2022

WTO INPUT TO THE UN SECRETARY GENERAL REPORT ON THE FOLLOW-UP AND IMPLEMENTATION OF THE SIDS ACCELERATED MODALITIES OF ACTION (SAMOA) PATHWAY AND THE MAURITIUS STRATEGY FOR THE FURTHER IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE SUSTAINABLE DEVELOPMENT OF SMALL ISLAND DEVELOPING STATES

Contents

1 INTRODUCTION

1.1. Amidst the COVID pandemic in 2020, Harold - a category 5 cyclone - tore through the Solomon Islands, Vanuatu, Fiji, and Tonga causing extensive infrastructure destruction as well as devastating economic impacts. Similarly, in early 2022, South Indian Ocean islands such as Mauritius, Seychelles and Comoros have been swept by a succession of tropical storms qualified by the National Oceanic and Atmospheric Administration[1] as "one of the most active on record by most metrics". The 2021 Tonga undersea volcano eruption is deemed the most violent eruption in 140 years, unleashing unexpected tsunami waves. According to the World Bank impact report, the eruption has caused approximately USD 90.4 million in damages to Tonga's economy, the equivalent of 18.5% of Tonga's GDP.

1.2. Scientists argue that climate change is exacerbating these natural disasters and causing unprecedented disruption to tourism, trade, agriculture, and infrastructure activities. Moreover, according to UNDP, Small Islands Developing States (SIDS)[2] population accounts for about 65 million – nearly 1% of the world's population - one-third of which live on land situated less than five metres above ocean level, leaving them vulnerable to storms and rising of ocean level.

1.3. On the trade dimension, UNCTAD simulated that the container freight rate increase during the COVID-19 pandemic aggravated global consumer prices by 1.6% – with particularly oversized effects in SIDS (8.1%)[3]. Besides, the ongoing war in Ukraine is threatening global food supply to some of the most vulnerable parts of the world, including the SIDS, representing a looming food crisis that will impacts millions of people. Global food prices are already soaring and FAO and the WTO's projections[4] suggest that further increases would be expected. The twin threats of climate change and food supply vulnerability highlight the major development challenge for SIDS, their vulnerability to exogenous shocks. SIDS are thus mounting varied responses that build resilience by tackling a range of issues, from climate change mitigation and adaptation to economic diversification.

1.4. The Small Island Developing States Accelerated Modalities of Action (SAMOA Pathway), a ten-year programme of action that aims to address the challenges SIDS are facing, was adopted during the **Third International Conference on Small Island Developing States (SIDS)** held in Apia-Samoa in 2014. The goal of the SAMOA Pathway action plan is sustainable development and poverty eradication. It comprises three interconnected components of sustainable development: environmental, economic and social. In the lead up to the Fourth International Conference on SIDS in 2024, SIDS are more than ever on the frontline of global crisis, experiencing the effects of climate change, having limited capacity to mitigate these geographical, social and economic impacts.

1.5. Multilateral Organizations can work closer in integrating SIDS into the mainstream of regional and global value chains so that they can deepen and diversify their markets. It is crucial that the Multilateral Trading System continues to play its role in ensuring a smooth flow of goods and services. As such, the WTO also can help SIDS Members to identify ways to bring down trade costs.

1.6. Focusing on the trade dimension, the objective of this report is to monitor the progress made by SIDS regarding the implementation of the SAMOA Pathway and the Mauritius Strategy for the further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States. The report highlights WTO's commitment in supporting SIDS build resilience post COVID-19 pandemic, through the Trade Facilitation Agreement (TFA), trade capacity building, WTO accessions and its programme on Small and Vulnerable Economies (SVEs). This report also aims to present WTO works in fostering global cooperation through initiatives like: Aid for Trade, Enhanced Integrated Framework (EIF) and the Standards and Trade Development Facility (STDF).

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[1] See https://www.ncei.noaa.gov/access/monitoring/monthly-report/tropical-cyclones/202202

[2] See figures 1 and 2 for the complete list of UN Small Island Developing States

[3] See Impact of the Covid-19 Pandemic on Trade and Development: Lessons Learned (unctad.org)

[4] The Crisis in Ukraine: Implications of the war for global trade and development, WTO, April 2022. See imparctukraine422_e.pdf (wto.org)

Figure 1: United Nations Small Island Developing States

United Nations SIDS	WTO Member	WTO Observer	LDC
Antigua and Barbuda	✓		
Bahamas		✓	
Bahrain	✓		
Barbados	✓		
Belize	✓		
Cabo Verde	✓		
Comoros*		✓	✓
Cuba			
Dominica	✓		
Dominican Republic	✓		
Fiji	✓		
Grenada	✓		
Guinea-Bissau*	✓		✓
Guyana	✓		
Haiti*	✓		✓
Jamaica	✓		
Kiribati*			✓
Maldives	✓		
Marshall Islands			
Federated States of Micronesia			
Mauritius	✓		
Nauru			
Palau			
Papua New Guinea	✓		
Samoa	✓		
São Tomé and Príncipe*		✓	✓
Singapore	✓		
St. Kitts and Nevis	✓		
St. Lucia	✓		
St. Vincent and the Grenadines	✓		
Seychelles	✓		
Solomon Islands*	✓		✓
Suriname	✓		
Timor-Leste*		✓	
Tonga	✓		
Trinidad and Tobago	✓		
Tuvalu*			✓
Vanuatu	✓		

Source: UNOHRLLS

Figure 2: Non-UN Members/Associate Members of the Regional Commissions

Non-UN SIDS	WTO Member	WTO Observer	LDC
American Samoa			
Anguilla			
Aruba			
Bermuda			
British Virgin Islands			
Cayman Islands			
Commonwealth of Northern Marianas			
Cook Islands			
Curacao		✓	
French Polynesia			
Guadeloupe			
Guam			
Martinique			
Montserrat			
New Caledonia			
Niue			
Puerto Rico			
Sint Maarten			
Turks and Caicos Islands			
U.S. Virgin Islands			

Source: UNOHRLLS

2 WORK ON SMALL ECONOMIES IN THE WTO

2.1 History of small economies at the WTO

The genesis of the development interests and concerns of Small and Vulnerable Economies (SVEs) in the WTO's Doha Round can be traced back to at least three initiatives in other international institutions and processes. First, the United Nations, where a group of developing countries called Small Island Developing States (SIDS) has been quite active in presenting their special development challenges. Second, the Commonwealth Secretariat where the request by a group of former British colonies led to an examination of specific development situations. Third, the Free Trade Agreement of the Americas which, since its beginning, had a Working Group on Small Economies to look at the particular problems these countries faced with regional trade integration. These initiatives, together with ample economic literature, have resulted in a generalized view that small economies have certain characteristics and face challenges that deserve separate treatment under the Multilateral Trading System.

The main concerns of small economies relate to what they consider is their high vulnerability, concentration of exports in a few products, high transportation costs to their main markets and a general lack of capacity. At the World Trade Organization (WTO), small economies are a group of Members which are not considered to constitute a separate sub-category of developing. Therefore, during the Uruguay Round (1986-1993), small economies undertook the same type of commitments as other developing countries and were not subject to any specific special and differential treatment. In several aspects the small economies considered that their situation is more akin to that of the Least-developed Countries (LDCs) than to the majority of the other developing countries. Accordingly, small economies yearned to receive treatment that is comparable to that which is given to LDCs that have seen their policy space reduced to a lesser extent. Small economies have felt that their loss of policy space has not been compensated by the gains in trade accrued to them in the WTO. This they attribute to a lack of capacity to benefit from increased market access opportunities and to the erosion of trade preferences for some countries.

Given the above, small economies pushed for special recognition of their situation in the WTO.[5] In fact, during the 1998 Geneva Ministerial conference, Ministers expressed deep concern "over the

[5] Initially the main small economies proponents were some of the Caribbean island countries led by Barbados, Jamaica and St. Lucia. They were then joined by some non-LDC Pacific island countries, e.g. Papua New Guinea, Fiji and Tonga. Some Central American countries also saw an opportunity to obtain much needed

marginalization of least-developed countries and certain small economies.", thus marking the first reference to small economies at the WTO.

2.2 The Work Programme on Small Economies

The small economies work for recognition continued in earnest. In fact, the launch of the Doha round of negotiations, a round which was to have development at its heart, provided the proponents of small economies with an excellent opportunity to have a distinct work programme within the WTO to address their development interests and concerns. The Doha Ministerial declaration in Paragraph 35 established a Work Programme on Small Economies. The objective of this Work Programme is 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**." In this way the small economies were granted their wish to have the WTO focus on their problems. But the Work Programme was faced with a major challenge in that it could not create another sub-category of Members. Hence, it would be difficult to define which countries would be able to benefit from any outcome achieved in favour of Small Economies.

At this point the small economies proponents recalled that the WTO had already adopted a decision that favoured their current discussions and which contained criteria to limit access to the flexibilities being offered therein. The decision, titled 'Procedures for extensions under Article 27.4 for certain developing country Members', was adopted on November 2001 and circulated as WTO document G/SCM/39. In it, Members in the SCM Committee came up with a special 'fast-track' system for extensions to be applied to certain internal tax and import duty exemption programmes from certain developing countries. To ease concerns that the use of criteria based on share of world trade and GNI could *de facto* create a new category of WTO members, language was included which states "[t]he criteria set forth in these procedures are solely and strictly for the purpose of determining whether Members are eligible to invoke these procedures. Members of the Committee agree that these criteria have no precedential value or relevance, direct or indirect, for any other purpose."

The decision in G/SCM/39 thus provided the small economies proponents with a template on how to find criteria that would be acceptable to the rest of the Membership and that would respect the mandate in Paragraph 35 of the Doha Ministerial Declaration on not creating a sub-category of Members. Following this precedent and some negotiations, tabled a proposal on 1 May 2006, the small economies proponents refined their proposal and clarified that the beneficiaries of SVE flexibilities would be developing countries whose **share of world merchandise trade does not exceed 0.16 per cent**, whose **share of world NAMA trade does not exceed 0.10 per cent** and whose **share of world agricultural trade does not exceed 0.40 per cent**. These new criteria were also put forward in the Agriculture negotiations on 31 May 2006 with the message that "the same criteria should prevail in both negotiations".

These criteria, the second tabled,[6] were resilient and as such reflected in the drafts and reference papers for the modalities being produced by the Chairmen of both negotiations. In July 2006 the Chairman of the NAMA negotiations reported that there was consensus on the use of share of NAMA trade (exports and imports) to determine for additional flexibilities as SVEs. He further clarified that it was understood that these criteria did not create a sub-category of WTO Members and that it should be understood only as a "trigger" for eligibility which meant that even if a country fulfilled the criteria it could opt-out of these flexibilities as was done by countries like Uruguay. Similarly in Agriculture the 19 June 2006 reference paper by the Chairman used the same criteria that were originally proposed by the small economies. Having agreed on the criteria to have access to the flexibilities what remained was finding consensus on what exactly those flexibilities were going to be.

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flexibilities thus El Salvador, Dominican Republic Honduras, Nicaragua and Cuba also joined. Not wanting to be left out, a small group of land-locked developing countries led by Paraguay briefly joined the coalition but subsequently distanced themselves from the group when they realized that their offensive interests as agricultural exporters were opposite to those of small economies and that, as land-locked countries, their concerns were better addressed in the Trade Facilitation negotiations.

[6] A first proposal was made on 11 November 2005, in both the NAMA and Agricultural negotiations. The subsequent May 2006 proposals were more refined.

2.3 The SVE Work Programme Today

Small economies also referred as Small and Vulnerable Economies (SVEs) are mainly but not exclusively SIDS. The issues of interest and concern to SIDS in the WTO are addressed as part of the Work Programme (WP) on small economies. The WP aims to frame responses to the trade-related issues identified for the fuller integration of SVEs into the multilateral trading system (MTS). This WP on small economies operates in a Dedicated Session of the CTD.

Since 2013 Bali Ministerial Conference, the CTD in Dedicated Session held 16 formal meetings to deliver on several ministerial mandates concerning the WP on small economies. Throughout these meetings, the issues discussed included, inter alia: (i) the challenges and opportunities experienced by small economies, when linking into global value chains (GVCs) in goods and services trade; (ii) the challenges and opportunities experienced by small economies in their efforts to reduce trade costs, particularly in the area of trade facilitation; (iii) the opportunities and challenges for small economies in attracting investments; and (iv) the economic and trade impact of natural disasters on small economies.

With regard to GVCs, a WTO Secretariat paper formed the basis for discussions in a number of Dedicated Sessions of CTD throughout 2015 and 2017 on how small economies could benefit from integrating into GVCs. Members focused on issues such as agrifood, seafood, textiles and clothing in the goods sector, and tourism, information technology, transportation, business process outsourcing and trade logistics in services sector. The discussions enabled SVEs to identify specific challenges to be part of GVCs in several key goods and services sectors and gather recommendations to overcome these setbacks. For example, in textiles and apparel value chains- preference erosion, relocation of investors to cheaper markets, poor working condition and concentration of production in a few countries were found problematic for the SVEs.

It was recommended that the best way to stay competitive for SVEs would be by enhancing productivity, updating equipment, improving the business environment, upgrading product quality, diversifying away from the assembly stage and developing partnership along the value chains. In tourism value chains- low labour skills, complicated business environment, limited access to finance, inadequate airport or port infrastructure, high transportation costs, currency fluctuations, small production base, limited domestic capital for investment, high costs for services, complex land tenure systems, frequent natural disasters and lack of skills in private sectors were identified as stumbling blocks.

It was suggested that a transparent and predictable FDI regime to attract investors to develop tourism infrastructure would be vital for SVEs. In addition, SVEs should preserve their natural resources, develop a vibrant private sector, harness technology to develop necessary digital infrastructure, expand tourism products, diversify new markets, invest in staff training and strengthen related institutions. Overall, the discussions revealed that the rise of GVCs offered SVEs opportunities to integrate better into MTS which could help them diversify their production and export structure away from primary commodities towards manufacturing and services.

With respect to trade costs, another Secretariat paper shaped the discussions in the committee throughout 2018. The discussions highlighted the importance of reducing trade costs for SVEs which they viewed would be key for them to enjoy comparative advantages and gains from international trade. Aspects like transportation and logistics, network infrastructure, border costs such as red tape, documentation, the cost of information, non-recognition of professional qualifications, the restrictions of movement of natural persons and tariff and non-tariff barriers were mentioned as potential sources of trade cost for SVEs.

For LLDCs, the main problem was the administrative hurdles at border crossings. In order to offset some of these disadvantages, countries should make more use of digital technologies and digital connectivity. In addition, it was put forward that some policy space could help SVEs reduce trade costs and better integrate into GVCs. The implementation of the Trade Facilitation Agreement (TFA) and customs modernization had been highlighted as useful tools to reduce costs at the border. It was added that SVEs needed the technical assistance offered under the TFA in order to fully comply with their obligations under this Agreement. SVEs were encouraged to use the WTO's capacity-building mechanisms such as Aid for Trade, the Enhanced Integrated Framework and the Standards and Trade Development Facility. The need to conduct further study on comparative advantages for each SVEs in key sectors including the pharmaceutical industry, blue ocean economy and deep ocean water application was mentioned.

At the request of SVE Group, initial discussions took place on opportunities and challenges for SVEs to attract foreign direct investment (FDI) in 2020 with the participation of experts from UNCTAD, ITC and WTO. A brief overview of the challenges faced by small economies in attracting investment was given which included among others: geographical distance, smallness in size, vulnerability to natural disasters, poor ICT infrastructure, limited access to finance, complicated regulatory and administrative practices, less participation in GVCs and incapacity to appropriately prepare bankable projects. Some of the opportunities that could allow small economies to attract more investments in the future were highlighted, which encompassed those relating to new technology, the restructuring of global value chains, intra-regional collaboration, and collective partnerships with bigger economies. It was stressed that the future investment in SVEs should be made in green and blue economy. A particular attention was paid to the importance of a good regulatory framework to attract FDI, the determining factors for small businesses to attract FDI, the policies, tools and processes relating to investment facilitation, and the WTO investment facilitation initiative.

In 2021, a CTD Dedicated Session was convened to exclusively address economic and trade impact of natural disasters on small economies. The CTD benefited from participation of experts from ITC, UNCTAD and FAO. Issues discussed during the meeting included among others: (i) the impact of disasters and crises on agriculture and food security; (ii) the policy options for SVEs to recover from natural disasters and build resilience; (iii) the negative impact of natural disasters on trade of small economies and the role of trade policies and measures to alleviate the impact of hazards; and (iv) findings of the research undertaken in 2018 and 2019 by WTO and Professor Giovanna Adinolfi on six disaster-affected countries. It was reiterated that there was scope for further discussions in the WTO and greater support from international community to help SVEs build resilience to natural disasters.

In addition to addressing these four key issues in recent years, the Dedicated Session of the CTD continued to monitor the progress of the small economies' proposals in the negotiating and other WTO bodies in line with the Ministerial mandates. The latest Secretariat compilation document as contained in WT/COMTD/SE/W/22/Rev.10 is a good reference point to track the status in this regard. Since the conclusion of Bali Ministerial Conference, the SVE Group submitted one proposal in the Trade Negotiating Committee enumerating the SVEs' contribution for the post Bali WP. The proposal recognized SDT as an integral component in all areas of the WP on small economies. More specifically, it sought enhanced flexibilities for SVEs in all elements of agriculture, NAMA and services. The proposal also asked for additional flexibilities for SVEs in the fisheries subsidies negotiations.

The CTD in its last Dedicated Session on small economies consensually agreed to submit a proposal for the adoption by Ministers at MC12 with a clear mandate to instruct the Committee to undertake work on "integrating small economies into the post COVID-19 economy: effects of the pandemic, challenges and opportunities". The Ministerial Decision[7] was adopted as part of the MC12 outcome package:

> "We reaffirm our commitment to the Work Programme on Small Economies and take note of all the work conducted to date. In particular, we note that document WT/COMTD/SE/W/22/Rev.10 and its previous revisions reflect the work of the Dedicated Session up to the Twelfth Ministerial Conference. We take note of the work carried out since 2018, including that on challenges small economies experience in their efforts to reduce trade costs, particularly in the area of trade facilitation; opportunities and challenges for small economies in attracting investments; economic and trade impact of natural disasters on small economies; and instruct the CTD to continue its work in the Dedicated Session on Small Economies under the overall responsibility of the General Council. Furthermore, we instruct the Dedicated Session on Small Economies to consider in further detail the various submissions that have been received to date, examine any additional proposals that Members might wish to submit and, where possible, and within its mandate, make recommendations to the General Council on any of these proposals. The General Council shall direct relevant subsidiary bodies to frame responses to the trade-related issues identified by the CTD with a view to

[7] See WT/MIN(22)/25 WT/L/1136

making recommendations for action. We instruct the WTO Secretariat to provide relevant information and factual analysis for discussion among Members in the CTD's Dedicated Session on Small Economies, inter alia, in the areas identified in item k of paragraph 2 of the Work Programme on Small Economies and, in particular, to work on integrating small economies into the post COVID-19 economy: effects of the pandemic, challenges and opportunities."

