

Speaking up for small states



Small states are a big story for the Commonwealth, and are integral to the association's identity as a proudly diverse group of nations. More than half the Commonwealth's membership – 32 of 54 member countries – are small states, mostly with populations of less than 1.5 million.

The Commonwealth has a long history of promoting the interests of small states; the last five years have also seen increased international attention paid to these states' concerns by the United Nations and the World Bank, helped greatly by Commonwealth advocacy over the years.

The report of the Commonwealth Secretariat/World Bank Joint Task Force on Small States, *Small States: Meeting the Challenges in the Global Economy* (April 2000), was a landmark document. For the first time, it marked recognition by the wider international community of the specific economic challenges that small states face in today's increasingly global economy. They stand at a crossroads where rapid globalisation could overwhelm many of their economies, unless their special vulnerabilities are taken into account.

Small states are making determined efforts to chart new courses for their societies, devising coherent strategies for integrating their economies with the larger trading blocs and with the new global trading system following the formation of the World Trade Organisation in 1995. They have pursued the conditions needed for sustainable growth, based on sound macroeconomic policies, tuning their domestic economies to be more export-driven, while embracing regional economic integration to obtain economies of scale.

Conventional economic policy does not, however, equip small developing states to deal with the profound changes involved in globalisation; hence the high value they place on the Secretariat's work in facilitating innovative solutions. The Secretariat devotes a large proportion of its capacity-building and technical assistance resources to small states.

A new agenda for Commonwealth work on small states was approved by Heads of Government at their March 2002 meeting in Cooloom, Australia. It provides for assistance to mitigate the damage to small states'

economies following the '9/11' terrorist attacks, on trade issues, and in capacity-building and attracting private investment. It also includes advocacy at the World Summit on Sustainable Development (WSSD), promotion of regional approaches, addressing the impact of global initiatives, and promotion of dialogue on the OECD's Harmful Tax Competition Initiative.

Stronger advocacy

The Secretariat has widened its research on small states to draw greater attention to their special vulnerability in the world trading environment. It completed an important study, 'The Trade Performance of Small States', demonstrating the constraints small states face in trade, and has begun a study on the relationship between business costs and state size, involving a large number of small states. Results so far suggest the need for policy plurality on the part of the international community when dealing with small states issues.

The Secretariat has also been supporting small states that face graduation, with its associated problems, from least developed country (LDC) status. Without appropriate transition arrangements, graduation may jeopardise development, bringing the loss of preferential treatment for trade, aid and financing. Graduation can hinder small states' prospects of benefiting from globalisation and trade liberalisation because of its adverse effects on trade (particularly exports) and public finance (particularly official development assistance). These issues are increasingly important to small vulnerable economies in this era of globalisation and the associated negotiations on trade and regional integration.

During 2001–2003, the Secretariat worked closely with the UN Committee for Development Policy (CDP), charged with the review of graduation policies. Ambassadors of small states at the UN were consulted and

Above:

Small island developing states make up a significant proportion of the Commonwealth's membership

Opposite:

Guyana is one of many Commonwealth small states seeking a greater share in global trade

their concerns included in a Commonwealth submission to the CDP, making the case for giving small states special treatment when considering them for graduation. The CDP in turn raised these concerns with the UN Economic and Social Council.

Monitoring implementation of the Commonwealth Secretariat/World Bank report on small states referred to above has been a major activity during the last two years. The Secretariat collaborated with the Bank in organising a second small states forum in Washington, DC, in September 2002, where discussions focused on the trade constraints they face.

The Small States website, www.commonwealthsmallstates.org, has been improved and now provides a comprehensive source of information on Commonwealth programmes directed at small states.

Small states and the global trading system

During 2001–2003, the Secretariat provided assistance to Commonwealth small states as part of its ongoing mandate to integrate these countries more fully into the multilateral trading system. The main activity centred on the Work Programme on Small Economies in the dedicated session of the WTO Committee on Trade and Development. Specific areas of support included:

- establishment of the Commonwealth Intergovernmental Organisations Trade Expert Group;
- provision of analytical support in drafting various WTO proposals on concerns and interests of small economies;
- commissioning of a study that will result in the establishment of missions for Pacific Islands Forum and Eastern Caribbean states; and
- commissioning of a study on a proposed definition of 'small vulnerable economies' in the WTO.

A major breakthrough was the provisional acceptance of a position espoused by the Commonwealth Intergovernmental Organisations Trade Expert Group that regional organisations should be given regulatory responsibility for certain WTO agreements.

Small states have continued to benefit from the Secretariat's specialist newsletters such as *Trade Hot Topics* and *Doha Development*, read both by government officials and the private sector.

The Secretariat has provided valuable support to small states ambassadors in Geneva in developing key issues for a small

economies workshop programme in the WTO, and facilitated various technical meetings involving both resident and non-resident ambassadors.

Collaboration with other organisations

Direct assistance has been provided to Pacific island countries with regional trade integration, including the development of the Pacific Islands Free Trade Area.

The Commonwealth Fund for Technical Co-operation provided a senior policy adviser within the South Pacific Regional Environment Programme to support Pacific small states in their preparations for the World Summit on Sustainable Development in Johannesburg, South Africa (August/September 2002). The Secretariat advocated the concerns of small member states through a dedicated substantive paper, and the Commonwealth Secretary-General's statement at the Johannesburg Summit emphasised the urgent need to address the concerns of small states and LDCs on sustainable development.

To strengthen capacity of small states intergovernmental organisations (IGOs), the Secretariat has worked closely with the CARICOM Secretariat, the Indian Ocean Commission Secretariat and the Pacific Islands Forum Secretariat in co-ordinating trade policy and negotiations. Assistance has also been provided in preparations for WSSD and for the ongoing review and international meeting on the Barbados Programme of Action on the Sustainable Development of Small Island Developing States (Barbados+10, in close consultation with the Alliance of Small Island States), scheduled to conclude in August 2004.

The Secretariat has facilitated meetings of officials of these IGOs, prepared technical papers and supported in-country preparation of reports for the review. It is also assisting in the development of a coherent negotiating position in the international meeting. For the Pacific island states, the Secretariat's assistance also involves provision of a policy adviser to help co-ordinate required preparations.

Nine small states continue to benefit from the Joint Office for Commonwealth Permanent Missions to the UN. This provides office space and research and administrative support to help enable these small states to ensure effective representation at the UN in New York.

