



**Committee on Trade and Development
Thirty-Ninth Dedicated Session**

NOTE ON THE MEETING OF 1 NOVEMBER 2019

H.E. Mr Chad Blackman (Barbados)

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A. ADOPTION OF THE AGENDA

1. The draft agenda as contained in document WTO/AIR/COMTD/SE/11/Rev.1 of 22 October 2019 was adopted.

**B. PARAGRAPH 41 OF THE HONG KONG MINISTERIAL DECLARATION: MONITORING
PROGRESS OF THE SMALL ECONOMIES' PROPOSALS IN THE NEGOTIATING GROUPS AND
OTHER WTO BODIES**

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2. The Chairman said that this paper had its roots in the mandate contained in Paragraph 41 of the Hong Kong Ministerial Declaration, which called for the Dedicated Session of the Committee on Trade and Development (CTD) to monitor the progress of the small economies' proposals in negotiating and other WTO bodies. The compilation paper had been updated several times over the years, in order to incorporate references to new documents concerning the Work Programme on Small Economies. It had served as a useful reference for matters relating to the Work Programme, and in past Ministerial Decisions concerning the Work Programme, Ministers had based themselves on this document to take note of the work undertaken. He went on to say that, at the Twelfth WTO Ministerial Conference (MC12) which would be held in June 2020, the present update (WT/COMTD/SE/W/22/Rev.9) would once again help to inform Ministers of the status of the Work Programme on Small Economies, and in particular the work undertaken since the last Ministerial Conference. As per the practice, all existing references to past documents had been maintained in the new update. The additions that had been made in this update concerned firstly a reference to the 13 December 2017 Buenos Aires Ministerial Decision on the Work Programme on Small Economies. In addition, there was a reference to the outcome document prepared by the Group of Small, Vulnerable Economies (SVEs) on the work undertaken in the Dedicated Session on "Challenges small economies experience in their efforts to reduce trade costs, particularly in the

area of trade facilitation". He recalled that this outcome document had been presented and discussed at the April 2019 meeting of the Dedicated Session.

3. The representative of El Salvador, on behalf of the SVE Group, said that the importance of this document was that it served as a reference showing the work that the SVEs had done not only in the Dedicated Session, but also in other WTO bodies, including the negotiating groups. The compilation paper was also an important account of the work achieved in the Work Programme on Small Economies, and of how the Ministerial Decisions concerning the Work Programme had been successfully implemented.

4. The representative of Vanuatu, on behalf of the Pacific Group, said that the members of the Pacific Group had pushed to secure the Work Programme on Small Economies at the Doha Ministerial Conference in 2001. He stressed the continued importance of the Work Programme, in particular in light of the growing challenges SVEs were facing from fast and unforeseen changes in the global trading environment. The Pacific Group also welcomed the updated Secretariat compilation paper, as it helped SVEs keep track of the work undertaken so far in the Dedicated Session as well as in other bodies, including the negotiating bodies. He requested that the compilation paper be regularly updated, particularly for the benefit of small missions with limited capacity.

5. The representative of the United States indicated that she wished to make a comment with respect to Paragraph 2.22 on page 17 of the document, which referred to the Secretariat's research project on natural disasters and trade. While her delegation was looking forward to reviewing the Secretariat's work in this area, she wished to clarify that the United States did not view Members affected by natural disasters as warranting any special accommodation within the WTO. All Members faced threats of external shocks. This was why there were provisions under WTO Agreements to deal with such situations – whether in GATT Article XX to protect human, animal, or plant lives, or GATT Article XXI for national security purposes.

6. The representative of Trinidad and Tobago, on behalf of the Caribbean Community (CARICOM) Group in Geneva, said that the work of the CTD – and particularly its Dedicated Session on Small Economies – continued to be important for CARICOM. She added that the Doha Development Agenda (DDA) remained critical to maintaining the balance in the multilateral trading system (MTS) and improving the trading prospects of developing countries. Small economies faced a myriad of challenges to achieve development and effective participation in the MTS. The challenges were often exacerbated due to remoteness from major markets, vulnerability to external economic shocks and climatic events, small and undiversified markets, and lack of economies of scale. The CARICOM region was faced with unique circumstances and vulnerabilities, including climate change, access to finance and development challenges. She highlighted the devastation caused by multiple storms since August 2019 – including hurricanes Dorian and Humberto – and the need for development flexibilities and policy space to restore, rebuild and reinstate infrastructure and resources for many small states. The issue of development in its broader context had to be at the heart of WTO discussions and negotiations. It had to include the regulatory sovereignty and policy space to implement development objectives, rather than just a narrow focus on special and differential treatment. This would ensure that the smallest players in the MTS were not marginalized. There was a need for pro-active steps to address some of the Group's pressing concerns. The advancement of the Work Programme on Small Economies continued to be key towards ensuring the realization of solutions, which would lead to a meaningful participation in global trade. The CARICOM Group remained engaged in discussions seeking to identify areas for future work under the Work Programme for consideration at the upcoming Ministerial Conference.