3 TRENDS IN TRADE

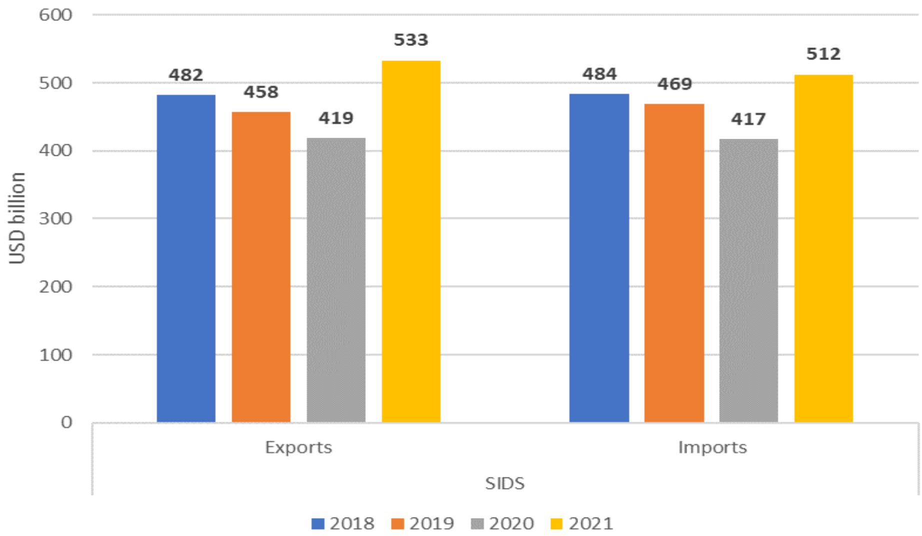
3.1 Merchandise trade

In 2020, merchandise **exports** of the **Small Island Developing States (SIDS)**[8] suffered slightly more from the pandemic (-8.5%) than world exports (-7.2%). However, in 2021 they fared better than the rest of the world**,** rising by 27.3% (world: 26.3%) – to USD 533 billion (see Chart 1). The share of the SIDS in global merchandise exports amounted to 2.4% in both 2020 and 2021.

SIDS' merchandise **imports** fell by 11.1% in 2020 - more than world imports (-7.5%), while in 2021 they grew by 22.9% to USD 512 billion - less than world imports (26.0%). As in 2020, the share of the SIDS in world imports remained stable at 2.3% in 2021.

Figure 3: Merchandise trade of the SIDS, 2018-2021

(Billion dollars)



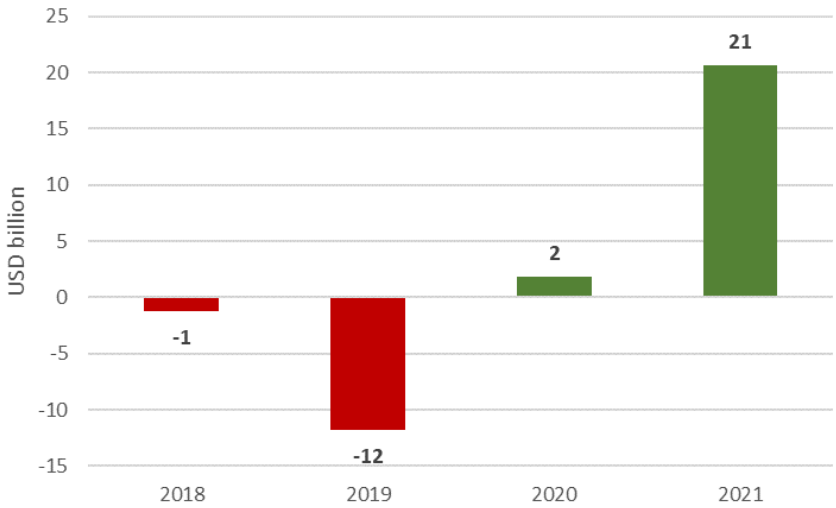
Source: WTO-UNCTAD.

The **overall merchandise trade balance** (see Chart 4) of the SIDS had turned into positive in 2020, from a deficit of USD 12 billion in 2019 to a surplus of USD 2 billion in 2020 – which was an effect of the higher decrease of their imports than for exports. In 2021, the trade surplus eleven folded in comparison to 2020, up to USD 21 billion – mainly because of distinct increases in the positive trade balances of Singapore (from USD 33 billion in 2020 to USD 51 billion in 2021) and the oil-exporter Kingdom of Bahrain (from USD 1 billion to USD 9 billion).

[8] Excluding Guadeloupe, Martinique, Puerto Rico and U.S. Virgin Islands (no data available).

Figure 4: Merchandise trade balance of the SIDS, 2018-2021

(Billion dollars)

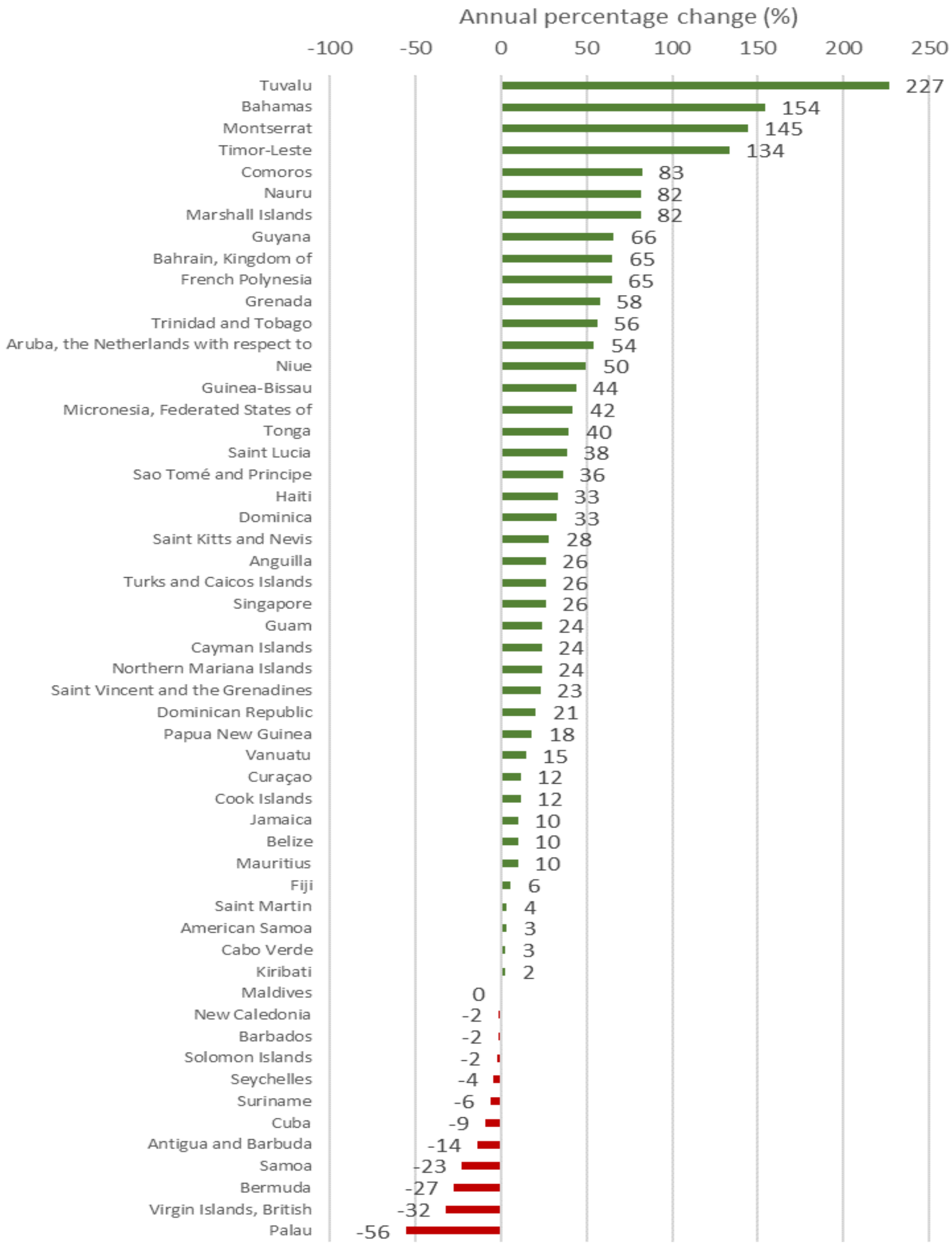


Source: WTO-UNCTAD.

Singapore clearly dominated SIDS' merchandise trade, with a share of 82.6% in the groups' total merchandise trade in 2021 (82.8% in 2020), followed by the **Kingdom of Bahrain** (3.6% share in 2021 and 3.2% in 2020) and the **Dominican Republic** (3.5% share in 2020, 3.3% in 2020).

In 2021, not all SIDS economies recovered by the same degree from the pandemic-related lows of 2020; while most (42 out of 54) were able to increase their merchandise exports in 2021 – ranging from +227% for Tuvalu's exports to +2% for Kiribati -, twelve recorded annual exports declines – ranging from -0.1% for Maldives down to -56% for Palau (see Chart 5).

Figure 5: Merchandise exports of the SIDS, 2021 (Annual percentage change)

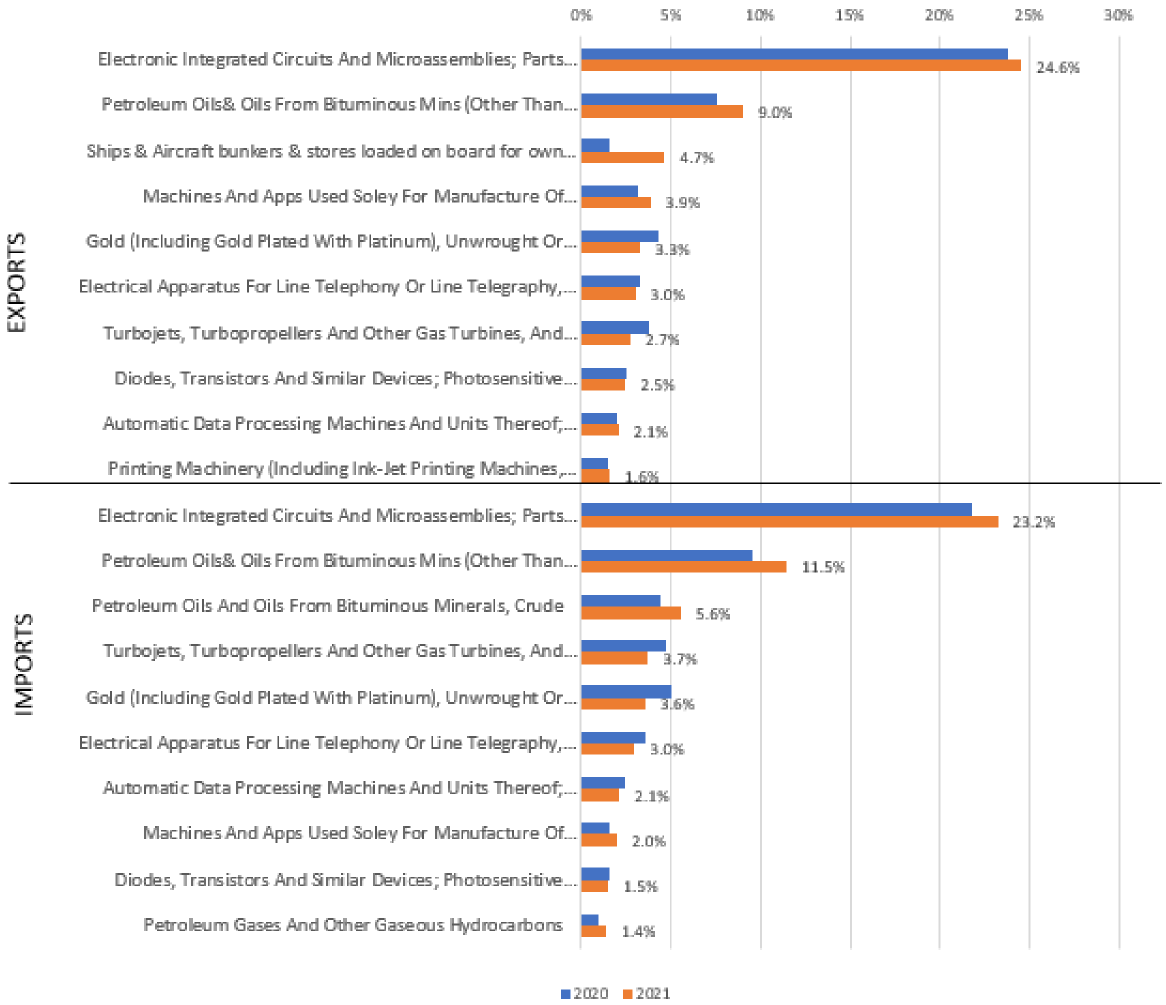


Source: WTO-UNCTAD.

Singapore's top 10 exported and imported products (HS 4-digits-level) are shown in Chart 4. In 2021, one quarter of Singapore's total merchandise exports were allocated to 'Electronic integrated circuits', followed by 'Petroleum Oils… other than crude' (9% share) and 'Ships & Aircraft bunkers & stores loaded on board for own consumption' (5% share). 'Electronic integrated circuits' were also the most-imported product in 2021 with a share of 23% of total imports, followed by 'Petroleum oils…other than crude' (share of 11%) and 'Petroleum oils…crude' (6%).

Figure 6: Top 10 traded products by Singapore, 2020 and 2021

(Percentage share)

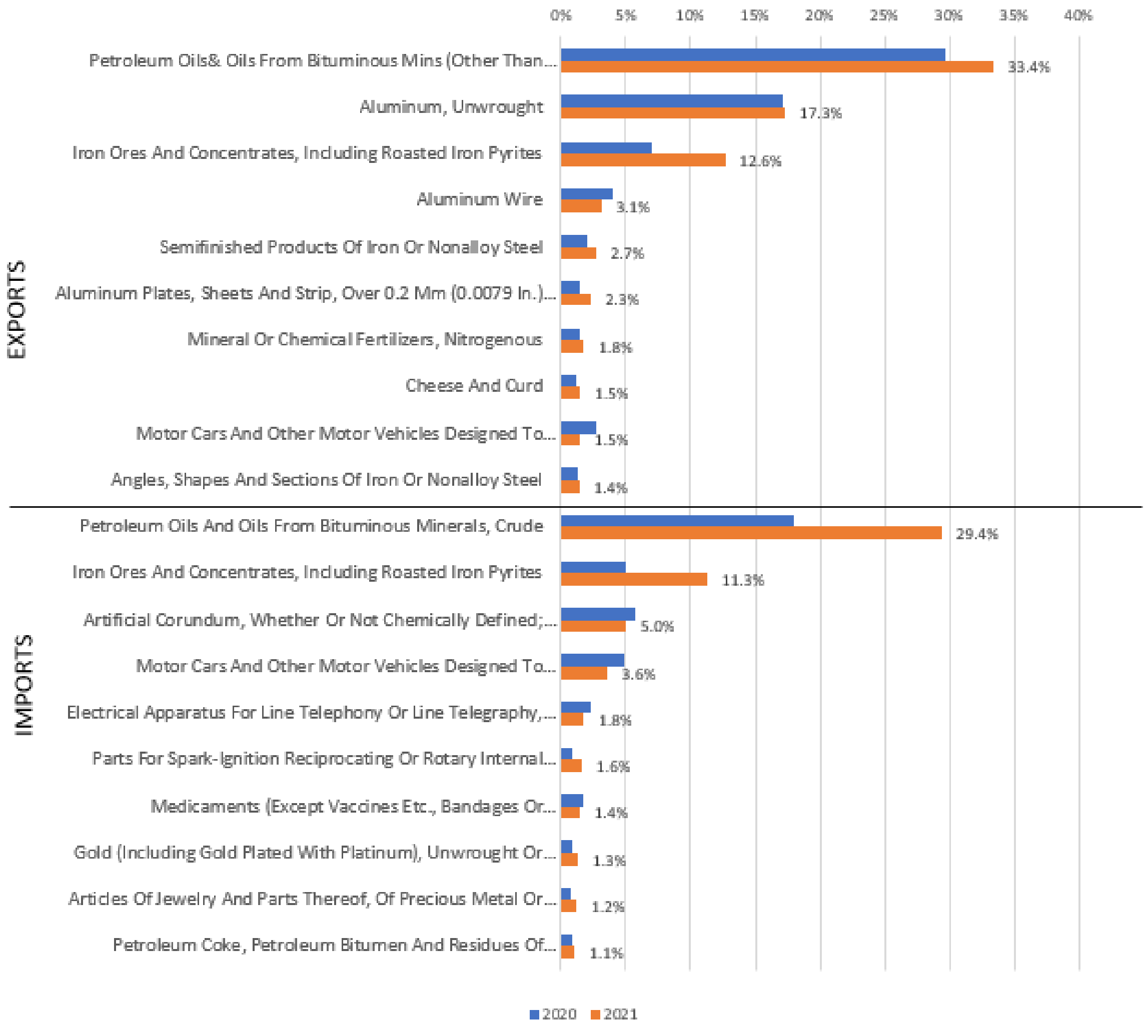


Source: International Enterprise Singapore via Trade Data Monitor (TDM).

Chart 7 shows the **Kingdom of Bahrain**'s top 10 exported and imported products (HS 4-digits-level) in 2021. Bahrain's most-exported product with a share of one third in total exports was 'Petroleum oils…other than crude', followed by 'Aluminium, unwrought' (share of 17%) and 'Iron ores and concentrates' (share of 13%). The most imported product in 2021 was 'Petroleum oils…crude' (share of 29%), followed by 'Iron ores and concentrates' (share of 11%) and 'Artificial corundum' (share of 5%).

