

**Committee on Trade and Development
Dedicated Session**

**REPORT OF THE COMMITTEE ON TRADE AND DEVELOPMENT
IN DEDICATED SESSION TO THE GENERAL COUNCIL**

I. INTRODUCTION

1. Ministers at the Doha Ministerial Conference agreed to the establishment of a work programme in paragraph 35 of the Doha Ministerial Declaration which states:

"We agree to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work 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. The General Council shall review the work programme and make recommendations for action to the Fifth Session of the Ministerial Conference".¹

2. At its meeting on 1 March 2002, the General Council took note of a framework and procedures for the conduct of the work programme on small economies². Paragraph 2(d) of that document states that "The General Council shall instruct the CTD to have a programme of work on small economies which will be conducted in dedicated sessions of the CTD."

3. Five dedicated sessions of the CTD have since been held on 25 April 2002, 1 July 2002, 4 November 2003, 10 March 2002 and 17 July 2003. These meetings have, upon the request by the proponents of the work programme and to the extent possible, been scheduled to coincide with the holding of "Geneva Weeks for Non-Resident Members and Observers". The reports of these meetings are contained in documents WT/COMTD/SE/M/1-5. In addition, one open-ended informal meeting was held on 10 September 2002.

4. The General Council also instructed the CTD "to report regularly to the General Council on the progress of work in the dedicated sessions".² In accordance with the framework and procedures for the conduct of the work programme on small economies, the work programme on small economies has since been a standing item on the agenda of the meetings of the General Council. Oral progress reports have been made to the meetings of the General Council held on 13 and 14 May 2002, 8 and 31 July 2002, 15 October 2002, 10-12 and 20 December 2002, 10 February 2003, and 15 May 2003. These progress reports are reflected in the minutes of those meetings, contained in documents WT/GC/M/74-78, and WT/GC/M/80.

¹ Paragraph 35 of the Doha Ministerial Declaration (WT/MIN(01)/DEC/1)

² WT/L/447

II. SUBMISSIONS AND PROCEEDINGS

5. The work of the dedicated sessions focussed on submissions by delegations and documents prepared by the Secretariat.³

6. For the first Dedicated Session the delegations of Barbados, Belize, Bolivia, Cuba, Dominican Republic, El Salvador, Fiji, Guatemala⁴, Haiti, Honduras, Jamaica, Mauritius, Nicaragua, Papua New Guinea, Paraguay, Solomon Islands, Sri Lanka, Trinidad and Tobago submitted a document entitled "Work Programme on Small Economies – Issues Relating to the Trade of Small Economies". This paper identifies the trade-related issues of particular concern to small economies.⁵ A large number of issues were then discussed relating to the characteristics of small economies and the problems they face. The authors of the first submission were requested to take the comments made on their document into account and develop a "road-map" to be presented at the second Dedicated Session.

7. Two submissions were made for the second Dedicated Session. The first submission entitled "Work Programme on Small Economies – Structural Impediments of Small Economies" was made by the delegation of Macao, China. It addresses the structural impediments of small economies and the nature of their economic vulnerabilities.⁶ The second submission was made by the delegations of Barbados, Belize, Bolivia, Dominican Republic, Guatemala⁷, Honduras, Mauritius, and Sri Lanka.⁸ At the second Dedicated Session the delegations of Cuba, El Salvador, Fiji, Nicaragua and Paraguay added their delegations to the list of Members co-sponsoring that submission. Their submission entitled "Work Programme on Small Economies – Concrete Proposals to Address Certain Specific Concerns and Problems Affecting the Trade of Small Economies" contains specific proposals on how to address some of the concerns and problems affecting the trade of small economies which were outlined in their previous submission. The proposals relate to the following WTO agreements: Articles I, XVI, XIX, XX, XXIV, Part IV and the Enabling Clause of GATT 1994, the Agreement on the Interpretation of Article VI of GATT 1994, the Agreement on Subsidies and Countervailing Measures, the Agreement on Safeguards, the Agreement on the Application of Sanitary and Phytosanitary Measures, the Agreement on Technical Barriers to Trade and the Dispute Settlement Understanding. In addition, some of the proposals do not relate to specific agreements but deal, in broad terms, with technical assistance and capacity building, graduation and accession. Members held an initial discussion and asked questions regarding these two submissions. However, Members indicated the need to come back to the content of the two submissions.

