
General Council

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PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Concerns of Small Economies¹ about their External Trade and Development
Proposal for Immediate Decision at Seattle

Communication from Jamaica and Mauritius

The following communication, dated 5 October 1999, has been received from the Permanent Mission of Jamaica.

Background

1. Technical studies as well as discussion in intergovernmental fora have identified a number of constraints faced by small countries in their external trade and economic development. These include but are not restricted to the following:

- Most small economies do not have critical minimum size. Very small domestic markets severely constrain economies of scale making it difficult to use the local market as a base for export development.
- Greater volatility in income growth than in larger countries - among the contributory factors being exposure to natural hazards - which results in a high degree of vulnerability.
- Limited natural resources resource endowments leading to a high degree of product and market concentration in their exports.
- High cost of trade transaction (imports, exports) *inter alia*, due to their land/sea-locked characteristics.
- Administrative, institutional and human resource limitations which adversely affect efficiency and capacity-building throughout the economy.

2. In recognition of these and other inhibiting factors, governments of several small countries have urged that the international trade rules and related development supports be made more compatible with the integration of their countries into the multilateral trading system and their overall economic development. Among areas where trade rules can be adapted are:

¹ All references to "small economies" in the text are made in relation to paragraph 6 of the Geneva Ministerial Declaration, May 1998 (document WT/MIN(98)/DEC/1) and also in relation to the documents WT/COMTD/M/14 and WT/COMTD/W/50 and Corr.1.

- Transitional trade preferences. For those countries historically dependent on trade preferences for their principal trading partners, in order to bolster the competitive position of their traditional exports in those markets are needed to complete the process of preparation for engaging in open competitive trade in a globalized world economy.
- Longer transitional periods for trade liberalization thereby giving these countries more breathing space to transform their structures of production and marketing and to upgrade human skills.
- Adoption of concrete measures to address food security in cases where small countries are net food-importing developing countries.
- Assistance with the modernization of sectors on which countries may be heavily reliant for employment income and foreign exchange earnings - for example - the textiles and garment sector.
- More flexible arrangements for the establishment of regional trade agreements which can play a pivotal role in advancing the development process and provide first steps towards the integration of these countries in the multilateral trading system.
- Higher thresholds for the application of export subsidies, which are not subject to countervailing measures.

3. Ministers, having regard to the desire of small countries integrated in the multilateral trading system and recognizing the peculiarities of their external trade and development, request the Committee on Trade and Development to elaborate a Work Programme to address the constraints faced by these countries and to submit its recommendations to the General Council for adoption prior to the Fourth Ministerial Conference.
