

Foreword

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Trade has generally been acknowledged as an important enabler of growth and development, and the integration of national economies into the multilateral trading system (MTS) can have an important role in fostering trade-led economic growth and development.

Small states, however, face acute challenges in their participation in the MTS because of a lack of economy of scale, limited natural resources, vulnerability and long distances to key export markets. This disadvantaged position of small states has long been recognised by the Commonwealth Secretariat, which initiated a discourse on the challenges that they face, the concerns that they have and how to address them. The Commonwealth Secretariat has also been helping small states to raise these issues with the World Trade Organization (WTO), and this publication is another example of the proactive and valuable work conducted by the Commonwealth Secretariat. This compilation comprises an excellent selection of articles, which will further help small states to enhance and enrich their participation in the MTS.

The publication presents a comprehensive understanding of the establishment of a Work Programme on Small Economies as part of the WTO's Doha Development Agenda (DDA), which was supported by the Commonwealth Secretariat. The work programme has the objective of framing 'responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system without creating a sub-category of WTO Member'. The work programme has become the vehicle under which small states or small, vulnerable economies (SVEs), as they are categorised by the WTO, have successfully introduced their concerns in the negotiations. Through their perseverance, SVEs have been able to overcome initial difficulties related to their inherent characteristics. As a result, today, their issues are reflected, in one form or another, in almost all areas of the negotiations.

This book offers valuable insights into the systemic issues that would need to be taken into account by the SVEs in order to increase their participation in the WTO. Of particular worth are the detailed options and proposals that have been put forward for the consideration of the SVEs to improve their participation under each of the main aspects of work of the WTO. This includes very sound suggestions under the main pillars of the work of the organisation, that is, negotiation, dispute settlement, agreement administration, research and technical assistance.

Regarding the negotiating function of the WTO, SVEs are actively participating in the work of the WTO to arrive at a post-Bali work programme to conclude the DDA. SVEs are especially keen to see a successful outcome to the round because many of their concerns are central to what is under negotiation. Therefore, a positive outcome regarding these issues should help the SVEs to make significant advances in their efforts to achieve development through opening new export opportunities that generate economic growth.

Although the SVEs have been successful in introducing their issues in the areas of agriculture and non-agricultural market access, and final outcomes in these areas are likely to have specific flexibilities for the SVEs, it is important that SVEs also focus their efforts on areas such as fisheries and services, given the importance of these sectors for their economies. The fact that many SVEs have a comparative advantage in these areas will allow them to benefit more greatly from the new market access opportunities that the conclusion of the round will create. This publication provides an excellent overview of why services – especially tourism, health and information communication technology services – are important areas for the SVEs and how they can use the MTS to advance their interests and enhance their ability to realise trading opportunities in these sectors.

One of the other WTO functions for which the participation of SVEs is analysed in this publication is dispute settlement. The conclusions and recommendations in Chapter 3 are important to ensure that the SVEs are able to use the full toolbox of WTO options to keep markets open to their exports, which is a crucial component of their efforts to achieve development through economic growth. This is all the more important given that the SVEs' dependency on a few exports and markets means that a trade-restrictive measure on one of these products is bound to have very dramatic effects on their economic and developmental outlook.

The publication also takes into consideration how SVEs have turned their attention to other new trade-related issues of interest to them outside the DDA. One area that is becoming increasingly important is the challenges faced by small economies when linking into regional and global value chains (GVCs) for goods and services. SVEs are increasingly aware that participation in GVCs is important for their further integration in the MTS. The fragmentation of production brought on by modern production methods and low trade costs represents an opportunity for SVEs, as they would not need to develop a whole vertically integrated industry to participate in world trade. SVEs can specialise in tasks or components and this can be done at a much lower cost than trying to produce and export complete products.

The WTO has also been playing its part in supporting a better understanding of some of the key challenges faced by the SVEs. Work has been undertaken on both the area of non-tariff measures (NTMs) and the certification problems faced by the SVEs. A workshop on NTMs showed that SVEs face burdensome NTMs in two of their most important export sectors – agriculture and fisheries – mainly resulting from measures aiming to protect plant, animal and human health. The Standards and Trade Development Facility (STDF) is addressing some of the standardisation-related

concerns that SVEs have by building their capacity to implement international sanitary and phytosanitary standards, guidelines and recommendations as a means to improve their human, animal and plant health status, as well as their ability to gain and maintain access to markets.

Another issue that is highlighted in this publication as a factor inhibiting the participation of SVEs in the MTS is the fact that several of the SVEs do not have missions in Geneva. To address this shortcoming, the WTO organises ‘Geneva Week’ – a biannual event to which all non-resident delegations are invited – which provides a detailed briefing in the different areas of work of the WTO. This is another area in which the WTO has worked closely with the Commonwealth Secretariat, and these events have frequently featured contributions from Commonwealth trade experts. Through its Small States Office initiative, the Commonwealth Secretariat has also allowed several non-residents to establish a presence in Geneva in order to better participate in the work of the WTO.

Overall, the publication offers governance, political, economic and systemic insights into the MTS from the perspective of small states. The main premise of the book is to help countries to reap the advantages of their endowments facilitated by participation in the MTS. Therefore, the proposals and the benefits of such participation, explored in the different chapters, are highly informative.

I believe that this book furthers our understanding of some of the major challenges that small states face in the MTS. It is appropriate that this publication is being released during the WTO’s 20th anniversary – a time not only for commemoration but also for reflection and renewed commitment. It is in the spirit of this reflection that I say that it has been a great pleasure to collaborate with the Commonwealth Secretariat on many issues, especially those relating to the work and concerns of small states.

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