Figure 7: Top 10 traded products by the Kingdom of Bahrain, 2020 and 2021

(Percentage share)

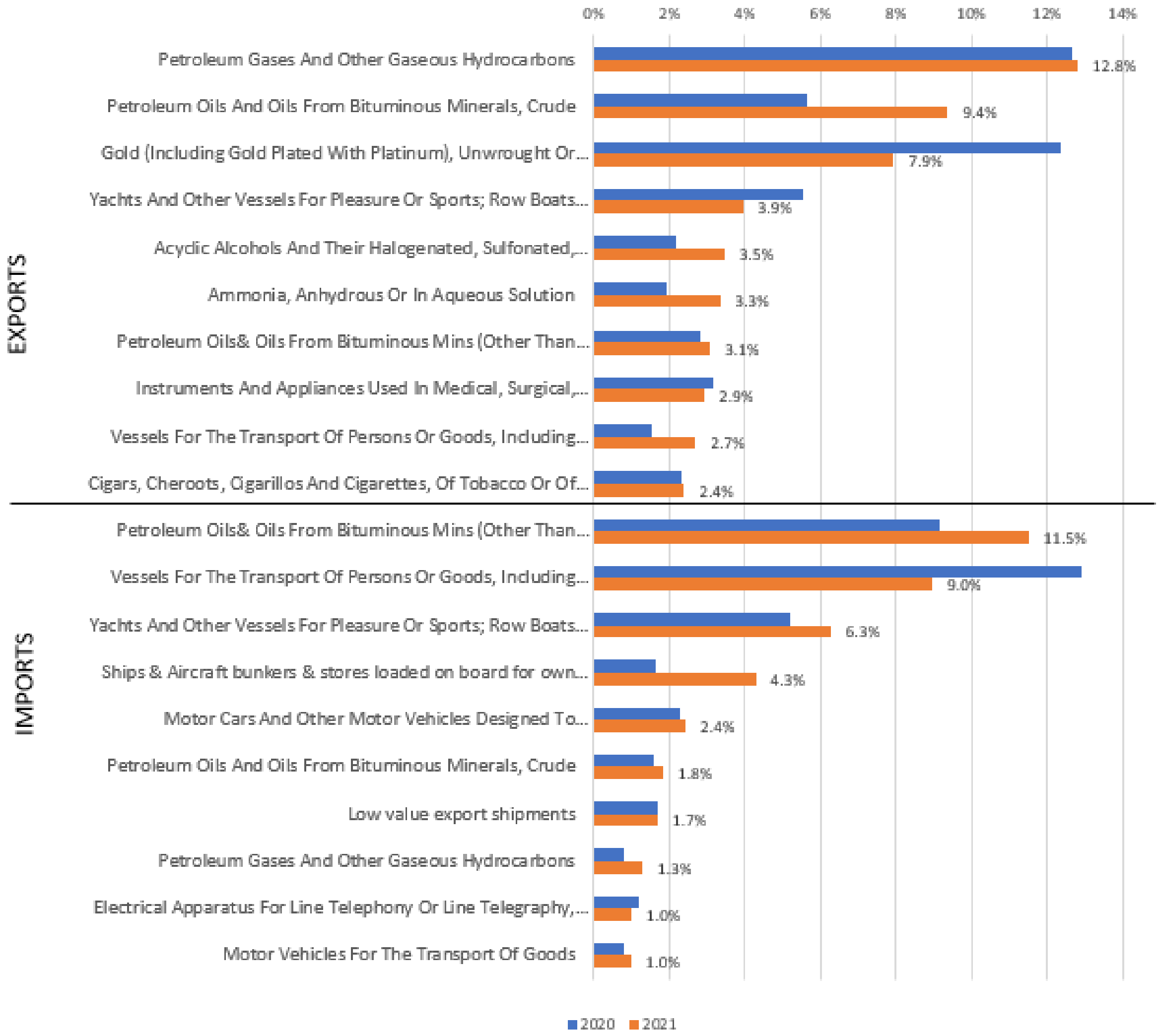


Source: The Information & eGovernment Authority via Trade Data Monitor (TDM); data for oil from ITC TradeMap (2020)/estimated (2021).

The product concentration of the top 10 exported and imported products of the **other SIDS countries** (i.e., excluding Singapore and the Kingdom of Bahrain) is much less pronounced than for Singapore and Bahrain (Kingdom of) - see Chart 8. The most-exported product of the other SIDS countries with a share of 13% in total exports (2021) was 'Petroleum gases', followed by 'Petroleum oils…crude' (share of 9%) and 'Gold…unwrought/powder' (share of 8%). The most imported product in 2021 was 'Petroleum oils…other than crude' (share of 12%), followed by Vessels for the transport of persons/goods' (share of 9%) and 'Yachts and other vessels' (share of 6%).

Figure 8: Top 10 traded products by the SIDS (excluding Singapore and the Kingdom of Bahrain), 2020 and 2021

(Percentage share)



Source: WTO estimates based on reported partner data from Trade Data Monitor (TDM).

3.2 Trade in commercial services

In 2020, services exports of the **Small Island Developing States (SIDS)** decreased to USD 229 billion, a **20% contraction** in line with the decline in world exports. The group's share in world services exports, at 4.5% in 2019, remained largely unchanged in 2020 during the COVID-19 pandemic. On the **imports side**, SIDS economies reported a **decline of 18%** to USD 205 billion. SIDS are net services exporters with a services trade surplus of USD 25 billion in 2020. The largest economy in the group is Singapore which alone accounted for 75% of the group's total commercial services exports in 2019, followed by the Kingdom of Bahrain and Cuba contributing 4% and 3.5% respectively.

The SIDS from all regions recorded negative growth in services exports, with some differences. SIDS which are largely dependent on international tourism and travel exports recorded steep declines in services exports and imports. **Dominican Republic**'s services exports fell 57% in 2020 as mobility restrictions during the pandemic led to lack of foreign tourist arrivals. Similarly, services exports from another Caribbean SIDS, **Jamaica**, were down 51% in 2020, again due to plummeting tourism revenues.

As shown in Chart 9, **Guyana** is the only SIDS that registered services exports growth (11%) in 2020, owing to rapid increase in technical and trade-related services exports of the economy. Other SIDS which are largely dependent on international tourism and travel exports recorded steep declines in exports as well as imports. **Dominican Republic**'s services exports fell 57% in 2020 as mobility restrictions during the pandemic led to lack of foreign tourist arrivals. Similarly, services exports from another Caribbean SIDS, **Jamaica**, were down 51% in 2020, again due to plummeting tourism revenues. Among Asian SIDS, **Singapore**, saw a double-digit decline in 2020, but experienced a rebound of 10% in **2021**, according to WTO's preliminary estimates. **Cabo Verde**, an African SIDS country, recorded a 1% increase overall in **2021** after a 63% contraction in 2020.

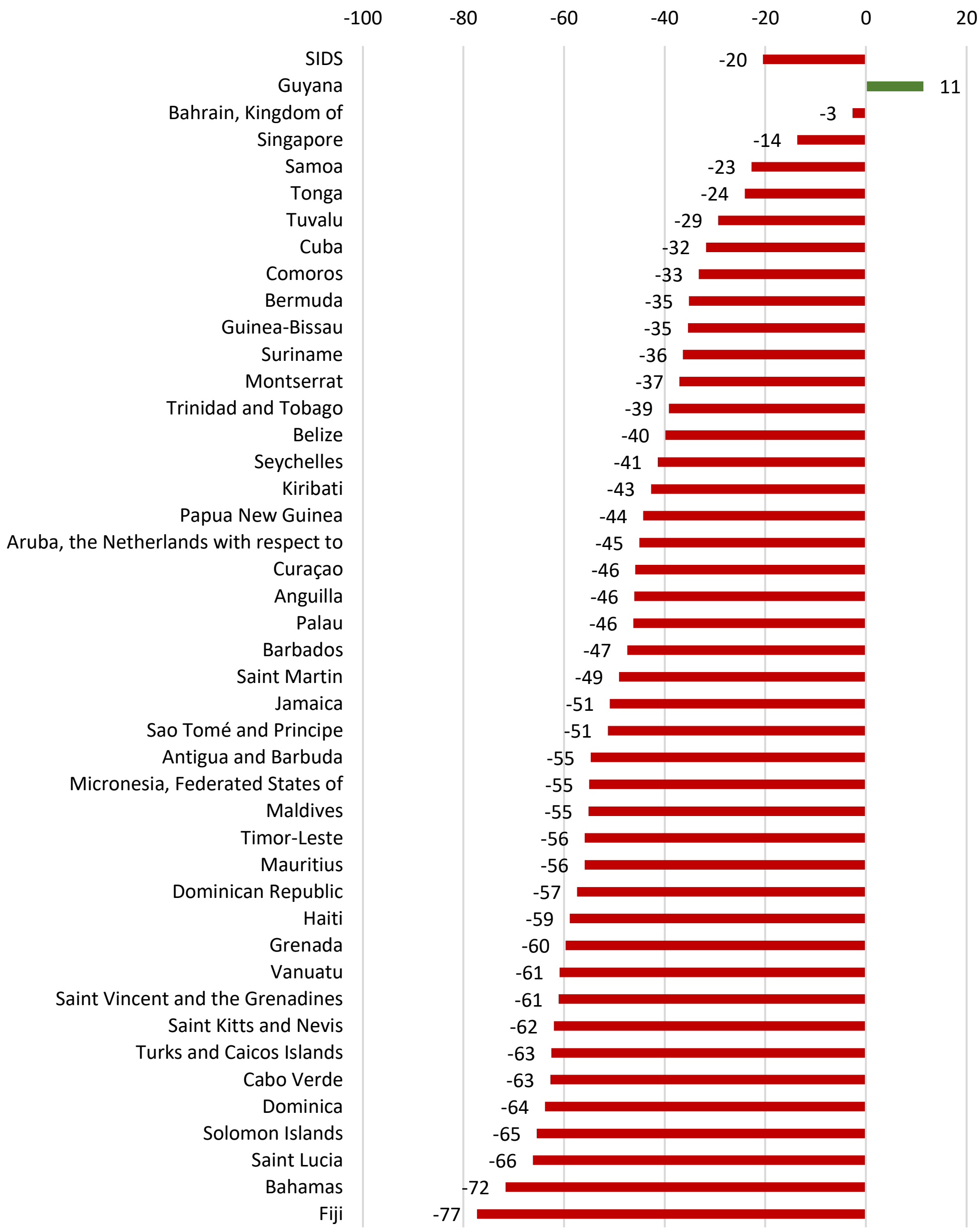
Commercial services exports fell by 15% in 2020 in Asian SIDS as Singaporean services exports which comprise the bulk of the Asian SIDS exports mildly contracted. The Caribbean and African SIDS exports, however, dropped sharply by 47% and 53% respectively. Travel exports were more severely affected in African and Asian SIDS due to relatively worse coronavirus situation and prolonged mobility restrictions in the regions.

Services imports of the **Kingdom of Bahrain** were up 15% in 2020, registering the strongest growth in the group (see Chart 8). This is due to demand for transport services and other commercial services imports in the economy, both of which expanded during the pandemic. Among other SIDS, services imports of tourism destination such as **Barbados** in the Caribbean and **Maldives** in South Asia declined by -52% and -47% respectively. Losses in exports revenues from travel exports largely explain the low import demand in these countries, thereby leading to declining imports. **According to WTO's preliminary estimates, selected SIDS economies' services imports rose in 2021 but remained lower than the pre-pandemic levels in 2019**. For example, services imports of Mauritius were up 18% in 2021 year-on-year but they value was still 13% lower than in 2019.

In 2019, **other commercial services** contributed 52% to the total services revenue of the SIDS economies and the share of transport services and travel exports was 23% and 22%, respectively. This structure of the group's exports basket is strongly influenced by high-income economies such as **Singapore** and the **Kingdom of Bahrain** which accounted for 79% of its value in 2019 and 87% in 2020. This expansion implies towards a reduction in the share of other SIDS because of the higher magnitude of the economic shocks to low-income and middle-income economies in the group during the COVID-19 health crisis. Other commercial services exports declined by only 2% to USD 147 billion while travel exports dropped by a sharp 67% to USD 21 billion in 2020. Consequentially, the share of travel in commercial services exports of the SIDS contracted from 22% to 9% from the pre-pandemic levels in 2019 to 2020, while the share of other commercial services rose by 12 percentage points to 64%.

Figure 9: Commercial services exports of the SIDS, 2020

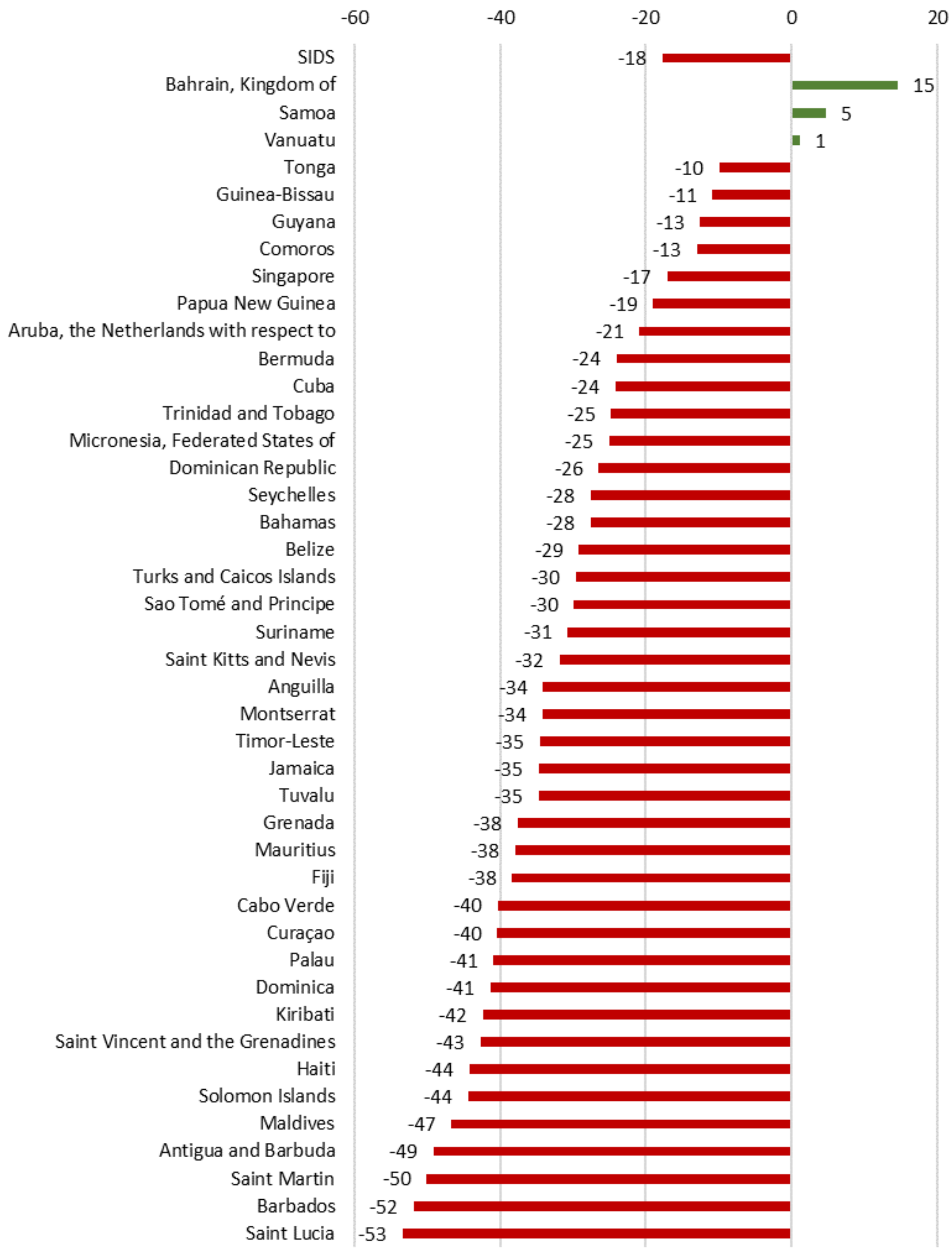
(Annual percentage change)



Source: WTO-UNCTAD estimates and national statistics.

Figure 10: Commercial services imports of the SIDS, 2020

(Annual percentage change)

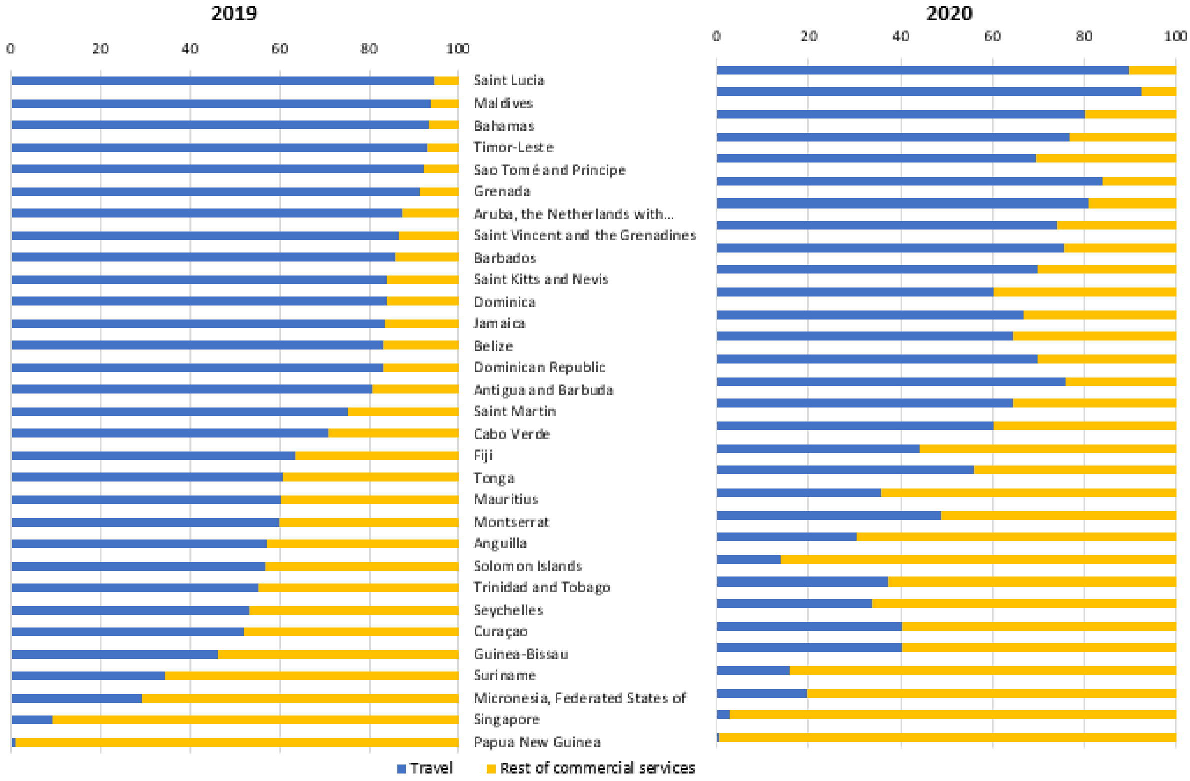


Source: WTO-UNCTAD estimates and national statistics.