7. The representative of Barbados said that the Work Programme on Small Economies continued to be an integral part of the Committee's work to address the current trade related issues of small economies and to incorporate these issues within the discussions in the WTO. His delegation recognized the threat of frequent natural disasters and was aware that natural disasters could place an unprecedented strain on SVEs in their stages of development. These disasters threatened to ultimately reverse or eradicate any realized gains in a country's ability to facilitate and benefit from trade. Given the frequency and ferocity of recent natural disasters in the Caribbean, Barbados saw it necessary to carry out targeted assessments on the economic effects in SVEs to fully understand and build the necessary resilience in mitigating them.

8. The Dedicated Session took note of the updated compilation paper and of all interventions.

C. WORK PROGRAMME ON SMALL ECONOMIES: PROPOSAL FOR MINISTERIAL DECISION - COMMUNICATION FROM GUATEMALA ON BEHALF OF THE GROUP OF SMALL, VULNERABLE ECONOMIES (WT/COMTD/SE/W/39)

9. The Chairman said that, under the present agenda item, the Dedicated Session would consider a proposal (WT/COMTD/SE/W/39) by the SVE Group for a Ministerial Decision at MC12 on the Work Programme on Small Economies. He noted that El Salvador would continue to speak on behalf of the SVE Group for the rest of the meeting.

10. The representative of El Salvador, on behalf of the SVE Group, said that Ministerial Decisions on the Work Programme on Small Economies had always been an important outcome of past Ministerial Conferences. These Ministerial Decisions had reiterated and reinforced the Membership's support for the Work Programme, and had given guidance in relation to the work ahead. The proposal by the SVE Group for a Ministerial Decision at MC12 had been circulated to Members in advance of the present meeting. Although the draft Ministerial Decision resembled past Ministerial Decisions, there were some changes that she wished to present. She explained that the draft text firstly included a reference to the updated Secretariat compilation paper that the Dedicated Session had considered under the previous agenda item. The draft text also made reference to two new topics that the Group wished to discuss. These topics were the impact of natural disasters on trade for small economies, and the integration of small economies into new forms of trade. Regarding the topic of natural disasters, the Group wanted to analyse the vulnerability of SVEs to these natural phenomena that were growing in number and intensity. The Group also wanted to study the effects of natural disasters on the economy – as well as on imports, exports, production, and participation in global value chains (GVCs) – and explore how to strengthen national resilience when faced with these disasters. In addition, the Group wished to analyse what measures could be taken to prevent or minimize the impact of natural disasters. To this end, the Group would look at existing WTO rules and how these rules could be used to mitigate some of the economic impacts of natural disasters.

11. With respect to the topic of integration of small economies into new forms of trade, she said that the Group's intention was to discuss what were the new forms of trade and the new processes in place, and what were the tools and infrastructure needed for small economies to participate. The SVEs wished to discuss a number of issues such as energy, information and communications technology (ICT) infrastructure, electronic payment solutions and interoperability. The Group believed that human capacity development, and particularly the enhancement of participation of women in these new forms of trade, was necessary to ensure an appropriate integration by SVEs. The Group was also interested in how these new forms of trade could contribute to economic diversification. In closing, she expressed hope that the proposal would be acceptable to Members, and that it could be approved at the present meeting. She additionally shared the understanding of the Group that the Work Programme was a forum for discussion and exchange of views, and not for negotiation of new rules on any of the proposed issues. Finally, she asked the Secretariat to explain the process for agreement of the draft Ministerial Decision in order for it to be presented to Ministers for their consideration.

12. A representative of the Secretariat explained that the Dedicated Session reported to the General Council. The practice in past years in the run up to Ministerial Conferences was for the Dedicated Session to approve a written report to the General Council. It was then for the General Council to take note of the report and forward the relevant elements to the Ministerial Conference. Thus, going by past practice, the Dedicated Session would need to once again approve a report to the General Council – which would presumably be done at the next meeting, in early 2020. Past reports to the General Council had two parts, aside from the introductory section. One part concerned a summary of the work that had been undertaken in the Dedicated Session since the last Ministerial Conference. The second part, which was normally titled "Future Work", contained the elements of the text of a Ministerial Decision agreed by Members in the Dedicated Session. This text included a mention of the topics for future work in the Dedicated Session.

