

# Towards a fairer global trading system



Globalisation poses daunting challenges for many Commonwealth countries, particularly small states and least developed countries (LDCs). Many suffer limited access to international markets and have 'endowed handicaps' that increase transaction costs and affect competitiveness. The Commonwealth is helping these states to meet such challenges.

As globalisation places a high premium on competitiveness, these economies are clearly disadvantaged. Their prospects are also affected by the lack of responsiveness of the international trading and financial systems to their special needs. To benefit from globalisation, they need to dramatically increase their capacities to produce goods and services that are internationally competitive, and to pursue their trading interests more effectively. The Commonwealth Secretariat aims to provide strong analytical and technical support to enable developing member countries to achieve a higher trajectory of growth and ultimately attain the Millennium Development Goals.

Increased trade opportunities are the most potent means of combating global poverty. The Secretariat's work in the trade policy area focuses on the Doha Development Round; the ACP/EU negotiations on Economic Partnership Agreements; and promoting regional integration and capacity-building at the national and regional levels. These activities are designed to strengthen the capacity of our developing countries (particularly small states and LDCs) to formulate, negotiate and implement trade policy at the national level and to improve co-ordination at the regional level.

## The Doha Development Round

Regarding the Doha Round of trade negotiations, the main thrust of activities has been the provision of technical support to a series of regional meetings in Africa, the Caribbean and the Pacific, and on preparations for the fifth World Trade Organisation (WTO) Ministerial Meeting in Cancún, Mexico, in September 2003. Analytical papers prepared for these meetings covered a broad spectrum of issues on the agenda of the Doha Development Round, among them agriculture, trade in services, market access for non-agricultural products,

special and differential treatment, and the so-called Singapore issues (investment, competition, government procurement and trade facilitation). As well as discussing the substantive issues, the regional meetings considered negotiating strategies, and participants highlighted their priorities for Cancún.

## Collective strength for negotiations

The Commonwealth has provided technical support to the African, Caribbean and Pacific Group of States (ACP) Secretariat and ACP regions in their negotiations with the European Union on Economic Partnership Agreements (EPAs). The Secretariat co-hosted meetings of experts from the Caribbean Community (CARICOM), the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States



### Above:

A Commonwealth expert assists developing member countries in negotiations at the World Trade Organisation in Geneva

### Right:

The Secretary-General has argued strongly in favour of reducing agricultural subsidies to benefit developing countries; here, he visits a plantation in Belize

### Opposite:

Land-locked Lesotho and other small states must survive in an increasingly competitive global economy



(ECOWAS), the Pacific Islands Forum and the Southern African Development Community (SADC), to facilitate consultations. These meetings also helped to develop regional negotiating positions and strategies in preparation for the next phase of the EPA negotiations with the EU. One outcome of these regional meetings is a consolidated document outlining proposed negotiating positions.

The technical support programme was also designed to enhance the capacity of our members to engage effectively in the Doha and ACP/EU negotiations. This support covers three broad areas: studies and analytical work; consensus-building; and provision of specialist advisers and advice. The Secretariat has also provided technical assistance to the SADC and COMESA regions to harmonise their customs procedures and regulations, in order to facilitate trade and strengthen regional integration in the Eastern and Southern Africa regions.

#### **Capacity-building work**

To respond to the ever-increasing burden placed on the negotiating capacity of our

member states the Secretariat, together with l'Agence Intergouvernementale de la Francophonie, designed a major trade capacity-building project that would benefit all ACP member states, known as 'Hub and Spoke'. The European Commission has recently agreed to co-finance the €17 million project over five years, starting in 2004. Designed to strengthen capacity at the regional and national levels for all ACP regions and countries, the project will extend support to formulate, manage, implement and co-ordinate trade policy on WTO and EPA matters. It will cover three broad areas: policy advice; effective co-ordination on WTO and EPA trade policy matters at national and regional levels; and training.

#### **Trade in financial services**

A number of Commonwealth jurisdictions developed their financial services sectors as a means of diversifying their economies, a strategy that at the time enjoyed broad private sector and official support. However, the Harmful Tax Competition Initiative of the Organisation for Economic Co-operation and Development (OECD) has had serious

implications for the viability of the financial services sector in a number of these countries, and it quickly became clear that the Secretariat could play an important role promoting dialogue between the OECD and the affected jurisdictions, initiating in the first instance a number of meetings between the OECD and affected Commonwealth jurisdictions. It has provided technical and analytical support to the International Trade and Investment Organisation (ITIO) to strengthen its advocacy, and facilitated a dialogue that has resulted in the establishment of the Global Tax Forum.

In addition, the Secretariat organised a workshop on 'A New Partnership for International Financial Services' in St Lucia in April 2002. It also organised a follow-up workshop for ITIO members in Marlborough House on 1 June 2003 which focused on four themes: effective participation of small states in the international financial arena; recent developments on banking and financial supervision; sustainable financial markets and regional co-operation; and Basel 2 and its implications for the domestic commercial banks.