The SIDS are mostly **tourism dependent economies** with **travel** contributing on an average 54% to commercial services exports across the group in 2020, down from 68% before the pandemic. This contraction of shares however varies with the size of the economies such that predominantly travel exporting economies were greatly affected by the health and mobility restrictions worldwide, as compared to other high-income services exporters in the group, as indicated in Chart 11.

Figure 11: Share of travel exports in commercial services of the SIDS, 2019 and 2020

(Percentage change)



Source: WTO-UNCTAD estimates.

The Solomon Islands, an LDC SIDS, recorded a decline of 91% in 2020 of its travel exports. This in turn reduced the share of its travel revenues by almost 5 times with travel contributing only 14% down from 71% in 2019 during the pandemic to total commercial services exports. Similarly, Belize's travel exports dropped by 53% to USD 245 million in 2020 from USD 527 million. In the first three quarters of 2021, their value rose by 24% compared to the same period in 2020 as travel picked up globally but was still 35% less than the pre-pandemic levels in 2019.

On the other hand, Singapore, a high-income economy with more diversified services exports, witnessed a relatively slimmer reduction of the share of travel exports from 9% to 3%. Singapore's services exports comprised predominantly of other commercial services such as professional and management consulting services, as well as financial services. Prior to the pandemic, together they accounted for 34% of the economy's services exports, and 40% in 2020. Overall, these sectors witnessed narrow declines or even expansion as in the case of financial services which grew by 2% during the pandemic in 2020.

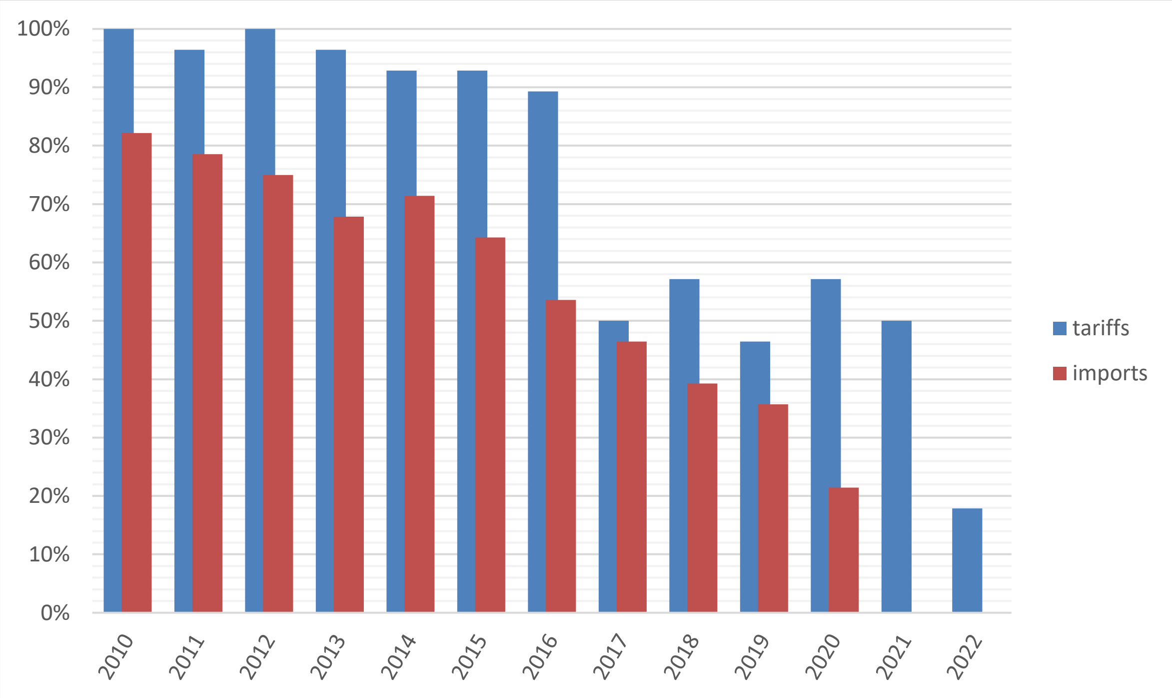
3.3 Data Availability and Market Access considerations

A challenge when analysing the integration of Small Island Developing States (SIDS) in the world trading system is the lack of consistent and coherent data. This distinct group of 68 countries varying on many accounts but for their natural geographical dimension, reveals a large difference in statistical capacity.

The lack of meaningful data is a challenge for policy makers. Strengthening statistical capacity of customs authorities can play a key role in facilitating the integration into international trading system, essential for the multilateral trading system. Without data, it is difficult to address some of the most pressing questions of economic and trade dimensions. Only about 2/3 of SIDS are UN Members States with access to regional commissions and resources; 28 states are Members of the WTO, including LDCs such as Guinea-Bissau, Haiti and Solomon Islands.

WTO Members are meant to regularly notify tariff and import data to the WTO Secretariat, however, as shown in figure 12, over the last years an increasing number of SIDS do not seem to be in a position to adhere to these statistical transparency obligations. With regard to annual tariff notifications to the WTO Secretariat, a large drop from about 90% to 50% is observed in the year 2017. In the current year 2022, less than 20% of states have notified the corresponding data. In the same direction, for import data we also observe a significant share of non-reporting and a decreasing trend over the last decade.[9]

Figure 12: Annual data notifications of SIDS to the WTO Secretariat
(share of compliance in per cent)



Note: Annual notifications to the WTO Integrated Database, 10 May 2022

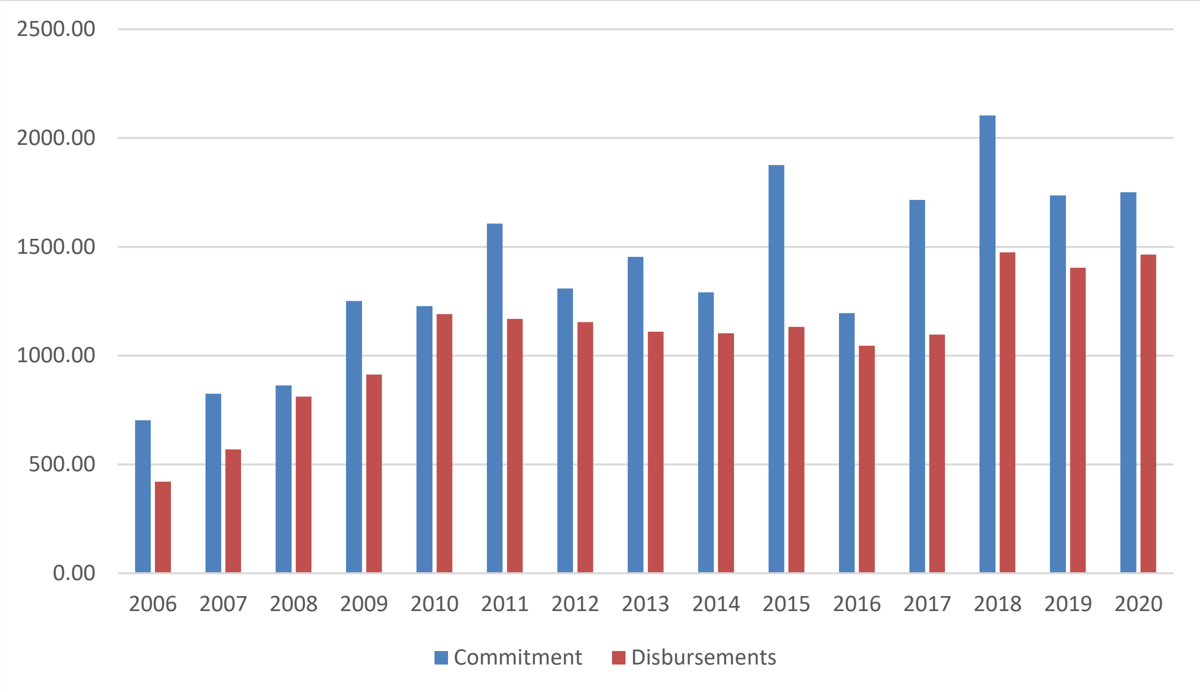
Many WTO Members' customs authorities (22 SIDS) are using the Automated SYstem for CUstoms Data (ASYCUDA) of the United Nations Conference on Trade and Development (UNCTAD) as their main management system to handle customs procedures and collect trade statistics. In cooperation, the WTO has set up a software module in ASYCUDA World that facilitates the aggregation of trade flows, customs duties and preferential trade arrangements. The module provides significant help in the production of official statistics and efficiently enhances Members' capacity to analyse trade data, identify and develop targeted policies further integration into the world trading system.

4 AID FOR TRADE

4.1 Aid for Trade Flows

[9] Please note that import data for the year 2021 and 2022 is not yet subject to be notified, see G/MA/367. Furthermore, over time, late notifications are to increase aggregated shares of previous years.

Figure 13: Aid for Trade flow to SIDS



Source: WTO Secretariat

Aid for Trade is about supporting developing countries, LDCs in particular, to build the trade related capacity and infrastructure they need to benefit from opening up to global trade. Grants and concessional loans are targeted at a broad range of trade-related programmes and projects to support those countries, including SIDS. Since 2006, SIDS have received close to USD 16.5 billion in Aid for Trade disbursements. Despite the effect of the COVID-19 pandemic, Aid for Trade flows have been steady from 2010 to 2020 (see figure 13). In 2020, Aid for Trade disbursements to SIDS amounted USD 1.5 billion, relatively constant compared to 2019 (USD 1.47 billion). Regarding categories, in 2020, 44.43% of Aid for Trade flows to SIDS went to transport, 25.7% went to agriculture, 12.79% to energy and 17.08% went to the remaining categories such as industry, forestry and tourism. Since 2006, 62% of Aid for Trade disbursements were to build transport and energy to USD 9.5 billion up to 2020.

4.2 Aid for Trade Global Review, WTO-OECD Monitoring and Evaluation Exercise

In the lead up to the 2022 Aid for Trade Global Review, WTO partnering with the OECD, launched a monitoring and evaluation exercise comprising of a self-assessment questionnaire administered to partner countries, developing and Least Developed Countries (LDCs), regional economic communities and transport corridors, donors and providers of South-South trade-related assistance. The data gathered from the questionnaire are organized into a report[10], structured around four topics: (i) changes to Aid for Trade priorities since 2019. It examines if, and why, Aid for Trade priorities have changed since 2019. It looks at the reasons why respondents may have changed their strategy or priorities and if those changes were integrated in the development strategy and reflected in the dialogue with development finance partners; (ii) policy for sustainable development; (iii) digital connectivity; and (iv) policy for women's economic empowerment.

The 9 SIDS who participated in the exercise were: Comoros, Fiji, Kiribati, Papua New Guinea, Samoa, Sao Tome, St Lucia, Tuvalu and Vanuatu.

[10] WTO, Empowering connected sustainable trade – Joint OECD-WTO Aid-for-Trade monitoring and evaluation exercise for the global review 2022, WT/COMTD/AFT/W/92 (2 May 2022)

4.2.1 Aid for Trade priorities

The results of the questionnaire showed that 89% of the responding SIDS indicated that their national development strategy includes trade priorities, also referred as "Aid-for-Trade priorities". SIDS ranked their top five Aid for Trade priorities as following: (i) e-commerce; (ii) export diversification; (iii) transport infrastructure; (iv) trade facilitation and (v) MSMEs growth and development. Other priorities have been identified such as connecting to value chains, regional integration, women's economic empowerment, WTO accession and mitigation of the impact of COVID-19 which has been ranked number priority by Comoros, for example.

Since 2019, all SIDS respondents have highlighted the economic impact of the COVID1-19 pandemic as well as e-commerce development and digital transformation as the main drivers of change in their Aid for Trade priorities. 78% of SIDS respondents indicated that these changes in Aid-for-Trade priorities were being reflected in dialogue with development partners.

4.2.2 Policies for Sustainable Development

Figure 14: National strategies for sustainable development in the SIDS

Top categories	Number of responses	Percentage share
National development strategy, policy or plan	8	89%
National trade development strategy, policy or plan	8	89%
National export strategy, policy or plan	5	56%
National environmentally sustainable economy strategy, policy or plan	5	56%
National environmentally sustainable economy strategy (or green growth), policy or plan	4	44%
National sustainable trade strategy, policy or plan	2	22%
National strategy, policy or plan for circular economy/sustainable consumption and production	1	11%
National strategy, policy or plan for COVID-19	4	44%
Other (please specify)	2	22%

Source: WTO-OECD M&E 2022 report

All 9 SIDS respondents indicated that sustainable development is reflected as a priority in their national strategy. 89% responded that SDGs were reflected in their national trade development strategy (see figure 14). National strategies including environmentally sustainable economy strategies or green growth (56%), sustainable trade strategies (22%), policy or plan for circular economy and sustainable consumption and production (11%). 44% of the SIDS respondents also indicate that national strategy related to COVID-19 as a top category.

SDG 7 on affordable and clean energy (89%), SDG 14 on life below water (89%) and SDG 13 on climate action (66.67%) were highlighted as the top 3 SDGs reflected in their national development strategies. All 9 SIDS respondents indicated that their trade objectives address environmental dimension of sustainable development. To address the implication of SDGs in their national strategies, respective governments have a dedicated national committee or have coordination or dialogues across ministries and agencies on sustainable development that includes Ministries of Trade or associated agencies. Accordingly, 86% of SIDS respondents pointed out the existence of coordination or dialogues regarding sustainable development while seven SIDS respondents have identified existence of dialogues addressing the environmental dimension of sustainable development.

In the economic sector, SIDS respondents have all identified agriculture, fisheries and services as the sectors that would gain the most in terms of economic and export diversification as a result of the move to sustainable development. On the other hand, they also identified the same sectors as well as industry as economic sectors that may face the biggest challenge from the move to sustainable development.

Among the main challenges to the transition towards sustainable development, all SIDS respondents identified: (i) high trade costs; (ii) dependence on a narrow basket of goods and services; and (iii) existing transport infrastructure. Moreover, 89% identified: (i) access to finance; (ii) Limited agricultural processing capacity; and (iii) Limited economic and export diversification. 67% of the SIDS respondents identified (i) existing energy and power generation infrastructure; (ii) high concentration of economic activity in the informal sector and (iii) lack of technology transfer, as challenges to transition to sustainable development.

Accordingly, when asked about the main challenges that Aid for Trade should address to support a transition to sustainable development, all SIDS respondents identified access to finance (100%); hight trade cost and limited economic and export diversification (89%); economic impact of the COVID-19 (78%) and existing energy and power generation (67%).

Example of Aid for Trade projects for sustainable trade in the SIDS

In the **Fiji,** the "Pacific Horticultural and Agricultural Market Access Program" (PHAMA Plus) is an example of a relevant Aid for Trade initiative. Supported by the Australian and New Zealand governments, it provides practical and targeted assistance to help Pacific-island countries manage regulatory aspects associated with primary and value-added exports. This encompasses gaining access for products into new markets and helping to manage issues associated with maintaining and improving existing trade. Core countries assisted through PHAMA Plus are Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu.

In **Kiribati,** the UNDP partnering with local actors, has developed sustainable trade practices for local handicraft, agriculture, and marine products. The project has been piloted in 3 islands and was beneficial to local products with export potential. Kiribati noted that enhancing trade requires supporting funds for programs such as training and awareness initiatives and an Open Integrated Market (OIM), especially for pacific partners.

In **Mauritius**, the Solid Waste Management Division recruited a Transaction Adviser to perform feasibility studies on establishing compost plants to handle local green wastes. The project is currently still at the preparation stage but might fit sustainable trade, green growth and circular economy principles as it follows the reduce, reuse and recycle concept. If successful, it can also promote the export of Mauritian composts internationally.

4.2.3 Digital Connectivity

Figure 15: Sectors in which digital connectivity could best support the transition to sustainable development in SIDS

Top categories	Number of responses	Percentage share
Services	8	89%
Industry	8	89%
Fisheries	8	89%
Agriculture	8	89%
Forestry	3	33%

Source: WTO-OECD M&E 2022 report

89% of the SIDS respondents stated that digital connectivity, including digital economy and e-commerce, is reflected as a priority in national sustainable development strategy while 78% identified the existence of national strategy for digital connectivity. Regarding the sector in which digital connectivity could best support the transition to sustainable development, eight out of nine

SIDS countries accorded equal importance to services, industry, agriculture and fisheries (see figure 15). E-commerce has been identified by all SIDS respondents as the top issue where digital connectivity would offer most promise and the move to sustainable development. 89% identified e-government, e-healthcare and e-learning. 44% pointed out the existence of Aid for Trade projects for digital connectivity towards sustainable development.

All SIDS respondents also declared that the COVID-19 pandemic prompted the move to digital economy. The COVID-19 pandemic has exposed shortcomings in digital connectivity in areas like:

a. insufficient or uneven internet coverage, poor digital skills and IT literacy, rules relating to e-commerce need updating (89%);

b. digital payments issues; inadequate network infrastructure including broadband capacity;

c. lack of access to trade finance;

d. national e-commerce development strategy needs to be developed/updated;

e. trade facilitation and logistics issues (78%).

4.2.4 Policies for women's economic empowerment

All SIDS respondents stated that women's economic empowerment is a priority objective in their national development strategies while 89% stated that their national policies address the environmental dimension of sustainable development which also support progress on gender equality and/or women's economic empowerment.

67% SIDS respondents identified the existence of policies that seek to ensure non-discrimination with respect to conditions of employment or occupation, including through the provision of flexible work arrangements for women. Regarding to closing the gender data gap, 38% of the SIDS respondents declared conducting data collection on women's economic empowerment in relation to trade and development.

Figure 16: Trade and development constraints faced by women in SIDS

Top categories	Number of responses	Percentage share
Difficulties accessing financial services	9	100%
Informal employment	7	78%
Time and mobility constraints; Unpaid care and domestic work	6 each	67% each
Exclusion from male-dominated distribution networks; Poor access to information; Smaller sized business	5 each	56% each
Difficult working conditions; Discriminatory practices; Lack of access to digital services	4 each	44% each
Difficulties in meeting regulatory and procedural requirements; Harassment, security and safety issues; Lack of access to redress options; Occupational segregation; Poor access to professional bodies (e.g., chambers of commerce); Restricted access to markets; Seasonal employment	3 each	33% each
Gender pay gap; Unpaid employment	2 each	22% each
High trade barriers	1	11%

Source: WTO-OECD M&E 2022 report

All SIDS respondents indicated that difficulties accessing financial services is a top area where women face trade and development constraints (see figure 16). 78% indicated informal employment and 67% indicated unpaid care and domestic work as trade and development constraint for women economic empowerment. 89% also stated that Aid for Trade can play a role in addressing trade and development constraints faced by women. Easing women's access to trade finance and supporting women entrepreneurship, particularly women-owned/led MSMEs to export have been identified as a key area that Aid for Trade projects for women's economic empowerment sought to address. Followed by developing technical assistance and training programmes, developing access to trade related infrastructure, increasing women's participation in services sectors, supporting women's representation in trade policy and design of trade/Aid for Trade initiatives.