8. More detailed discussions on the two submissions, and especially the seventeen proposals contained in WT/COMTD/SE/W/3, continued at the third Dedicated Session. For the third Dedicated Session a group of small economies also presented a new document containing responses to a number of questions posed by the delegation of the United States regarding the proposals made in document WT/COMTD/SE/W/3.⁹

9. The delegations of Barbados, Belize, Bolivia, Cuba, Dominican Republic, Fiji Islands, Mauritius, Solomon Islands, Sri Lanka, Tonga and Trinidad and Tobago introduced a new submission

³ The documents prepared by the Secretariat are described in Section III.

⁴ At the 4th Dedicated Session the delegation of Guatemala announced that it no longer associates itself with the proponents of the Work Programme.

⁵ WT/COMTD/SE/W/1/Rev.1

⁶ WT/COMTD/SE/W/2

⁷ At the 4th Dedicated Session the delegation of Guatemala announced that it no longer associates itself with the proponents of the Work Programme.

⁸ WT/COMTD/SE/W/3

⁹ WT/COMTD/SE/W/7

at the fourth Dedicated Session.¹⁰ At that meeting, the dedicated session was informed that the delegations of Honduras and Paraguay also sponsored the submission which contains a suggested draft decision on small economies. It requests the General Council to use the seventeen proposals contained in WT/COMTD/SE/W/3 as the basis for making recommendations for action to the Fifth Session of the Ministerial Conference. Members commented on the suggested draft decision at the fourth Dedicated Session.

10. At the 5th Dedicated Session, Members were informed that the Governments of Mongolia and Papua New Guinea wish to be considered as co-sponsors of documents WT/COMTD/SE/W/3 and WT/COMTD/SE/W/8. Members adopted this report at the 5th Dedicated Session.

III. SECRETARIAT DOCUMENTS

11. The Secretariat had prepared a paper entitled "Small Economies: A Literature Review" for the informal consultations held on 10 September 2002.¹¹ It contains an overview of how the issue of smallness has been dealt with in the economic literature, including a discussion of the different measures of smallness that has been used and an examination of how the issue of vulnerability has been approached in economic literature.

12. Members requested that additional analysis be carried out with respect to the points they had raised during the discussion on the Literature Review. In response to that request the Secretariat prepared a more analytical document entitled "Trade and Economic Performance – The role of economic size?" which aimed to provide Members with an in-depth analysis of the variables of relevance to small economies in the multilateral trading system.¹² It looks deeper into some of the issues discussed in the Literature Review. It also includes issues that Members had indicated as being of interest to small economies at previous dedicated sessions. In particular, the document discusses the share in global trade as a potential measure for economic size. After a discussion of different measures of economic size, the document analyses a number of questions such as how economies of scale and transport costs affect small economies' competitiveness in global markets, the extent to which economic size affects economies' openness to trade and the diversification of their export structure, what data on volatility in export earnings and volatility in gross domestic product (GDP) shows about economies' vulnerability to external shocks, and how economic size relates to measures of economic performance, in particular GDP per capita and GDP per capita growth.

13. Members also requested the Secretariat to compile a list of WTO provisions of relevance to small economies. In response to that request, the Secretariat prepared a document which lists provisions which could be of particular relevance to small economies.¹³ All the three above-mentioned documents were before the third Dedicated Session.

IV. FUTURE WORK

14. Pursuant to the mandate contained in the Doha Ministerial Declaration and the Framework and Procedures for the Work Programme on Small Economies, issues relating to the trade of small economies have been examined in the dedicated sessions of the CTD and proposals for responses have been made. However, there is a need for further work in order to achieve the mandate of the Doha Ministerial Declaration.

¹⁰ WT/COMTD/SE/W/8

¹¹ WT/COMTD/SE/W/4

¹² WT/COMTD/SE/W/5

¹³ WT/COMTD/SE/W/6 and Corr.1

15. The dedicated session of the CTD therefore proposes that the General Council recommend to the Fifth Ministerial Conference that Ministers instruct the CTD to continue its work in dedicated sessions under the overall responsibility of the General Council in accordance with the mandate contained in the Doha Ministerial Declaration and in line with the Framework and Procedures of the Work Programme on Small Economies. The dedicated sessions shall consider in further detail the proposals contained in WT/COMTD/SE/W/3 and also examine any additional proposals that Members might wish to submit. The dedicated session also recommends that the General Council agrees to referrals of proposals, as appropriate, to relevant subsidiary bodies of the General Council for urgent action and reporting back to the dedicated session within a defined time-frame as will be agreed in the dedicated session, according to paragraph 2(i) of the Work Programme on Small Economies.¹⁴ The aim of the continued work in the dedicated sessions shall be to reach agreement on recommendations for necessary action to fully achieve the mandate. This work shall be completed with the conclusion of the negotiations but not later than 1 January 2005.

¹⁴ WT/L/447