. Presentation by the ABPEG**

10. During the discussion that ensued, Dr Page wondered why the small economies had opted for recognition on the basis of their characteristic features instead of trade which would have been more relevant in the context of the WTO. Ms Köhler replied that the provisions of S&D were applicable to all the developing countries. Since some characteristics were unique to the SVEs the problems associated were also different and therefore, it would not be level playing for SVEs to be put in the same broad category with all the developing countries. Also, characteristic and problems cannot be viewed in isolation since they were interlinked. In view of the uniqueness of the characteristic/problem, the impact arising out of a given situation can be dramatically different in case of a small economy when compared to any other developing country. To highlight her point, she cited the example of Tsunami which hit both Indonesia and Maldives alike, while Indonesia could withstand its impact, Maldives was totally shattered.

#### **V. Conclusion**

11. Overall, participants felt that the workshop had been useful and timely in the process of raising the awareness of the international community at large on the problems and special features of the small and vulnerable economies. A broad recognition emerged both of the need and the opportunity afforded by the Doha Work Programme to design specific responses to promote the effective integration of the SVEs into the multilateral trading system. This integration should provide increasing export prospects through improved market access, so that trade effectively contributes to the economic development process of the economies concerned.