

WORLD TRADE ORGANIZATION

WT/COMTD/SE/W/12
21 February 2005

(05-0715)

**Committee on Trade and Development
Dedicated Session**

Original: English

WORK PROGRAMME ON SMALL ECONOMIES

Communication from Antigua and Barbuda, Barbados, Bolivia, Cuba, Dominican Republic, El Salvador, Fiji, Guatemala, Honduras, Jamaica, Mauritius, Mongolia, Nicaragua, Paraguay, Sri Lanka, Trinidad and Tobago

The following communication, dated 18 February 2005, is being circulated at the request of the above delegations.

-
1. This paper is an attempt by the proponents to contribute in the context of the renewed efforts for completing work on all issues and mandates as called for in the July package and with a view to addressing the mandate contained in paragraph 35 of the Doha Declaration. It does not purport to substitute any of the existing proposals and is made without prejudice to issues contained therein.
 2. It is the aim of the proponents to trigger with this paper the engagement of all members in working towards framing responses to the needs and concerns of the Small Economies and ensuring appropriate reporting to the Sixth Ministerial Conference to be held in December 2005 in Hong Kong, China. The paper captures several of the issues and characteristics contained in the proposal made by the Small Economies in WTO document WT/COMTD/SE/W/1/Rev.1 dated 3 May 2002.
 3. The Decision adopted by the General Council on 1 August 2004 in relation with the Doha Work Programme reaffirms the commitments of WTO Members, as part of the Work Programme and in conformity with paragraph 35 of the Doha Ministerial Declaration, to a programme of work with a view "... to frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members."
 4. The objective of these tasks, according to the mandate, is to design responses to the identified trade-related problems for a fuller integration of the small and vulnerable economies in the multilateral trading system. It is appropriate to emphasize here that, among these economies' main characteristics, and at the same time their most critical problem, is the difficulty they face in participating competitively in international trade. These economies account for a meagre share of world trade.
 5. In this context, and taking into account the intense work already undertaken in the Dedicated Sessions of the Committee on Trade and Development on these issues, it has been suggested that the work of the Committee be approached in three stages: first, to consider the use of certain characteristics to identify the small and vulnerable economies; second, to consider the trade-related problems that could, reasonably, be attributed to such characteristics; and, third, to design appropriate

./.

systemic responses to these problems; all of this, without any individual mention of a country or group of countries.

6. To this effect, the Indicative List that follows only covers the specific characteristics and problems in a brief and concise manner. The close linkage which exists between the characteristics and problems is evident. The intent and approach of the delegations sponsoring this paper is to move forward the work in the most efficient and constructive manner. These delegations are willing and ready to undertake all possible efforts to obtain the best results possible within the time limits that Members have imposed on themselves.

7. The delegations presenting this paper consider that the work towards identifying the trade related solutions for a fuller participation of the small and vulnerable economies in the multilateral trading system will be part of further stages in the work of the Committee.

INDICATIVE LIST OF SPECIFIC CHARACTERISTICS AND PROBLEMS

1. Physical isolation, geographical dispersal and distance from the main markets. Many are Small Island or landlocked developing countries.
 2. Insignificant participation in the multilateral trading system and a minimal share of total world trade.
 3. Small, fragmented and highly imperfect markets.
 4. In general, very open economies.
 5. Domestic markets with imperfect and highly polarized structures: either a multitude of small and micro enterprises, or cartels/monopolies.
 6. Minimal or no export diversification: concentration of exports on very few products (especially commodities, traditional products and low value added goods).
 7. Low supply of export services.
 8. Dependent upon very few export markets.
 9. Inadequate Infrastructure.
 10. High degree of vulnerability.
 11. Low competitiveness.
 12. Low levels of productivity and insufficient supply.
 13. Economic rigidity with high adjustment costs.
 14. Unable to sustain diversified productions.
 15. Considerable difficulties to attract foreign investment.
 16. Lack of adequate market access opportunities to place their few export products.
 17. High transport and transit costs.
-