Trade and Gender WTO Technical Assistance activity in Saint Kitts and Nevis

From 9 to 13 August 2021, the WTO Secretariat delivered its first-ever training course entirely dedicated to trade and gender. Within the framework of WTO's Technical Assistance National Request, Saint Kitts and Nevis has solicited this training course on trade and gender to improve its capacity to address gender issues in trade-related policies and to strengthen its efforts to increase women's participation in trade. The virtual training course benefited fifty government officials from Saint Kitts and Nevis. At the end the course, participants had an enhanced understanding of trade and gender issues and were able to review, develop and implement gender-responsive trade policies.

The three-day training course was structured around lectures, exercises, and discussions and has proved to be significantly effective in helping participants grasp the nexus between trade and gender. Participants were provided with a set of concrete tools to further help them consider gender lens in their regular work and disseminate - across their respective departments - the knowledge acquired through the training.

The training course was delivered by the trade and gender experts from the WTO Secretariat who emphasized that "trade rules are not gender neutral due to existing gender inequalities and the disproportionate impacts of COVID-19 on women globally". The programme provided a platform for participants to build up a dialogue on how trade policies can support women's participation in trade in their country and path of solutions to increase gender-desegregated data to design informed gender-responsive trade policies.

5 TRADE CAPACITY BUILDING

5.1 Enhanced Integrated Framework (EIF)

Based at the WTO, the Enhanced Integrated Framework (EIF) is a multilateral partnership dedicated to assisting least developed countries (LDCs) use trade as an engine for growth, sustainable development, and poverty reduction. The partnership comprises of 51 countries, 24 donors and 8 partner agencies that works closely with governments, development organizations, private sector and civil society.

Regarding the SIDS, seven of them are categorized as LDCs and face severe structural impediments to sustainable development, including high vulnerability to economic and environmental shocks. Currently, the EIF is supporting 12 least developed and graduating SIDS to better reflect trade into their national development strategies and address supply-side constraints, though a number of projects.

Figure 17: EIF projects in SIDS

Beneficiary	Area of action	Summary of the project	Project link
Cabo Verde	Agriculture, tourism, and creative industries	Trade analytical work and institutional capacity building over the course of the programme's first and second phases. Support was provided post-graduation from the LDC category until August 2020.	*In Cabo Verde, tourism and trade at a crossroads*
Comoros	Tourism and agriculture (Vanilla, Ylang-ylang and cloves) and WTO accession	Support the development of 'Made in Comoros' brand and revitalizing the tourism sector competitiveness. Current EIF support to Comoros is also prioritizing the counties progress towards WTO accession. Ongoing support is also being provided to strengthen the eco-tourism sector for greater value addition.	*Can domestic tourism lay the groundwork for something bigger in Comoros and Djibouti?*
Guinea Bisau	Infrastructure development, telecommunications, legal and regulatory frameworks, private sector development and customs reform	Currently, support is being provided to the development and professionalization of the artisanal fishing sector to strengthen the commercial capacity of the entire value chain.	
Haiti	Public -private dialogue and fisheries	Current support is focused on sustaining the gains made in developing and reinforcing Haiti's institutional capacities in the formulation and implementation of trade policies and strategies. In addition, support is being provided to the development of the commercial capacity of marine fisheries and the sea salt sector.	
Kiribati	E-commerce	Support e-trade readiness assessment was also implemented by the United Nations Conference for Trade and Development, it analysed Kiribati's e-trade landscape and provided key recommendations.	*Kiribati sets sights on overcoming hurdles to ecommerce*
Samoa	Value chain addition, trade facilitation and women's economic empowerment	Collaboration between the largest state-owned agricultural producer in Samoa, trade associations and women's cooperatives were scaled up in order to add value to cocoa and coconut destined for export, including through The Bodyshop.	*An island of (trade) knowledge – Samoa Trade Information Portal*
Sao Tome and Principle	Trade policy design and implementation	Support the completion of DTIS through a trade institutional capacity building project that is focused on taking forward priority recommendations set out in the DTIS update's action matrix.	
Solomon Islands	E-commerce, tourism and agriculture	Support the e-trade readiness assessment was implemented by the UNCTAD. Support the tourism sector and the launch of the National Tourism Development Strategy (SINTDS 2015-19). The policy set the overall platform and direction for sustainably developing the tourism sector as a	*Changing mindsets, boosting farmer spirits in the Solomon Islands*

		significant driver of economic growth. Enhance the capacities for agricultural sector by enabling the resumption of cassava exports to Australia.	*Solomon Islands and Vanuatu gear up for e-commerce*
Timor Leste	WTO accession, women's economic empowerment, tourism and trade integration	Support a paperless trade project being implemented by UNESCAP and a project implemented by Fair Trade Australia and New Zealand for the economic empowerment of women producers through increasing the export potential of flowers and coffee by 10 more containers amounting USD 525,436.	*Beauty in diversity: How can trade support Timor-Leste's graduation from least developed country status?*
Tuvalu	Agriculture, fisheries, tourism, e-commerce and labour mobility	Support e-trade readiness assessment implemented by the UNCTAD. The Tuvalu National Trade Development Strategy was developed in 2021 through EIF support with technical contributions from UN-ESCAP.	*Local markets in Tuvalu offer trade lifeline on sinking Island* *Tuvalu lays ecommerce groundwork to spur development* *On trading in Tuvalu*
Vanuatu	Institutional, e-commerce, agriculture, and tourism	Support the transformation of the seafront in Port Villa following Cyclone Pam into a functional, safe, and attractive area. The new port is expected to contribute to a 36% increase in tourist arrivals. The project amounted USD 18.8 million. Support e-trade readiness assessment implemented by the UNCTAD and the development of its Electronic Single Window System (ESWS) project. Since its launch in March 2020, the system has reduced processing times from 4 to 6 days to as little as 10 minutes.	*Amid cyclones and COVID-19, Vanuatu makes bold decision to graduate from 'least developed country' category* *Vanuatu leading Pacific in digitising customs and biosecurity clearance*
Pacific Islands Forum Secretariat (PIFS)	Standards and certification systems	Value chain analysis to identify quality challenges in key economic sectors for the region are currently underway in Kiribati, Solomon Islands, Tuvalu and Vanuatu, for their respective products of coconut, kava, breadfruit and cassava.	

Source : WTO Secretariat

5.2 Standard and Trade Development Facility (STDF)

The STDF supports Small Island Developing States (SIDS) in building their SPS capacity and facilitating safe trade, based on international standards. Grant financing is available up to US$50,000 for projects preparation grants (PPGs). In addition, up to US$1 million is available for project implementation. SIDS listed on the latest OECD-DAC list of ODA recipients are eligible for STDF financing, if they can also meet part of the cost of the project. Since 2004, the STDF has developed and/or implemented SPS projects in 20 SIDS. A list of current projects benefiting SIDS is included in Figure 17.

The STDF also operates as a coordination and knowledge platform, identifying and disseminating good practice on cross-cutting SPS topics through events, briefing notes, publications, etc. Several topics are highly relevant to SIDS, such as recent STDF work on climate change and SPS risks, which aims to identify challenges and opportunities facilitating safe trade, including in the Caribbean. Through projects on electronic certification, the STDF helps SIDS to become more efficient and reduce trade costs. STDF's new guide on the use of Good Regulatory Practices (GRPs) helps SIDS to ensure that their SPS measures are fit for purpose and do not unnecessarily restrict trade.

Figure 18: Overview of STDF Projects and PPGs benefiting SIDS

Beneficiary	Title	Summary of the results (to be) achieved	Start/end date	Total project value (US$)	Project Ref
Jamaica	Ensuring food safety capacity of the pepper value chain	The project will improve practices of regulatory bodies, laboratories, nurseries, farms, and processing facilities with the aim of reducing pest-related interceptions by trading partners by 25%, increase production and distribution of clean seeds or planting materials by 20%, and increase pepper production by 10% over the course of 3 years. The approach could be replicated in neighbouring CARICOM countries and other strategic value chains in Jamaica.	From: 01/05/2022 To: 30/04/2025	2,114,566	STDF/PG/759
Dominican Republic and Haiti	Strengthening the phytosanitary and food safety system in key value chains	The project will contribute to improving exports of chili, aubergine and tomato in the Dominican Republic and Haiti, whilst contributing to poverty reduction. It will this by: (i) improving the legal and institutional structure of the sanitary system in Haiti and the Dominican Republic; and (ii) strengthening technical capacity of officials and local producers in the selected value chains.	From: 01/07/2022 To: 30/06/2025	692,980	STDF/PG/751
Belize Dominica Guyana Jamaica Suriname St Lucia St Kitts and Nevis	Prioritizing SPS investments for market access in the CARICOM region	CARICOM countries face many competing demands in complying with SPS requirements to unlock and boost trade. Yet, resources are limited. This PPG will train up to ten facilitators to support the virtual/hybrid application of a framework ("P-IMA") that uses evidence to prioritize SPS investments, develop action plans and collaborative project proposals.	From: 01/05/2021 To: 31/12/2022	28,000	STDF/PPG/733
Belize, Honduras	Piloting the use of vTPA programmes to improve food safety outcomes	The project will enhance compliance with national food safety standards and regulations by testing voluntary Third-Party Assurance (vTPA) programmes, resulting in better targeting of resources and improved public health outcomes.	From: 12/10/2020 To: 11/10/2023	942,612	STDF/PG/682
Niue	Establishing a bee sanctuary	Study to assess the feasibility of establishing a Pacific Bee Sanctuary in Niue, including SPS requirements, and opportunities to export live	From: 17/06/2019 To: 31/12/2021	35,692	STDF/PPG/616

Beneficiary	Title	Summary of the results (to be) achieved	Start/end date	Total project value (US$)	Project Ref
		bees and support apiculture in the Pacific region. Niue's biosecurity system will be upgraded through SPC using EU funds.			
Developing countries	An ePhyto Solution: Enhancing safe trade in plants and plant products	Creation of a global exchange mechanism for electronic phytosanitary certificates ("ePhyto") to facilitate safe and efficient trade in plant products. Samoa was one of the first pilots to test the new system and is now producing, submitting and receiving ePhytos.	From: 15/12/2016 To: 30/04/2020	1,728,000	STDF/PG/504
Papua New Guinea	Expanding cocoa trade	Building capacity of smallholder cocoa growers to implement risk-based safety and quality management systems that enables them to achieve increased financial returns, yields, quality/safety and foreign market access.	From: 01/09/2018 To: 31/08/2021	859,234	STDF/PG/553
Solomon Islands	Laboratory capacity building to support fish exports	Strengthened capacity of the National Public Health Laboratory (NPHL), which is enabling laboratory staff to conduct and comply with international microbiological food testing standards and to be ready for ISO 17025 certification.	From: 01/06/2017 To: 31/12/2021	508,336	STDF/PG/521

Source: WTO Secretariat

NB: In addition to the above Projects and PPGs, the STDF has contributed an additional US$1.3 million to support three (3) Projects and three (3) Project Preparation Grants (PPGs) that benefited SIDS from 2007 to 2018.

5.3 Training and Technical Assistance

Technical Assistance (TA) is a core function of the WTO, aiming to enhance human and institutional trade capacity in beneficiary countries. All TA activities, courses and trainings are designed and delivered with the objective of producing specific and measurable results. These results must reflect the enhanced capacity of WTO Members and Observers to enforce their rights and obligations, to take full advantage of the rules-based multilateral trading system, and to deal with the challenges and opportunities emerging from it. TA mainly targets developing and LDC Members' and Observers' government officials. The WTO responds to specific national and regional needs in line with its Progressive Learning Strategy, which provides graduated levels of training to course participants.

In June 2022, the Institute for Training and Technical and Cooperation (ITTC) launched their 2021 WTO Technical Assistance Annual Report[11], which highlights the effects of the COVID-19 pandemic as the main constraint for the WTO TA in 2021: a quasi-total absence of face-to-face activities and a drop in participation. The total number of learners fell by 23% compared to the previous year. Moreover, requests for national activities – which are the best tool to tailor training to the needs of a beneficiary at a given moment – dropped to a historic low. A few face-to-face exceptions aside, TA participation was split almost equally between virtual activities and e-Learning courses (those that learners follow at their own pace via Internet since before the pandemic). Virtual delivery of courses (launched the previous year) continued to be the norm through renewed efforts to replicate the in-person training experience in a digital space. Learning results of, for example, the Regional Trade Policy Courses, improved when compared to 2020, suggesting a somewhat successful adaptation of content to the new mode of delivery. In 2022, face-to-face TA activities have gradually resumed following the easing of global travel restrictions, the list of in-person 2022-2023 TA activities can be found here.

Figure 19: Technical Assistance activities involving SIDS (Comoros, Mauritius, and Seychelles) in 2021

Beneficiaries	Number of TA activities	Number of participants
Comoros	8	19
Mauritius	2	70
Seychelles	2	5
TOTAL	12	94

Source: WTO Secretariat

In 2021, a total of 12 TA activities were conducted in Comoros, Mauritius and Seychelles which benefited 94 government officials. The trade topics covered during these activities include agreements on agriculture, SPS and TBT measures, RTAs, accession, trade policy and TRIPS agreements. Moreover - on the gender dimension - in the Caribbean, approximately 75% of the participants in WTO TA activities are female learners. Making the Caribbean the region with traditionally the highest rate of female participation in WTO TA activities.

6 TRADE AND NATURAL DISASTERS

6.1. SIDS' geographical conditions make them highly vulnerable to natural disasters, particularly those caused by climate change. According to the World Bank, the damage caused by climate-related and earth-related hazards in the Caribbean alone is estimated at USD 12.6 billion per year[12]. In the southern Indian Ocean island states (Mauritius, Seychelles, Comoros and Madagascar), the 2021-2022 cyclone season has seen at least three major tropical storms (Ana, Batsirai and Emnati) that have had devastating economic and humanitarian effects. Mauritius as a major transhipment port in the region was equally heavily affected.

6.2. On the matter, the WTO Secretariat has conducted two studies, WTO Natural Disasters and Trade Studies. The first study focuses on six disaster-affected members: Fiji, Dominica, Nepal, St Lucia, Tonga and Vanuatu and illustrates that, in any given year, these WTO members are likely to

[11] WT/COMTD/W/265
[12] See World Bank Document

be either hit by, or recovering from, a significant natural disaster. There is scope under WTO agreements, including those on Trade Facilitation, Agriculture and Subsidies to take measures, to facilitate recovery and resilience and also to facilitate the entry of relief goods and services in the occurrence of natural disasters.

6.3. The first study highlights that Dominica, Fiji, Nepal, Saint Lucia, Tonga and Vanuatu face a range of hydro-meteorological hazards (e.g. drought, flooding, landslides and storms, including cyclones and hurricanes) and geo-physical risks (e.g. earthquakes, tsunami and volcano eruptions). To varying degrees, these events have curtailed economic growth, depressed exports and fuelled import growth, exerting pressure on the current account and debt levels. Climate change is predicted to make hydro-meteorological hazards more frequent and severe. For instance, natural disasters along with the COVID-19 pandemic have pushed back the graduation from Least Developed Country status of Vanuatu - in 2019 - to 2020.

6.4. In terms of natural disaster response, one important function that trade performs is that of shock absorber, by allowing the supply shortage to be covered by imports. However, a range of trade facilitation issues emerge during that phase. Among them, the inability of import systems in SIDS to face sudden surge in import volumes of relief. For instance, container traffic into the damaged port of Roseau, Dominica jumped from an average of 80 containers per week to a peak of 300 containers in the aftermath of Hurricane Maria13.

6.5. The second study - focusing on the legal side – highlights that WTO Agreements can support natural disasters' recovery actions, particularly through the TFA - which addresses bottlenecks in the functioning of customs and other border agencies that can arise in disaster response - or the flexibilities under the GATT 1994 allowing derogations from customs duties and other fees and charges. Domestic regulations on the quality and safety of products can slow the entry of relief items. Basing national measures on international standards can help to strike a balance between control and facilitation. WTO Agreements and related decisions can also help disaster-affected Members source food aid from domestic suppliers and through international food assistance. In the services sector, ex ante measures to facilitate the entry of foreign service suppliers may prove helpful. The same can be affirmed with respect to domestic regulatory measures to support money transfers from abroad (remittances and cash aid) and to regulation of the allocation of frequencies in view of the critical role of telecommunications in disaster response14.

6.6. Furthermore, the latest MC12 outcome package includes a Ministerial Decision on the work programme for small economies which places importance on economic and trade impacts of natural disasters on those small economies.

7 MARKET ACCESS

7.1 Regional Trade Agreements and SIDS

Regional trade agreements (RTAs) have risen in number and coverage over the years, including a notable increase in large plurilateral agreements. While non-discrimination among trading partners is one of the core principles of the WTO, RTAs constitute one of the derogations to this rule and are authorized under the WTO under specific conditions. Furthermore, WTO members are obliged to notify the RTAs in which they participate.

The WTO’s rules on regional trade agreements are as follows:

- Text of GATT Art XXIV, Ad Art XXIV and its updates, including the1994 “Understanding”.
- Enabling Clause for developing countries.
  Text of the 1979 GATT decision allowing preferential trade in goods among developing countries.
- Text of GATS Article V

[13] WTO, Natural Disasters and Trade Study I, November 2019. See study1_exec_summary_sympnaturaldisaster29112019_e.pdf (wto.org)

[14] WTO, Natural Disasters and Trade Study II: a legal mapping, November 2019. See study2_exec_summary_sympnaturaldisaster29112019_e.pdf (wto.org)

- Text of the 2006 General Council Decision on the Transparency Mechanism for Regional Trade Agreements
- Find decisions of WTO bodies concerning the regional trade agreements in the Analytical Index — Guide to WTO Law and Practice
- The Doha negotiating mandate
  Section on regional trade agreements in the 2001 Doha Ministerial Declaration

Furthermore, the parties to an RTA can notify several types of RTAs:

- A Free Trade Agreement (FTA), as defined in Paragraph 8(b) of Article XXIV of GATT 1994;
- A Customs Union (CU), as defined in Paragraph 8(a) of Article XXIV of GATT 1994;
- An Economic Integration Agreement (EIA), as defined in Article V of GATS; finally
- A "Partial Scope" Agreement (PS). "Partial Scope" which is not defined or referred to in the WTO Agreement, means that the agreement covers only certain products. Partial scope agreements are notified under paragraph 4(a) of the Enabling Clause.