13. The representative of Fiji, on behalf of the Pacific Group, expressed support for the proposed Ministerial Decision, including the proposed new topics for discussion. He said that the Pacific Group had always maintained that the combined effect of small size, isolation and geographical dispersal of the Pacific Islands made them uncompetitive. Their dependence on a narrow range of exports with escalating trade deficits and susceptibility to external economic shocks made them economically vulnerable. Climate change was the single greatest challenge facing the Pacific. The increasing frequency and intensity of natural disasters exacerbated the structural economic vulnerabilities that

affected the region. Solutions had to be found within the WTO Agreements. In this connection, he appreciated the analysis undertaken by the Secretariat to assess the impact of natural disasters on Small Island Developing States (SIDS) in the Pacific and the Caribbean regions. The report showed that, in 2015, Category 5 Cyclone Pam resulted in economic losses estimated at 64% of GDP in Vanuatu. In 2016, Category 5 Cyclone Winston resulted in economic losses estimated at 31% of GDP in Fiji, and in 2018, Category 4 Cyclone Gita caused damages estimated at 38% of GDP in Tonga. Frequent and severe natural disasters were therefore exposing SIDS to heavy economic losses and to a vicious cycle of regular rebuilding of productive sectors and physical infrastructure, which were being increasingly funded by borrowing, thus increasing their levels of indebtedness. The Pacific Group considered that the report by the Secretariat was a useful and positive contribution to the work envisaged to analyse the impact of natural disasters. However, Members needed to build on this to find effective solutions, including in existing WTO rules, so as to help mitigate the effects and build economic resilience for SIDS and SVEs. With regard to the topic of integration of small economies into new forms of trade, he said that technological advances through ICT and e-commerce – as well as the shift towards renewable energy and the quest for green products and services in response to climate change – presented potential opportunities for SVEs. These opportunities could in turn promote economic diversification as well as inclusive growth through enhancing the participation of micro, small and medium enterprises (MSMEs), women, youth and rural communities. He concluded by saying that the work of the Dedicated Session, including the new topics proposed for inclusion in the Ministerial Decision at MC12, should lead to the framing of responses for the fuller integration of SVEs into the MTS, in line with the mandate in Paragraph 35 of the Doha Declaration.

14. The Chairman requested that Members indicate in their interventions whether they would be able to agree to the proposal under consideration. If there were questions or comments on any specific parts of the proposed text, he asked them to make it clear in their interventions which parts of the text were being referred to, so that the proponents could take due note.

15. The representative of Mauritius supported the new topics for discussion proposed by the SVE Group. He said that the impact of natural disasters was real, and affected small economies – and especially SIDS – very severely. Natural disasters carried the risk of wiping out economies completely. This was why his delegation believed that Members should continue discussing the impact of natural disasters on the trading capacity of small economies. With regard to the integration of small economies into new forms of trade, he believed that the discussion needed to be wide enough to assess the impact of the global economic challenges that small economies were facing. In closing, he indicated his delegation's support to forward the proposed Ministerial Decision to the General Council.

16. The representative of Jamaica said that her delegation supported the proposal by the SVE Group. She indicated that the impact of natural disasters on small economies affected their trading capacity through, *inter alia*, damaging infrastructure and disrupting supply chains. Additionally, the increased frequency and intensity of natural disasters not only put significant strains on their already limited fiscal space, but also created additional costs for businesses and increased difficulties in attracting foreign direct investments. Among the most vulnerable sectors were fisheries, agriculture, and public utilities – which included the supply of telecommunications, ICT, education and healthcare services. These sectors often required significant government investments to restore them to pre-disaster levels. As a result of the limited financial capacity of SVEs, and in the context of WTO rules on government support, the lag effect of restoring trade performance to pre-disasters levels was disproportionately longer for small economies. This negatively affected their successful integration into the global economy, GVCs and the global trading system. Like many SIDS, Jamaica was highly exposed to extreme weather events and climate risks. Between 1993 and 2003, Jamaica had suffered 26 natural disasters, which resulted in total loss in damages of USD 2.2 billion. Her country had endured 11 since the year 2000. The Government of Jamaica had recently approved the development of a policy on natural disaster risks financing. The policy was expected to create greater transparency and efficiency in the mobilization and execution of public expenditure in disaster risk management. Critical components of the policy included developing fiscal resilience to disasters through, *inter alia*, the building of a strong fiscal buffer and incorporating disaster risks and analysis in public sector investment and planning. She noted that the proposal under consideration was complementary to national and regional mitigation and adaptation policies, as it sought to enhance the WTO's attention on the impact of natural disasters on small economies.

