

QUESTIONNAIRE IMPLEMENTATION OF THE SAMOA PATHWAY AND THE MSI, BPOA FOR THE SUSTAINABLE DEVELOPMENT OF SIDS

PART A VULNERABILITY REDUCTION AND RESILIENCE BUILDING IN SIDS

1. Enhanced Support for a resilient Post COVID 19 Recovery in SIDS

The World Trade Organization (WTO) has played a key role in in facilitating the resilience and recovery of Small Island Developing States (SIDS) in the face of the Covid-19 pandemic. SIDS, through the Aid for Trade Initiative, SIDS have received grants and concessional loans granted by various donors to assist in implementing trade and trade-related programmes and projects to build SIDS trade capacity and infrastructure to benefit from global trade. Since 2006, SIDS have received close to USD 17 billion in Aid for Trade disbursements. Four countries accounted for over half of the assistance provided since the launch of the Initiative: Haiti with USD 3.3 billion (20%), Papua New Guinea with USD 2.8 billion (16%), Dominican Republic with USD 1.3 billion (8%) and Cabo Verde with USD 1.1 billion (7%).

The Aid for Trade disbursements have been steady since 2010. However, they started declining from 2019 and further in 2020 when COVID-19 pandemic struck. SIDS Aid for Trade disbursements dropped from USD 1.35 billion in 2020 to USD 1.2 billion in 2021. Despite the decrease in disbursements, SIDS continue to receive Aid for Trade grants and concessional loans to support them in recovering from the devastating effects of COVID-19 pandemic on their economies

SIDS, like many other developing countries suffered from limited access to COVID-19 vaccines due to high costs and limited supply. To address this challenge, WTO members adopted the Trade Related Aspects of Intellectual Property Rights (TRIPS) waiver¹ decision on COVID-19 vaccines at the 12th Ministerial Conference (MC12). The TRIPS waiver will allow SIDS to diversify their sources of COVID-19 vaccines and, in some cases, to override the exclusive effect of patents through a targeted waiver over the next five years. In addition, there are ongoing discussions by WTO Members for a possible extension of the TRIPS Waiver to cover the production and supply of COVID-19 diagnostics and therapeutics.

At the height of the pandemic, a Multilateral Leaders Taskforce on COVID-19 ² was established. This taskforce is made up of leaders from the WTO, International Monetary

¹See: https://www.wto.org/english/news e/news22 e/trip 08jul22 e.htm

²See: https://www.covid19taskforce.com/en/programs/task-force-on-covid-19-vaccines

Fund, World Bank Group, and the World Health Organization. This was a global effort to help developing countries including SIDS access and deliver COVID-19 vaccines, testing, and therapeutics, as they work to end the pandemic and boost economic recovery. The taskforce encouraged countries to remove all barriers to export of inputs and finished vaccines, diagnostics and therapeutics and other barriers to supply chain operations.

The WTO provides a forum for members to negotiate and exchange views on each Members' trade policies and practices. Through this platform, some WTO members have proposed initiatives to restraint other members from imposing new export restrictions on essential medical goods necessary to combat COVID-19, including vaccines, and to eliminate unnecessary existing restrictions. Also, from Members notifications, WTO monitor's trade-restricting and facilitating measures imposed by Members including SIDS. As of 22 February 2023, WTO members had submitted a total of 497 notifications related to COVID-19³. For SIDS specifically, Dominican Republic, Mauritius, Antigua and Barbuda, Guinea-Bissau, Bahrain Kingdom of, Singapore, St. Vincent and Grenadines, St. Lucia, St. Kitts and Nevis and Cabo Verde made notifications related to COVID -19 between 2020 and 2021. For example, in June 2020, Mauritius lifted the temporary ban that was imposed on the importation of live animals and fish from China, Italy, Iran, South Korea, Switzerland, Reunion Island and all European Union countries.

2. Enhanced and Tailored Development Cooperation for SIDS

One of the major challenges facing SIDS is lack of capacity. The WTO, therefore, has contributed towards enhancing human and institutional trade capacities in developing country members and observers, SIDS included. The WTO Institute for Training and Technical Cooperation (ITTC) coordinates the WTO's technical assistance and training. From 2019 to 2021, a total of 1,083 participants from SIDS have benefitted from approximately 102 capacity-building trainings, courses and workshops delivered by the WTO.

In 2019, before the COVID-19 pandemic, 520 participants from SIDS benefitted from WTO technical assistance. The number unfortunately dropped in 2020 to 284 and 279 in 2021 since most if not all activities were being delivered virtually due to travel restrictions. The most popular trade topics amongst SIDS' participants were trade remedies, sanitary and phytosanitary measures, government procurement, trade statistics, trade in services and trade-related aspects of intellectual property rights. In terms of gender distribution, SIDS participation was dominated by Women (57.5%) compared to Men (42.5%).

Additionally, the WTO is among the founding partners of the Standards and Trade Development Facility (STDF) and hosts the STDF Secretariat. Other founding partners of STDF include Food and Agriculture Organization (FAO), World Organisation for Animal Health (WOAH) formerly OIE, World Bank Group and World Health Organization (WHO). The purpose of the facility is to respond to the needs of developing countries in its focus on

³See https://www.wto.org/english/tratop e/covid19 e/notifications e.htm

building Sanitary and Phytosanitary Measures (SPS) capacities to enable them meet international standards and access global markets.