As summarized in the table below, 59 RTAs involving small island developing states have been notified to the WTO. All are still currently in force, with two, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Pacific Agreement on Closer Economic Relations (PACER Plus) being in force for at least one party. All agreements can be classified as FTAs, PSAs, and EIAs. There are 13 FTAs, 32 agreements that are a combination of an FTA and an EIA, four customs unions, one Customs Union and EIA, the Caribbean Community and Common Market (CARICOM), and finally, 9 partial scope agreements.

The vast majority of these RTAs involve Singapore. To date Singapore is a signatory to 24 RTAs, all of which are currently in force, and all but one of which covers both goods and services. The vast majority are covered under GATT Article XXIV and GATS Art. V. Three are covered under the Enabling clause, the ASEAN – China Agreement, ASEAN – Republic of Korea, and ASEAN – India. In the region of Africa, Indian Ocean, Mediterranean and South China Sea (AIMS), Mauritius has the second greatest number of RTAs with 8. Three have been incorporated under the Enabling Clause, with GATS Art V in one case. The rest were incorporated under a combination of GATT Art XXIV and GATS Art V.

Pacific island SIDS follow with second highest number of RTAs signed. For example, the Solomon Islands and Papua New Guinea have each signed 6 RTAs while Samoa has signed 5. In the case of the Solomon Islands, all but one of these agreements, the Pacific Agreement on Close Economic Relations Plus (PACER Plus) with Australia were goods only agreements. Three of these agreements were signed under the Enabling Clause, the Melanesian Spearhead Group (MSG), the Pacific Islands Countries Trade Agreement (PICTA), and the South Pacific Regional and Economic Cooperation Agreement (SPARTECA). Papua New Guinea, similarly, has 6 RTAs in force, Australia – Papua New Guinea (PATCRA) replaces the Solomon Island's PACER Plus. As before there are three agreements incorporated under the Enabling Clause and the other are incorporated under GATT Art XXIV.

The Caribbean has comparatively less RTAs. The Dominican Republic has the most RTAs, 9 in total. Four of these cover both goods and services as both FTAs and EIAs incorporated under GATT Art XXIV and GATS Art V. The remaining agreement, the Panama – Dominican Republic Agreement is a PSA incorporated under the Enabling Clause and covering only goods. Notably, almost half the countries in the region are party to the same three agreements, the Caribbean Community and Common Market (CARICOM),[15] EU-CARIFORUM States Agreement,[16] and the United Kingdom – CARIFORUM States.[17]

[15] Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago

[16] Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Dominican Republic; Grenada; Guyana; Jamaica; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago; European Union

[17] Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Dominican Republic; Grenada; Guyana; Haiti; Jamaica; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago; United Kingdom

Figure 20: RTAs involving SIDS

	RTA Name	Coverage	Type	WTO Legal Cover	Date of Entry into Force	Current Signatories
1	Trans-Pacific Strategic Economic Partnership	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	5/28/2006	Brunei Darussalam; Chile; New Zealand; Singapore
2	India - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	8/1/2005	India; Singapore
3	Panama - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	7/24/2006	Panama; Singapore
4	Pan-Arab Free Trade Area (PAFTA)	Goods	FTA	GATT Art. XXIV	1/1/1998	Bahrain, Kingdom of; Iraq; Jordan; Kuwait, the State of; Lebanese Republic; Libya; Morocco; Oman; Qatar; Saudi Arabia, Kingdom of; Sudan; Syrian Arab Republic; United Arab Emirates; Tunisia; Egypt; Yemen
5	Gulf Cooperation Council (GCC)	Goods	CU	GATT Art. XXIV & Enabling Clause	1/1/2003	Bahrain, Kingdom of; Kuwait, the State of; Oman; Qatar; Saudi Arabia, Kingdom of; United Arab Emirates
6	United States - Bahrain	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	8/1/2006	Bahrain, Kingdom of; United States of America
7	Jordan - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	8/22/2005	Jordan; Singapore
8	Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR)	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	3/1/2006	Costa Rica; Dominican Republic; El Salvador; Guatemala; Honduras; Nicaragua; United States of America
9	Korea, Republic of - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	3/2/2006	Korea, Republic of; Singapore
10	Economic Community of West African States (ECOWAS)	Goods	CU	GATT Art. XXIV	8/23/1995	Cabo Verde; Benin; The Gambia; Ghana; Guinea; Côte d'Ivoire; Liberia; Mali; Niger;

						Nigeria; Guinea-Bissau; Senegal; Sierra Leone; Togo; Burkina Faso
<11	ASEAN - China	Goods & Services	FTA & EIA	Enabling Clause & GATS Art. V	1/1/2005*	China; ASEAN Free Trade Area (AFTA)
12	Southern African Development Community (SADC)	Goods	FTA	GATT Art. XXIV	9/1/2000	Angola; Botswana; Lesotho; Malawi; Mauritius; Mozambique; Namibia; Seychelles; South Africa; Zimbabwe; Eswatini; Tanzania; Zambia
13	United States - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2004	Singapore; United States of America
14	Singapore - Australia	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	7/28/2003	Australia; Singapore
15	EFTA - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2003	Singapore; European Free Trade Association (EFTA)
16	Japan - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	11/30/2002	Japan; Singapore
17	New Zealand - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2001	New Zealand; Singapore
18	West African Economic and Monetary Union (WAEMU)	Goods	CU	Enabling Clause	1/1/2000	Benin; Côte d'Ivoire; Mali; Niger; Senegal; Togo; Burkina Faso
19	Melanesian Spearhead Group (MSG)	Goods	PSA	Enabling Clause	1/1/1994	Solomon Islands; Fiji; Vanuatu; Papua New Guinea
20	Common Market for Eastern and Southern Africa (COMESA)	Goods	CU	Enabling Clause	12/8/1994	Angola; Burundi; Comoros; Democratic Republic of the Congo; Ethiopia; Eritrea; Kenya; Lesotho; Malawi; Mauritius; Rwanda; Zimbabwe; Sudan; Eswatini; Uganda; Egypt; Tanzania; Zambia
21	South Asian Preferential Trade Arrangement (SAPTA)	Goods	PSA	Enabling Clause	12/7/1995	Bangladesh; Bhutan; Sri Lanka; India; Maldives; Nepal; Pakistan
22	Latin American Integration Association (LAIA)	Goods	PSA	Enabling Clause	3/18/1981	Argentina; Bolivia, Plurinational State of; Brazil; Chile; Colombia; Cuba; Ecuador; Mexico; Paraguay; Peru; Uruguay; Venezuela, Bolivarian Republic of

23	South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)	Goods	PSA	Enabling Clause	1/1/1981	Australia; Solomon Islands; Cook Islands; Fiji; Kiribati; Nauru; Vanuatu; New Zealand; Niue; Micronesia, Federated States of; Marshall Islands; Papua New Guinea; Tonga; Tuvalu; Samoa
24	Australia - Papua New Guinea (PATCRA)	Goods	FTA	GATT Art. XXIV	2/1/1977	Australia; Papua New Guinea
25	Caribbean Community and Common Market (CARICOM)	Goods & Services	CU & EIA	GATT Art. XXIV & GATS Art. V	8/1/1973*	Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Haiti; Jamaica; Montserrat; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago
26	Global System of Trade Preferences among Developing Countries (GSTP)	Goods	PSA	Enabling Clause	4/19/1989	Algeria; Argentina; Bangladesh; Bolivia, Plurinational State of; Brazil; Myanmar; Cameroon; Sri Lanka; Chile; Colombia; Cuba; Benin; Ecuador; Ghana; Guinea; Guyana; India; Indonesia; Iran; Iraq; Korea, Democratic People's Republic of; Korea, Republic of; Libya; Malaysia; Mexico; Morocco; Mozambique; Nicaragua; Nigeria; Pakistan; Peru; Philippines; Singapore; Viet Nam; Zimbabwe; Sudan; Thailand; Trinidad and Tobago; Tunisia; Egypt; Tanzania; Venezuela, Bolivarian Republic of
27	EU – Overseas Countries and Territories (OCT)	Goods	FTA	GATT Art. XXIV	1/1/1971	Bermuda; British Indian Ocean Territory; Virgin Islands, British; Cayman Islands; Falkland Islands (Islas Malvinas); South Georgia and the South Sandwich Islands; French Polynesia; French Southern Territories; Greenland; Montserrat; Netherlands Antilles; Aruba, the Netherlands with respect to; New Caledonia; Pitcairn; British Overseas Territory of Saint Helena, Ascension and Tristan da Cunha; Anguilla; Saint Pierre and

						Miquelon; Turks and Caicos Islands; Wallis and Futuna Islands; European Union
28	ASEAN - Korea, Republic of	Goods & Services	FTA & EIA	GATT Art. XXIV, Enabling Clause & GATS Art. V	1/1/2010	Korea, Republic of; ASEAN Free Trade Area (AFTA)
29	ASEAN - Japan	Goods	FTA	GATT Art. XXIV	12/1/2008	Japan; ASEAN Free Trade Area (AFTA)
30	South Asian Free Trade Agreement (SAFTA)	Goods	FTA	Enabling Clause	1/1/2006	Afghanistan; Bangladesh; Bhutan; Sri Lanka; India; Maldives; Nepal; Pakistan
31	Panama - Dominican Republic	Goods	PSA	Enabling Clause	6/8/1987	Dominican Republic; Panama
32	ASEAN - Australia - New Zealand	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2010	Australia; New Zealand; ASEAN Free Trade Area (AFTA)
33	ASEAN - India	Goods & Services	FTA & EIA	Enabling Clause & GATS Art. V	1/1/2010*	India; ASEAN Free Trade Area (AFTA)
34	EU - Eastern and Southern Africa States	Goods	FTA	GATT Art. XXIV	5/14/2012	Comoros; Madagascar; Mauritius; Seychelles; Zimbabwe; European Union
35	Peru - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	8/1/2009	Peru; Singapore
36	China - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2009	China; Singapore
37	India - Mauritius	Goods & Services	FTA & EIA	Enabling Clause & GATS Art. V	4/1/2021	India; Mauritius
38	Pacific Island Countries Trade Agreement (PICTA)	Goods	FTA	Enabling Clause	4/13/2003	Solomon Islands; Cook Islands; Fiji; Kiribati; Nauru; Vanuatu; Niue; Micronesia, Federated States of; Papua New Guinea; Tonga; Tuvalu; Samoa
39	EU - CARIFORUM States	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	12/29/2008	Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Dominican Republic; Grenada; Guyana; Jamaica; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago; European Union

40	Mauritius - Pakistan	Goods	PSA	Enabling Clause	11/30/2007	Mauritius; Pakistan
41 [18]	Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	12/30/2018	Australia; Brunei Darussalam; Canada; Chile; Japan; Malaysia; Mexico; New Zealand; Peru; Singapore; Viet Nam
42	Mexico - Cuba	Goods	PSA	Enabling Clause	2/28/2001	Cuba; Mexico
43	Costa Rica - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	7/1/2013	Costa Rica; Singapore
44 [19]	Pacific Agreement on Closer Economic Relations Plus (PACER Plus)	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	12/13/2020	Australia; Solomon Islands; Cook Islands; Kiribati; Nauru; Vanuatu; New Zealand; Niue; Tonga; Tuvalu; Samoa
45	EU - Pacific States	Goods	FTA	GATT Art. XXIV	12/20/2009	Solomon Islands; Fiji; Papua New Guinea; Samoa; European Union
46	Dominican Republic - Central America	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	10/4/2001	Costa Rica; Dominican Republic; El Salvador; Guatemala; Honduras; Nicaragua
47	Turkey - Mauritius	Goods	FTA	GATT Art. XXIV	6/1/2013	Mauritius; Turkey
48	EU - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	11/21/2019	Singapore; European Union
49	El Salvador - Cuba	Goods	PSA	Enabling Clause	8/1/2012	Cuba; El Salvador
50	Singapore - Chinese Taipei	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	4/19/2014	Chinese Taipei; Singapore
51	Gulf Cooperation Council (GCC) - Singapore	Goods & Services	FTA & EIA	Enabling Clause & GATS Art. V	9/1/2013	Singapore; Gulf Cooperation Council (GCC)
52	Turkey - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	10/1/2017	Singapore; Turkey
53	ASEAN - Hong Kong, China	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	6/11/2019	Hong Kong, China; ASEAN Free Trade Area (AFTA)
54	China - Mauritius	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2021	China; Mauritius

[18] In force for at least one party
[19] In force for at least one party

55	United Kingdom - CARIFORUM States	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2021	Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Dominican Republic; Grenada; Guyana; Haiti; Jamaica; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Suriname; Trinidad and Tobago; United Kingdom
56	United Kingdom - Eastern and Southern Africa States	Goods	FTA	GATT Art. XXIV	1/1/2021	Mauritius; Seychelles; Zimbabwe; United Kingdom
57	United Kingdom - Pacific States	Goods	FTA	GATT Art. XXIV	1/1/2021	Solomon Islands; Fiji; Papua New Guinea; United Kingdom; Samoa
58	United Kingdom - Singapore	Goods & Services	FTA & EIA	GATT Art. XXIV & GATS Art. V	1/1/2021	Singapore; United Kingdom
59	ASEAN Free Trade Area (AFTA)	Goods	FTA	GATT Art. XXIV	5/17/2010	Brunei Darussalam; Myanmar; Cambodia; Indonesia; Lao People's Democratic Republic; Malaysia; Philippines; Singapore; Viet Nam; Thailand

Source: WTO Secretariat

7.2 Modern trends in RTAs and SIDS

SIDS and SVEs have gained some recognition on the international stage. "The SIDS were first recognized as a distinct group of developing countries at the United Nations Conference on Environment and Development in June 1992. As of 2020, the United Nations Department of Economic and Social Affairs lists 52 small island developing states grouped into three geographic regions: the Caribbean; the Pacific; and Africa, Indian Ocean, Mediterranean and South China Sea (AIMS), while also including Associate Members of the Regional Commissions. Each of these regions has a regional cooperation body: the Caribbean Community, the Pacific Islands Forum and the Indian Ocean Commission, respectively. Additionally, most SIDS are members of the Alliance of Small Island States (AOSIS) which advocates on behalf of their interests with the UN system. At the WTO SIDS generally make their concerns known with the rest of the Small, Vulnerable Economies (SVEs), which has received some institutional acknowledgement dating back to the 1998 Geneva Ministerial.

However, neither of these two avenues of recognition have managed to materialize in two major priorities for SIDS and SVEs, the first, permanent and universally recognized status as a unique set of countries in need of special attention, and thus allowing for permanent exceptions to be given in how they conduct international trade; and the second, to be granted enhanced permanent and binding preferential access to the markets of especially developed economies, the target of much of their primary exports. [20]

This failure can be largely attributed to the fact that additional preferences would contradict the existing norm of intensified liberalization and trade opening in global trade politics. Furthermore, there is a lack of definition of what determines a small state or SIDS and therefore it is difficult to argue that exceptions should be granted to an amorphous group with highly varied needs. Third, SIDS and SVEs are a politically amorphous group which hampers attempts to negotiate from a unified perspective. Outside of specific episodes of multilateral negotiations, such as the Doha negotiations, they engage with global trade politics based on their unique interests. Lastly, SIDS depend economically, financially and ideologically on an international system that is squarely against increased preferential treatment. SIDS, often the most indebted in the world have little flexibility to negotiate within this framework. For example, indebted SIDS who pursue SDT and preferences are pressured into accepting and implementing opposing economic policies and programmes.

Historically, broad acceptance of their vulnerable status and developmental challenges have resulted in some special treatment, such as preferential trade conditions between the European Union (EU)and the ACP countries, notably the Lomé Conventions (1975–2000) and the Cotonou Agreement (2000–2020), as well as special attention within the World Trade Organization (WTO) within paragraph 35 of the Declaration of the 2001 WTO Ministerial Conference in Doha. More recently,

In modern times however, many states are in fact expected to forgo existing SDT and preferential trade arrangements. In fact there is a proliferation of reciprocal Free Trade Agreements (FTA) between industrialized countries and SIDS, for example the European Union and the Africa, Caribbean and Pacific (ACP) countries in the EPAs.

Recent research[21] has attempted to understand the effect of these varied free-trade agreement on SIDS economies. Regional trade agreements are generally expected to have the economic effect of stimulating trade between member states by eliminating customs duties and other barriers and thereby providing access to wider markets beyond the domestic sphere. This last point is especially important for SIDS, given the small size of their local markets and the sometimes-fragmented nature of their territories, which limits economic integration. However, the research has found that there is significant heterogeneity of the effects of regional trade agreements depending on the agreement type (non-reciprocal or reciprocal) and on the nature of the trading partners involved (North-South, South-South).

Trade agreements seem to have heterogeneous effects on SIDS' intra-zone trade, with non-reciprocal agreements such as Lomé 4 and Cotonou having no significant impact though this has been found to be dependent on the primary product in question. Second, the reciprocal North-South agreements studied by the authors showed contrasting effects with only the EU-Pacific EPA clearly

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[20] http://speri.dept.shef.ac.uk/2018/06/21/why-the-smallest-states-fail-to-secure-special-treatment-in-global-trade-politics/

[21] https://www.cairn-int.info/article-E_EDD_341_0107--regional-trade-agreements-intra-zone.htm

boosting certain intra-zone exports for SIDS, likely a result of the long history of trade relations between the EU and Pacific SIDS.

In fact, the CARIFORUM-EU and CAFTA agreements clearly show that SIDS' exports fell by 17% and 70% on average in the case of the CARIFORUM-EU and CAFTA agreements, respectively. First, these two North-South agreements replaced existing non-reciprocal preferential agreements that included the SIDS in question, namely the Cotonou Agreement for the EU and the Caribbean Basin Economic Recovery Act (CBERA). This is thought to be due to the non-negligible costs of the rules of origin requirements of the new agreement as well as the fact that trade barriers were maintained for some products that SIDS are highly specialized in,[22] rice and sugar under the CARIFORUM-EU agreement, and clothing, textiles, and leather goods under CAFTA.

Most importantly, the research shows that reciprocal South-South agreements on bilateral trade flows for specific products seemed to be generally positive for SIDS, particularly the CARICOM and MSG agreements. These results also show the strong effect of regional integration in SIDS export performance, as the agreements with the strongest positive effects for SIDS were largely South-South and geographically regional in nature. Trade agreements have complex and occasionally conflicting effects on intra-zone trade. For example, the reciprocal North-South agreement, SPARTECA, helped to increase intra-zone exports from SIDS in the South Pacific to other member states, by +48% on average, an effect that may be due to the regionalism of the partner states.

