

# **A Perspective on External Trade Negotiations: the Issue Of Special and Differential Treatment for OECS Member States**

This presentation reflects an ongoing process in the OECS to define some clear positions on the kinds of special and differential treatment the region wishes to secure in the various trade negotiations

- This presentation comprises four parts:

- A brief discussion of the problems facing the OECS Member States as well as their development objectives
- Implications of Trade Liberalization for the OECS Countries
- OECS interests with respect to Trade Negotiations
- Conclusion

# Background

- Small island developing states depending on few productive sectors; remittances and official development assistance
- Vulnerable to natural disasters and to external economic shocks
- Escaped inflation and exchange rate volatility due to work of ECCB

# Background (cont'd)

## ❖ Socio-economic problems:

- Low and unsustainable growth rates
- Preponderance of high unemployment
- Inadequate provision of social services
- Persistence of poverty

# Background (cont'd)

- Relatively high growth rates in the 1980 – about 6% annually
- Less robust performance in recent times
- Resource poverty more prevalent than absolute and food poverty
- High unemployment especially among the youth

# Background (cont'd)

## ❖ **Development Objectives:**

- Objectives of OECS Development strategy
- Attaining high and sustainable growth:
  - Enabling macroeconomic environment
  - Sectoral development
- promoting human development:
  - Emphasis on enhancing social/community wellbeing

# Implications of Trade Liberalization for the OECS Countries

- Erosion of preferential access to EU markets
- Reduction in government revenues
- Increased competition for domestic producers
- Rise in unemployment
- Increased poverty and associated difficulties

# OECS Interests with respect to Trade Negotiations

- Driven by socio-economic objectives
- Enhancement of productive capacity; promotion of exports; increased economic growth
- Address vulnerability and limited capacities
- Measures that support development goals and provide time for adjustment



# OECS Interests with respect to Trade Negotiations (cont'd)

- Recognition of limited institutional, financial and human capacities
- Special and differential treatment such as:
  - Extended time periods
  - Preferential trading arrangements
  - Asymmetric reciprocity
  - Support in implementation
  - Addressing supply-side constraints
  - Financial and technical resources

# OECS Interests with respect to Trade Negotiations (cont'd)

- HCP useful if adequately funded and effectively administered
- Similar programme in WTO and ACP/EU
- Time to strengthen economies of the region

# Conclusion

- Implementation of appropriate socio-economic policies
- Economic transformation
- Gradual processes
- Constrained by scheduled time frame for completion of negotiations
- Special and differential treatment to address challenges and to adjust to costs of liberalization

END