The STDF has delivered inclusive, safe trade solutions in key SPS areas through over 220 projects and project preparation grants across Africa, Asia-Pacific and Latin America and the Caribbean since 2004⁴. Through the STDF projects, the WTO has provided technical assistance to developing countries including SIDS (Project Beneficiaries) towards the implementation of the SPS Agreement with a spill over effect on recovery from the impact of COVID-19 Pandemic from increased exports. Some of the on-going and completed projects implemented in selected SIDS located in Africa, Caribbean and Pacific regions include:

- **Comoros** STDF implemented a project focusing on Strengthening SPS system to develop a strategy to strengthen the SPS system in the Comoros that will ensure access to regional and international markets for quality Comorian agricultural and fishery products, and thus help improve the livelihoods of agricultural producers/traders. The project commenced on 17 September 2012 and was completed on 30 June 2018. STDF contributed \$1,106,030 out of the total project value of \$1,321,075.
- **Jamaica** STDF is implementing an on-going project dubbed "Ensuring food safety capacity of the pepper value chain in Jamaica to access strategic export markets". The Project commenced on 1 May 2022 and is set to end on 30 April 2025. The total Value of the Project is \$2,114,566 and the STDF has contributed \$995,693 towards the project implementation. The overall goal targets for this project are to reduce pest-related interceptions 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 years⁵.
- **Solomon Islands** A five-year STDF project on "Laboratory capacity building to support fish exports" was completed on 30 June 2022. The total value of the project was \$508,336 and STDF Contributed \$355,408. The project supported the development of the capacity of the National Public Health Laboratory to conduct microbiological testing on water and food products in compliance with international standards, so that testing results are accepted by trading partners and fish exports can continue uninterrupted⁶.

PART B

IDENTIFYING POLICY PRORITIES IN SIDS FOR THE NEW AGENDA

The economic impact of the COVID-19 pandemic shifted Aid for Trade priorities for SIDS. Aid for Trade donors also prioritized supporting economic recovery of SIDS from the

⁴ See https://standardsfacility.org/results

⁵ See https://standardsfacility.org/PG-759

⁶ See https://standardsfacility.org/PG-521

- i) **Trade Facilitation –** SIDS face high trade costs in the transportation of goods as the small volume of imports and exports makes it uneconomical for them to be served by major shipping lines, their trade costs can be even higher than the LLDCs on average. This obstacle arises out of limited connectivity to infrastructure such as road networks, maritime transport, air transport and transit corridors. Due to their geographical location, SIDS are also vulnerable to natural disasters which have a had devastating effects on the infrastructure. Prioritization of projects geared towards development of the necessary infrastructure that will enhance trade and thereby reducing delays and trade costs is critical. Infrastructure development and implementation of trade facilitations measures can be done on a regional basis to help bring down costs. SIDS be it in the Caribbean, Pacific or Africa may consider signing a cooperation agreement amongst them to establish a large hub port with in-bond warehouses and transit facilitation measures in one of the countries that is strategically located. This port would handle most of shipping from outside the region thus incentivizing port calls by larger ships and generating economies of scales. Cargo going to other islands would then be handled by smaller vessels with more frequent port calls.
- ii) **Capacity Building** SIDS should focus on building trade-related capacities at the national and regional levels. This includes strengthening institutional frameworks, improving trade policy formulation and implementation, enhancing trade facilitation measures, and supporting the development of human capital and entrepreneurship. SIDS should thus prioritize accessing and effectively utilizing Aid for Trade initiatives and technical assistance programs. These resources can help strengthen trade-related infrastructure, enhance trade facilitation measures, and build institutional capacities to address trade challenges.
- iii) **Services Trade** SIDS are net services exporters with tourism sector being the main driver of growth. Between 2010 and 2019, there was rapid growth of services with exports rising by 6% on average per year compared to 5% for the rest of the world. However, in 2020, services exports dropped by 47% due to collapsing international travel, significantly affecting SIDS than the rest of the world due to their reliance on international tourism as source of revenue. It therefore might be prudent for SIDS to prioritize projects that will diversify their tourism industries by targeting new types of customers interested in niche activities such as eco-tourism, wildlife tourism among others to widen their source markets.
- iv) **Digitalization and e-commerce** The COVID-19 pandemic accelerated digitalization worldwide. Digitalization is crucial for maintaining international competitiveness. SIDS benefited from increased digitalization and Internet penetration. According to available data, in 2020, on average 63.2% of individuals in 19 SIDS used the Internet, up from 57.2% in 2019. However, digital infrastructure in SIDS remained weak. As digitalization continues to advance globally, SIDS need to prioritize inclusive digital development within their own countries. Use of digital

technologies and digital connectivity will accelerate e-commerce, reduce trade costs, and better integrate SIDS into Global Value Chains (GVCs).

- v) **Export Diversification** Economic diversification is a key priority for many developing countries in expanding their range of goods and services they produce. Over-reliance on few markets and products leaves SIDS vulnerable to changes in the global economic environment. It is therefore prudent for SIDS to adopt strategies to diversify their exports for both goods and services to a broader market and enhance their resilience. This involves promoting sustainable production and consumption patterns, incorporating environmental considerations in trade agreements, and supporting environmentally-friendly sectors and practices.
- vi) **Resilience to Climate Change** Given the vulnerability of SIDS to climate change impacts and natural disasters, trade priorities should include initiatives to build resilience and enhance adaptation. This can involve promoting trade in climate-resilient goods and services, integrating climate change considerations into trade agreements, and supporting capacity building for climate-smart industries.

It's worth noting that the priorities may vary among SIDS, depending on their specific circumstances and development needs. Therefore, tailored approaches and strategies are crucial to address the unique challenges and opportunities faced by each of the SIDS. Other areas SIDS could explore include – Micro, small and Medium Enterprises (MSME) growth and development, regional Integration, Women's Economic Empowerment, and accession to the WTO.