The conclusions broadly support contemporary trade policy recommendations that SIDS invest in regional value chains in order to reduce the impact of exogenous shocks and increase economic resilience. In fact, this is one of the main supporting factors of African SIDS[23] joining the African Continental Free Trade Area (AfCFTA). The elimination of tariffs and other duties, the removal of identified non-tariff barriers and the implementation of trade facilitation measures and the simultaneous opening of goods and services markets will boost intra-African trade and allow African SIDS to access and integrate into the global economy.

8 TRADE FACILITATION

8.1. In December 2013, after almost a decade of intense discussions WTO members concluded negotiations on a Trade Facilitation Agreement at the Bali Ministerial Conference. On 27 November 2014, WTO members adopted a Protocol of Amendment to insert the new Agreement into Annex 1A of the WTO Agreement. The Trade Facilitation Agreement entered into force on 22 February 2017 when 2/3 of the 164 WTO Members ratified the Agreement. The Trade Facilitation Agreement contains provisions for expediting the movement, release, and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.

8.2. As of 4 May 2022, 155 of 164 WTO Members have ratified the TFA, bringing it to 94.5% of WTO Membership.[24] Out of 27 SIDS WTO Members and 5 Observers, 17 Members[25] have ratified the TFA. The most recent to do so was the Solomon Islands on 14 April 2022.

8.3. As of 17th May 2022, the TFA boasts a 74.8% rate of implementation of commitments by all WTO Members.[26] Amongst all Members, 5.8% of total commitments have been flagged for future

[22] Rice and sugar in the case of the CARIFORUM-EU agreement. Clothing, textiles, and leather goods in the case of CAFTA.

[23] Cabo Verde, the Comoros, Mauritius, São Tomé and Princípe, and Seychelles

[24] Democratic Republic of Congo, Guinea-Bissau, Haiti, Mauritania, Suriname, Tonga, Bolivarian Republic of Venezuela, and Yemen remain to ratify the agreement

[25] Antigua and Barbuda, Kingdom of Bahrain, Barbados, Belize, Cabo Verde, Cuba, Dominica, Dominican Republic, Fiji, Grenada, Guyana, Jamaica, Maldives, Mauritius, Papua New Guinea, Samoa, and the Solomon Islands.

[26] The current and future rate of implementation figures are based on implementation commitments by Developed Members who have committed to implement the Agreement upon entry into force, that is by 22/02/2017, and Developing Members have committed to implement their category A designations by 22/02/2017 and LDCs by 22/02/2018. Categories B and C commitments of both developing and LDCs are taken into account when definitive dates have been notified, otherwise they are counted as implementation commitment date "unknown".

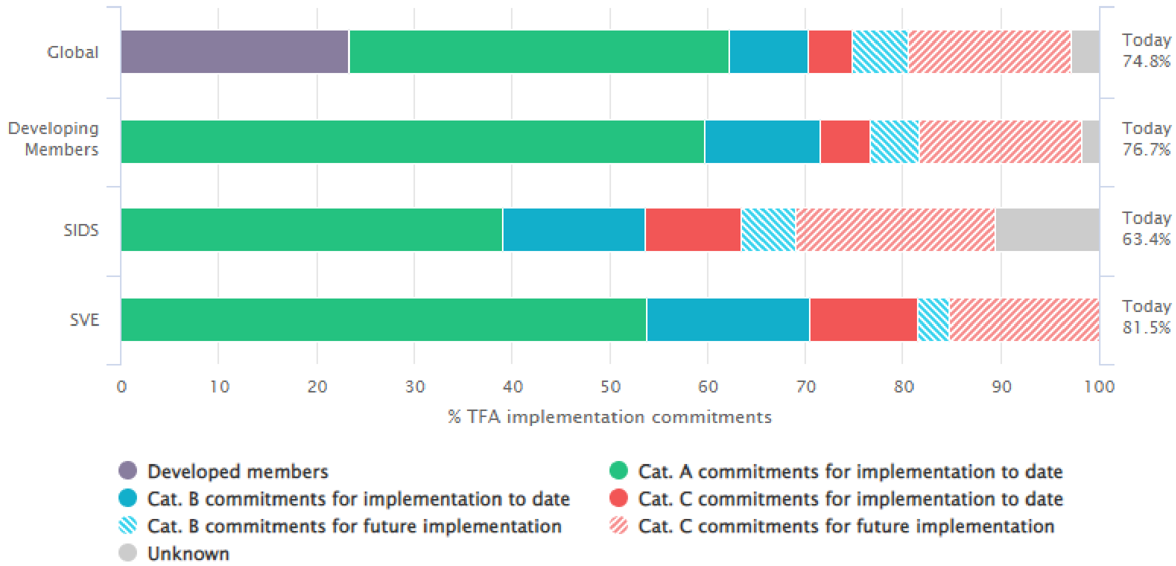
implementation (category B future implementation). Members have also signalled that 16.7% of commitments shall be implemented *with additional time and* upon receipt of capacity building support *(category C future implementation with capacity building)*. The figures thus leave *only 2.7%* of commitments that are yet to be designated, meaning that they have not been notified under any category. 8.0% of category B commitments and 4.5% of category C commitments have been implemented to date. It is important to note that implementation obligations only commence once the Member has completed the ratification process.

8.4. The rate of implementation by developing and LDC Members is 67.2%. Amongst these Members, 7.5% of total commitments have been flagged for future implementation (category B future implementation). Members have also signalled that 21.8% of commitments shall be implemented with additional time and upon receipt of capacity building support (category C future implementation with capacity building). The figures thus leave only 3.6% of commitments that are yet to be designated, meaning that they have not been notified under any category. It is important to note that implementation obligations only commence once the Member has completed the ratification process.

8.5. When it comes to implementation by SIDS, it is estimated that SIDS have already implemented 63.4%. An additional .7% of commitments have been designated to be implemented with additional time (category B future implementation), and an additional 20.4% of the commitments have been flagged by LLDCs as needing technical assistance support for implementation (category C future implementation). 10.4% of commitments have yet to be designated.

8.6. In the case of the SVEs, an analysis of these notifications shows that SVEs have implemented 81.5% of the obligations in the TFA. 3.2% will be implemented at a later date and technical assistance has been requested in order to implement an additional 15.3% of obligations. Unlike SIDS, SVEs have categorized all their obligations as A, B or C.

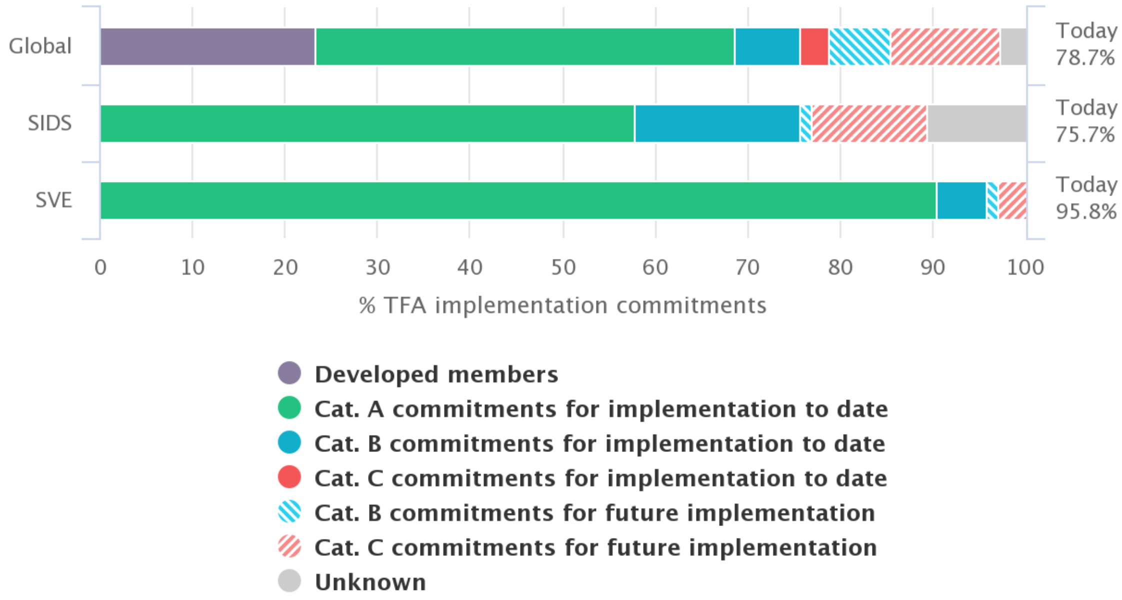
Figure 21: Progress on implementation of the Trade Facilitation Agreement by SIDS and SVEs (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

8.7. When we bring our attention to notifications received for key provisions with the potential to most benefit SIDS we see some progress as well as key challenges slowing implementation. For example, one of the key provisions of the TFA for the SIDS is Article 11 on Freedom of Transit. This article contains a series of commitments intended to facilitate the transit of goods through a country, covering issues such as, transit fees, non-discrimination, guarantees, and even transit infrastructure. Notifications on Article 11 show that SIDS have implemented 57.9% of obligations. 1.3% of Article 11 obligations will be implemented after a transition period and a further 12.5% will be implemented after the acquisition of capacity through technical assistance. 17.8% of category B commitments have been implemented to date. A further 10.5% have yet to be assigned. In the case of the SVEs these figures are 90.5%, 1.3% and 2.9%, respectively.

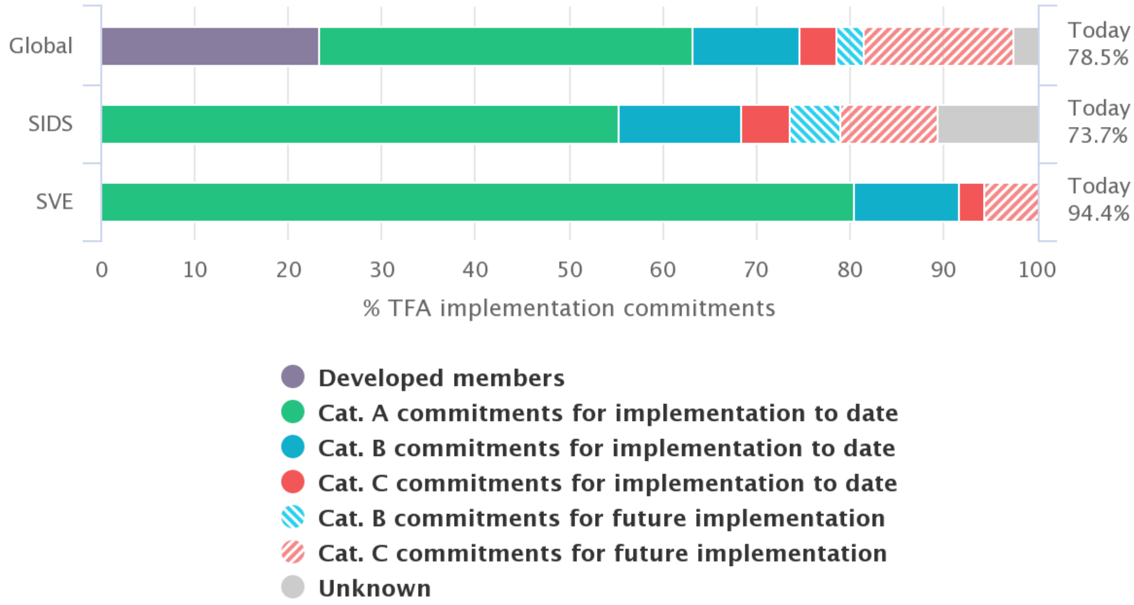
Figure 22: Rate of implementation commitments for Article 11 by SIDS and SVEs (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

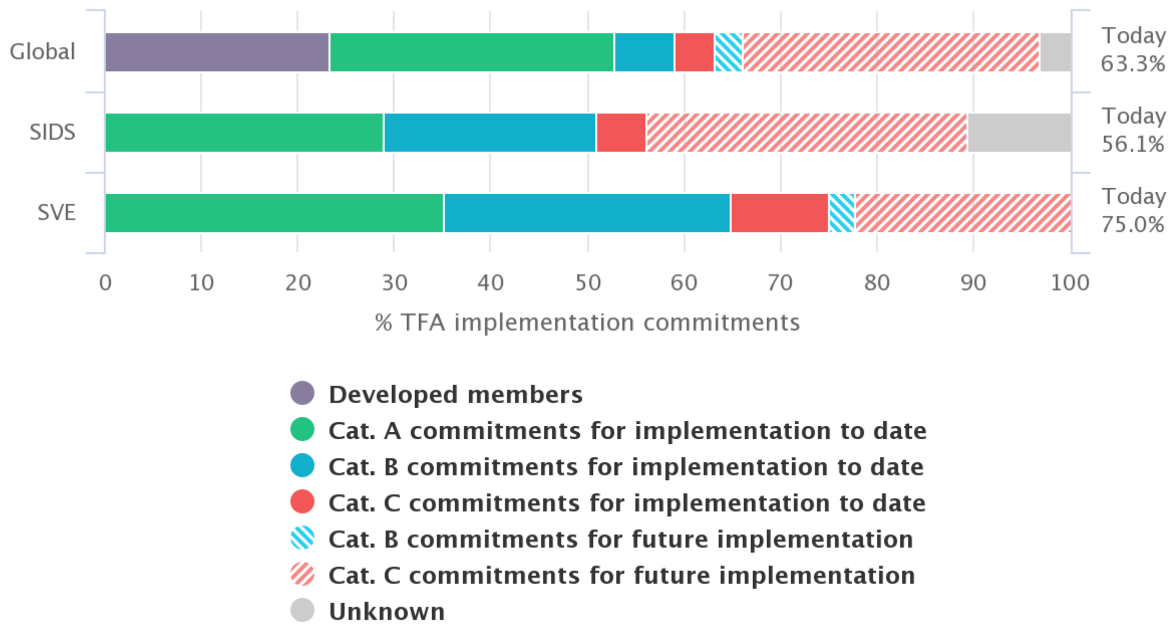
8.8. Other TFA applications with likely outsized positive implications for SIDS include those that streamline and digitize customs procedures, for example Articles 7 on release and clearance of goods and 8 on border agency cooperation (Figure 23 and 24).

Figure 23: Progress on implementation commitments of Article 7.1 on pre-arrival processing by SIDS and SVEs (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

Figure 24: Progress on Article 8 on Border Agency Cooperation by SIDS and SVEs (May 2022)

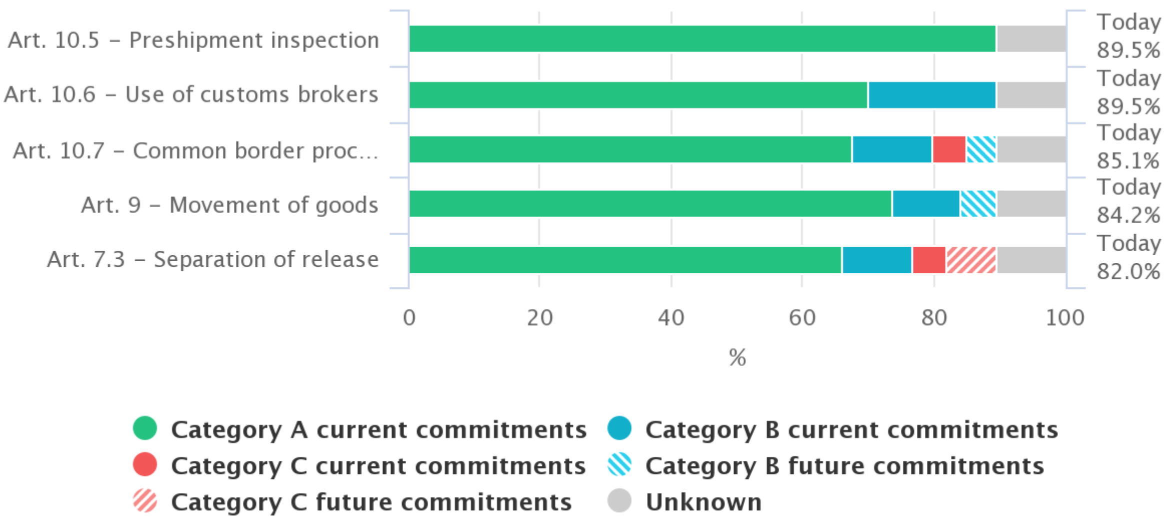


Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

8.9. Implementation of TFA measures is not uniform. Under Article 10 most SIDS have exceled in the implementation of 10.5 on pre-shipment inspection, or 10.6 on the use of customs brokers, and 10.7 on common border procedures. Article 9 on movement of goods and 7.3 on separation of release are also close to full implementation.

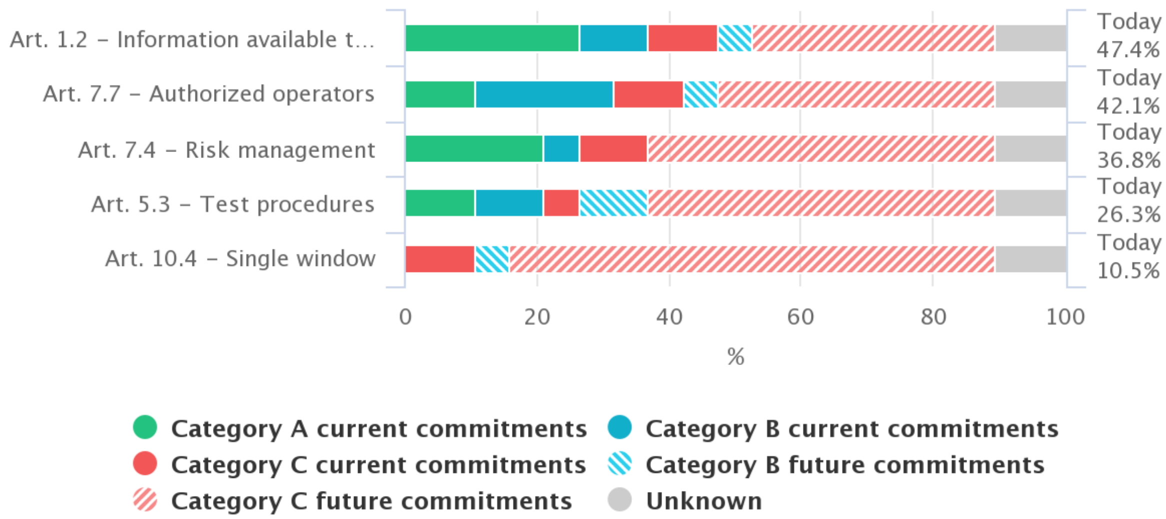
8.10. On the other hand, articles 1.2, 7.7, 7.4, 5.3, and 10.4 lag behind with implementation rates of between 47 and 10.5%. These implementation rates are lower than those of other developing countries on a whole, as these measures require the most investment and technical knowledge in order to implement. For example, Article 7.4 requires the updating of Customs methodologies and procedures apply risk management to control of goods while 7.7 requires the provision of preferential customs treatment for authorized operators determined to present low risk of non-compliance with legal requirements. Article 5.3 would require the development of procedures to allow a second laboratory test where a first test of imported goods shows adverse findings while 10.4 requires that Members shall endeavour to establish a "single window" to which a trader can submit all documents and/or data required by customs and all other border or licensing authorities for the import, export or transit of goods, and from which the trader will receive all notifications. However, many aspects of these measures have been flagged by LLDCs as needing capacity building and training in order to complete. Figures 25 and 26 below details measures with the highest and lowest implementation rates in LLDCs as of May 2022.