17. With respect to the participation of small economies in new forms of trade, she said that this was directly relevant to Jamaica's efforts to advance policies and generate economic reforms and sustainable job creation, as well as exports and export market diversification. As the nature and methods of global trade evolved, so too should the capacity of small economies to keep pace with these developments. Her delegation was concerned that an insufficient focus by the WTO on the adaptation of small economies to new forms of trade would not only hinder the effectiveness of their integration into the global trading system, but would also limit the ability of these economies to attain the Sustainable Development Goals (SDGs). It was imperative that the WTO ensure that its work catered to the heterogeneity of its Membership, and especially the smallest and most vulnerable Members. The unique circumstances of SVEs needed to be comprehensively integrated into the work of the Organization, so that Members could preserve a transparent, inclusive, rules-based, Member-driven, and development-oriented MTS.

18. The representative of Barbados said that his delegation supported discussions on the integration of small economies into new forms of trade. The global trade environment was changing with the inclusion of new technologies and infrastructure. An assessment and discussion on how Members could best utilize these tools to support new forms of trade were welcome. He also expressed support for the topic relating to natural disasters. He explained that natural disasters had always adversely affected the Caribbean. Members were aware of the effects of natural disasters, which threatened to eradicate any gains made towards development by negatively affecting the most exposed sectors. It was essential that the MTS provided or maintained flexibility in facilitating the appropriate policy space and supporting trade rules that helped mitigate these effects.

19. The representative of the United States indicated that her capital was reviewing the proposal, and that she had no further guidance at this point.

20. The representative of Trinidad and Tobago said that her delegation supported the proposal and the new topics for discussion, with specific reference to women and economic empowerment, digital economy and strengthening national resilience to natural disasters.

21. The representative of Australia said that his delegation was not in a position to indicate whether or not it could support the proposal. He asked the proponents if they could provide more information on what areas they intended to cover under the topic concerning new forms of trade. On natural disasters, he said that Australia recognized the importance of examining the links between trade and natural disasters. This was a key reason why support had been provided to the Secretariat for its study on this topic. He recognized the importance of the topic for many Members and looked forward to continuing the discussion.

22. The representative of the Plurinational State of Bolivia expressed support for the proposal and for the issues outlined by El Salvador in the introduction of the proposal.

23. The representative of the European Union said that she did not have a position to share at the present meeting with regard to the the proposal. She hoped to provide feedback at a later stage.

24. The representative of El Salvador said that, because of new technologies and new forms of trade, the present trade context was different than in the past. This was why the SVEs wished to identify elements that might help them to integrate successfully into this new trade era. As she had said in her opening statement, the SVEs wanted to determine what was required in order to allow them to participate more effectively in trade. Issues to focus on would include infrastructure and the facilitation of electronic payments, among others.

25. The Chairman asked whether Members were in a position to agree to the proposal by the SVE Group.

26. The representative of the United States said that she was waiting for guidance from her capital. At this point, her delegation was not in a position to agree to the proposal.

27. The Chairman said that there were still some outstanding questions that would need to be resolved, before the Dedicated Session could be in a position to agree to the proposal from the SVE Group for a Ministerial Decision at MC12 on the Work Programme on Small Economies. He asked the proponents to consider carefully the comments that had been made on their proposal

for a Ministerial Decision, and also to reach out informally after the meeting to delegations. He added that another meeting of the Dedicated Session would be convened in the early part of 2020. He hoped that by that time the proponents would have undertaken all necessary consultations, and would have ready a proposal acceptable to the Membership. If necessary, he would also be available to facilitate any informal discussions among Members on this matter. He also noted that, at the next meeting of the Dedicated Session – and in line with the practice in preparation for a Ministerial Conference – the Committee would need to approve its report to the General Council. Going by past practice, this report would need to contain a summary of the work undertaken in the Dedicated Session since the last Ministerial Conference and would also need to contain the elements of an agreed text for a Ministerial Decision, including with regard to future work. It would be for the General Council to take note of the report and forward the relevant elements to the Ministerial Conference. He emphasized the need for Members to agree on the content of a Ministerial Decision as soon as possible.

28. The Dedicated Session took note of all interventions.

D. FOLLOW-UP ISSUES CONCERNING THE CHALLENGES FACED BY SMALL ECONOMIES IN ATTRACTING INVESTMENTS – INTRODUCTION OF THE TOPIC BY GUATEMALA ON BEHALF OF THE GROUP OF SMALL, VULNERABLE ECONOMIES

29. The Chairman said that the present agenda item related to some follow-up issues concerning the challenges faced by small economies in attracting investments.