Figure 25: Measures with the highest implementation rates in SIDS (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

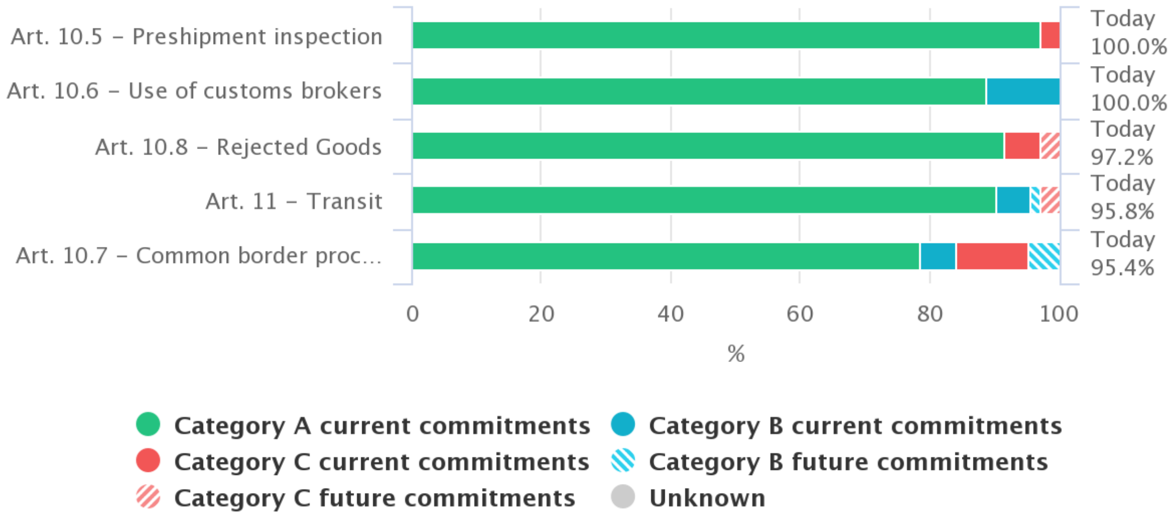
Figure 26: Measures with the lowest implementation rates in SIDS (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

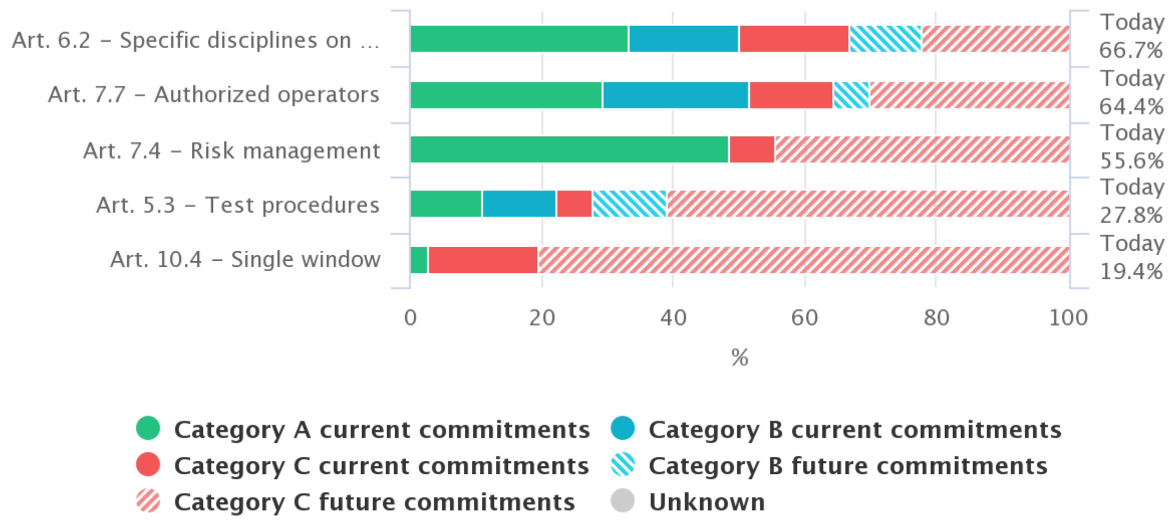
8.11. Implementation rates also vary when we consider SVEs. SVEs differ Transit countries have been very successful in the implementation of articles 10.5, 10.6, 10.7, 9, and 7.3. As with SIDS, articles 6.2, 7.7, 7.4, 5.3, and 10.4 are the measures with the lowest implementation rates in SVEs. As before they are flagged for implementation upon receipt of capacity building support. Figure 27 and 28 below detail measures with the highest and lowest implementation rates in SVEs as of May 2022.

Figure 27: Measures with the highest implementation rates in SVEs (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

Figure 28: Measures with the lowest implementation rates in SVEs (May 2022)



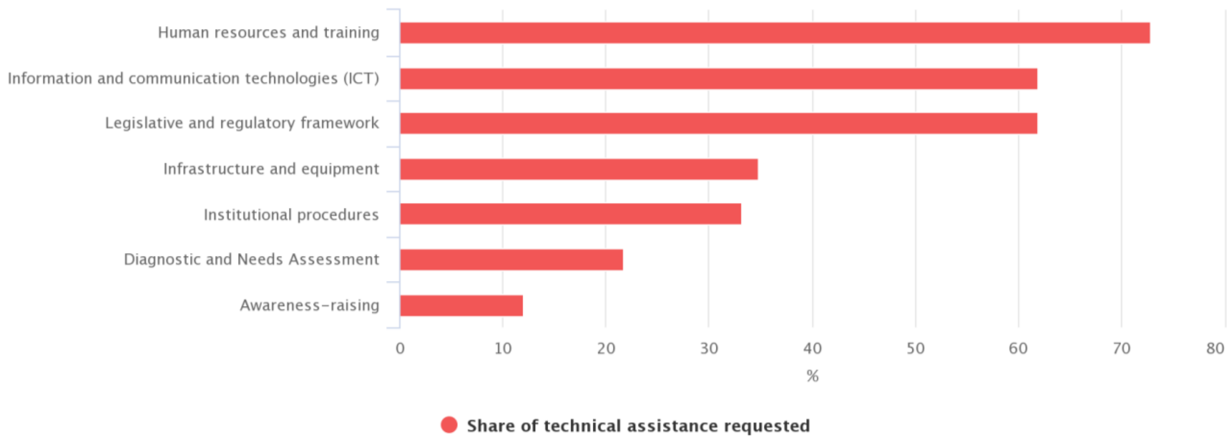
Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

8.12. The WTO and partner agencies recognize the importance of technical assistance in the implementation of the TFA, including in SIDS and SVEs. The TFA notifications set out the technical assistance needs for the category C provisions. SIDS have identified human resources and training, information and communication technologies (ICT), legislative and regulatory frameworks, and infrastructure and equipment, and institutional procedures as their primary concerns, in order of importance (Figure 29). The inclusion of legislative and regulatory framework which points to the need for "existing pieces of national legislation have to be amended or a new legislation has to be adopted in order to implement specific trade facilitation measures…" and may involve costs such as " time (depending on the country's legal framework), staff specialized in legislative and regulatory issues, and sometimes external experts." As well as human resources and training and a change in institutional procedures which rely on " May arise when new units have to be established or existing units have to be re-structured in order to perform specific trade facilitation functions more efficiently, either by redeploying existing staff or recruiting additional staff." The inclusion of all three of these types of technical assistance point to a specific and broad need for increasing local capacity. For

SVEs human resources and training, information and communication technologies, and legislative and regulatory frameworks are of primary importance, followed closely by infrastructure and equipment and institutional procedures (Figure 30). These point to similar needs for human resource and capacity building as in SIDS.

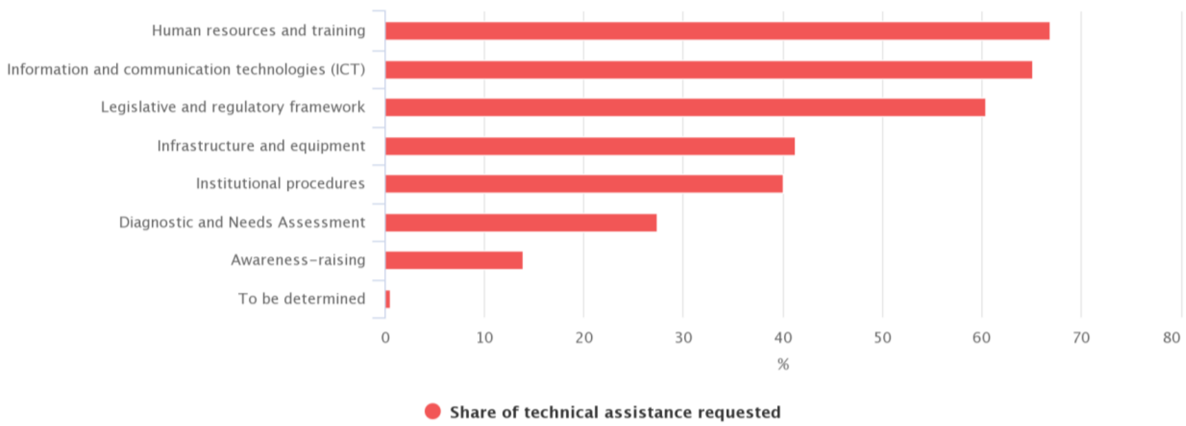
8.13. The TFA also established a Trade Facilitation Committee in the WTO which serves as a forum to discuss problems regarding implementation; review progress in provision of TACB; share experiences and information; and review notifications. The Committee is required to meet at least once a year. The WTO Trade Facilitation Agreement Facility (TFAF) was created at the request of developing and least-developed country (LDC) Members to help ensure that they receive the assistance they need to reap the full benefits of the Trade Facilitation Agreement (TFA). The TFAF assists Members through a range of activities such as workshops and national events to assist members to identify their needs and prepare their notifications, www.TFAFacility.org, matchmaking, and by providing project preparation and project implementation grants in cases where donor support is not forthcoming. For example, Namibia has been awarded a TFAF project preparation grant for 11 TFA provisions while Mongolia has been awarded a project preparation grant for four TFA provisions.

Figure 29: Types of Technical Assistance requested by SIDS (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

Figure 30: Types of Technical Assistance requested by SVEs (May 2022)



Source: TFAD (Trade Facilitation Agreement Database) www.tfadatabase.org

9 ACCESSIONS

9.1 State of play in SIDS Accessions to the WTO

Among the 38 UN Members who are classified as Small Island Developing States (SIDS), five have acceded to the World Trade Organization (WTO) under Article XII of the Marrakesh Agreement. Samoa and Vanuatu negotiated their WTO membership as least-developed countries (LDCs)[27] but since then graduated from this category[28]. Cabo Verde joined the WTO soon after graduation.[29] Tonga and the Seychelles joined in July 2007 and April 2015, respectively. Five SIDS are in the process of WTO accession (The Bahamas, Comoros, Curaçao, Sao Tomé and Principe and Timor-Leste[30]). Three of them are LDCs (Comoros, Sao Tomé and Principe[31], Timor-Leste); and Comoros and Timor-Leste are also classified as Fragile and Conflict-affected States (FCS) by the World Bank[32]. Among the 24 ongoing WTO accessions, Comoros and Timor-Leste are the most active ones and have registered steady progress since 2020. Curaçao submitted a Memorandum on the Foreign Trade Regime (MFTR), the document that kickstarts the accession process, in 2021 and plans to hold its first meeting in 2022. The Bahamas' accession process has slowed down following the hurricane Dorian in 2019. The accession of Sao Tomé and Principe is at an initial stage and is yet to be activated.[33]

9.2 Motivation of SIDS to join the WTO

Accession to the WTO is seen by several SIDS as a powerful instrument to enhance trade security, create new trade and investment opportunities, improve access to international markets, and support domestic liberalization efforts. Acceded SIDS mentioned the following reasons for seeking WTO membership to: (i) reduce the economy's vulnerability; (ii) achieve SIDS' development objectives; (iii) foster competitiveness; (iv) diversify the economy, and (v) reduce the business costs for local enterprises. Furthermore, WTO accession was viewed as an important instrument to help maintain a stable macroeconomic environment and improve private sector development and employment creation.

9.3 Economic performance of acceded SIDS

While WTO membership was seen by many SIDS as an instrument to foster economic growth, resulting from the reforms associated with WTO accession, it is difficult to assert direct causality between WTO membership and economic and policy outcomes. Multiple factors – often beyond the control of policy-makers – determine economic outcomes. Moreover, it is difficult empirically to attribute reliably the magnitude or even the direction of economic performance to a single factor such as WTO accession.[34]

10 CONCLUSION

10.1. SIDS face a variety of deep structural issues. At the WTO, SIDS are subsumed within the SVE Work Programme, with unifying characteristics determined under NAMA and Agriculture as the developing countries whose share of world merchandise trade does not exceed 0.16 per cent, whose share of world NAMA trade does not exceed 0.10 per cent and whose share of world agricultural trade does not exceed 0.40 per cent. This is while explicitly maintaining that these criteria did not create a sub-category of WTO Members in accordance with the mandate in Paragraph 35 of the Doha Ministerial Declaration on not creating a sub-category of Members.

10.2. However, definitional questions still haunt the group, as well as the WTO mandate against creating any new groups, which directly counters efforts by the group to access permanent, binding

[27] In May 2012 and August 2012, respectively.
[28] In 2014 and 2020, respectively.
[29] Graduated from the LDC status in 2007 and joined the WTO in July 2008.
[30] The Bahamas applied for WTO accession in May 2001, Comoros in March 2007, Curaçao in October 2019, Sao Tomé and Principe in February 2005, and Timor-Leste in November 2016.
[31] Sao Tomé and Principe is scheduled to graduate from the LDC status in 2024.
[32] On the World Bank's FY22 List of Fragile and Conflict-affected States (FCS).
[33] Sao Tomé and Principe applied for accession in February 2005, and the Working Party was established in May 2005, but they have not yet submitted a Memorandum on the Foreign Trade Regime.
[34] See WT/ACC/41 Accession of Least Developed Countries to the WTO: Challenges and Opportunities.

flexibilities based on their structural vulnerabilities. This definitional question is deepened by existing divisions and competing regional memberships amongst SIDS. SIDS are often active Members in regional intergovernmental organizations and agreements, with widely varying economic interests, and generally only work together in a coordinated fashion at the multilateral level under specific and special circumstances, for example the Doha Round Negotiations or ACP negotiations with the EU. Historical difficulties in continuously coalescing SIDS around common causes have not been helped by growing trade scepticism since Doha due to continued inability to take advantage in any of any gains from trade from globalisation, falling world trade share, shrinking market size and loss of trade preferences.

10.3. Singapore dominates SIDS exports, when taken as a whole. Possible due to key geographical local at a nexus of eastern and western shipping lines as well as their unique history as a trade hub dating back to the 1800s. Singapore's success and that of the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) and EU-Pacific EPA point to the important roles that regionalism can play in development for SIDS. Diversification of trade in services, allowing SIDS to circumvent extremely high trade costs and low economies of scale may be a path forward, as may digital trade and e-commerce.

10.4. Aid for trade, thoughtfully and fully integrated into development planning may be one way to address the structural and institutional vulnerabilities faced by SIDS. Since 2006, SIDS have received close to USD 16.5 billion in Aid for Trade disbursements. In 2020, Aid for Trade disbursements to SIDS amounted USD 1.5 billion, a very slight increase from 2019's USD 1.47 billion. In 2020, 44.43% of Aid for Trade flows to SIDS went to transport, 25.7% went to agriculture, 12.79% to energy and 17.08% went to the remaining categories such as industry, forestry and tourism. This spending reflects SIDS dependence on maritime transport and the necessity of strong transport infrastructure for their success. All SIDS themselves, during the 2022 Aid for Trade monitoring exercise highlighted the economic impact of the COVID-19 pandemic on their economies as well as their need for e-commerce development and digital transformation as new Aid for Trade priorities. SIDS themselves have also indicated that these new priorities are being reflected in their conversations with development partners.

10.5. Beyond Aid for Trade, SIDS have shown interest in many emerging issues and are well aware that compounding structural issues will further increase their economic vulnerabilities and prevent positive integration into the world economy. SIDS have been at the forefront of calls for sustainable maritime and ocean economic investment. In fact, Members were able to sign a much-anticipated new multilateral agreement on fisheries subsidies on 17 June 2022 during the WTO's Twelfth Ministerial Conference (MC12) in Geneva, Switzerland. The new agreement includes a set of rules prohibiting subsidies to illegal, unreported and unregulated (IUU) fishing, to the fishing of overfished stocks, and to fishing on the high seas outside the control of regional fisheries management organizations. While not as ambitious as previously released draft texts, the agreement is still comprehensive and incredibly significant. Further, it is the first WTO agreement to address environmental issues, an area of clear and vocal importance to SIDS. Further, SIDS have tabled impressive plans for sustainable marine economic development and the Blue Economy that balances economic development with ocean health, and includes traditional industries such as fisheries, tourism, and maritime transport, as well as new activities such as offshore renewable energy, aquaculture, seabed extractive activities, and marine biotechnology and bioprospecting.

10.6. As always, SIDS face key issues of financing. Only 7 SIDS are LDCs, and thus have access to concessional financing. These financing issues are systemic, well documented and globally advocated for and also include difficulties in accessing trade finance, as well as the loss of correspondent banking relationships. SIDS face highest transport costs in the world, and no one SID can solve this calling for multilateral and regional approaches. The industry is expected to become still more expensive over time due to shrinking coverage and infrastructure upgrades.

10.7. Despite these numerous challenges, there is still appetite for SIDS to become WTO Members. Accession to the WTO is seen by several SIDS as a powerful instrument to enhance trade security, create new trade and investment opportunities, improve access to international markets, and support domestic liberalization efforts. It is up to the multilateral trading system to make it worth their while. Since coming to the WTO, DG Okonjo-Iweala has stressed the need for the WTO to work for both people and planet. As countries most vulnerable to climate change, and amongst those who have not felt the gains from trade over the last 30 years, SIDS are exactly the case study that this focus must apply to.