30. The representative of El Salvador, on behalf of the SVE Group, recalled that the Dedicated Session had previously addressed the topics of integration into GVCs, and the reduction of trade costs. The Group believed that both of these topics were directly connected to the issue of investment attraction. She explained that the successful participation of SVEs in GVCs depended on investment attraction – particularly in sectors related to infrastructure, international sustainability certifications and standards, technology, research and development, and other means necessary to improve competitiveness. In the case of reducing trade costs, investment in transportation infrastructure was critical and needed to be further explored. The SVE Group requested the organization of a meeting by March 2020 in order to address these issues. The Group also requested the Secretariat to invite experts from the WTO, UNCTAD and the ITC to the meeting, so as to discuss the specific challenges that SVEs faced in this area.

31. The representative of Mauritius said that his delegation supported the proposal of having a meeting in 2020 to discuss the issue of investment. He added that Members had to bear in mind that the SVE Group was composed of a wide range of countries that faced varied situations. In this light, he proposed that the discussions touch upon the experiences of different countries that were part of the SVE Group. He also indicated that the participation of capital-based officials could further enrich and guide the discussions.

32. The representative of Fiji, on behalf of the Pacific Group, said that in his earlier intervention he had highlighted the economic vulnerabilities that the Pacific Islands faced owing to structural and geographic characteristics including distance from major markets. These characteristics made the Pacific a region with high trade costs and made members of the Group not only uncompetitive in international trade, but also unattractive to investment. Maritime transport costs and a high dependence on imported fuels added to these investment challenges. While the members of the Pacific Group were taking steps to reduce trade costs through the implementation of the WTO Trade Facilitation Agreement and other reforms, they also looked forward to participating in the work of the Dedicated Session, and to finding meaningful solutions for attracting investment into their region. The Pacific Group therefore supported the proposal for a meeting by March 2020 to discuss this issue.

33. The representative of the United States asked El Salvador what type of meeting was envisaged, whether an informal meeting, a workshop or a symposium.

34. The representative of El Salvador explained that the SVEs were thinking of a seminar, to which various organizations would be invited in order to share with Members their experiences on the issue of attracting investment.

35. The representative of the European Union asked if the proposal could be provided in writing, so that she could take it back to her capital for consideration. She indicated that it would be useful if the proposal also contained more details about what shape the meeting would take, and whether there would be any budgetary implications – for example in the context of participation of capital-based officials.

36. The representative of the United States indicated that having the proposal in writing would be necessary for her delegation as well.

37. The Chairman noted that there was a proposal from the SVE Group for a meeting to take place in the early part of 2020, to discuss the challenges faced by small economies in attracting investments. He also noted that some delegations had indicated that they would need additional information in order to consider the matter. He asked whether, subject to the requests made by delegations, there was consensus to proceed with the organization of the proposed meeting.

38. The representative of the United States said that her delegation would need something in writing from the proponents in order to be able to consider the proposal. Without a written document, she did not believe that her delegation would be able to provide a response, one way or the other.

39. The Chairman clarified that his query to the Committee was whether, in light of the discussion that had taken place at the present meeting, it would be possible to agree in principle to proceed with the proposed meeting in early 2020. He explained that, in his role as Chairman, he always tried to facilitate Members' requests – particularly on issues of importance to them. He noted that this matter would have to be settled before the next meeting of the Dedicated Session.

40. The representative of the European Union said that her request to the proponents for information in writing did not mean that her delegation was objecting to the proposal. She explained that she did not have a mandate to agree to a proposal on the basis of oral presentations that had not been seen by her capital. She suggested that informal discussions among Members – possibly facilitated by the Chairman, and on the basis of a written document – could be a way to make progress on the matter.

41. The representative of El Salvador said that the SVE Group would be following up with interested delegations. She explained that the intention of the Group in suggesting a discussion on attracting investments was to broaden the debate on the challenges faced by SVEs in their integration into the global trading system. She also reiterated that the Group saw this as a forum for discussions and exchanges of information, and not for negotiating new rules. She thought it was important to highlight this point once again to provide some comfort to delegations.

42. The Chairman indicated that informal discussions among Members would be necessary in order to make progress on the matter. He said that he would be available to facilitate such discussions between the proponents and other interested delegations.

43. The Dedicated Session took note of all interventions.

E. OTHER BUSINESS

44. No matter was raised under "Other Business".

45. The meeting was adjourned.
