International Trade Centre (ITC) Input on the Objectives and Substantive Theme of the SIDS Conference

The International Trade Centre (ITC) attaches great importance to partnerships. Partnerships form a critical part of how ITC works with developing countries to support greater competitiveness and internationalisation of their small and medium enterprises (SMEs). Assisting the Small Island Developing States (SIDS) improve their trade performance is an important part of ITC’s work including on sectoral programmes, institutional support and strengthening of the private sector.

New opportunities need to be explored by the international community to support the sustained economic growth and sustainable development of SIDS. Given the inherent vulnerability of these small and vulnerable economies there is a need to anchor their special needs, particularly those related to trade development, within global cooperation and partnerships to ensure more effective support to build their resilience and allow them to exploit areas where they could have a market advantage.

Areas in which ITC is active with its partners in supporting SIDS include:

- trade in services, tourism in particular
- productive capacities
- trade facilitation
- environmental sustainability

International tourism has become one of the largest economic sectors and it is increasingly recognized as having a decisive role in fighting poverty and fostering development in developing economies. In the SIDS, tourism is one of
the main economic activities and an important source of foreign exchange and employment.

To ensure an efficient response to the needs of such countries, ITC along with eight other UN Agencies including UNWTO, ILO, UNCTAD, UNDP, UNESCO, UNIDO, WTO and UNEP coordinate their efforts through the Steering Committee on Tourism for Development – SCD, a partnership aimed at boosting tourism’s development potential for the poorest and most disadvantaged communities. In the last few years, ITC was instrumental in launching, as part of the SCD joint initiative, in some SIDS, including São Tomé and Príncipe and Cape Verde.

Improving **productive capacity** is an important step for SIDS to enhance their participation in international trade in goods and services. ITC has built a strong strategic partnership under the Enhanced Integrated Framework (EIF) which is today universally considered as a key delivery mechanism to assist LDCs to build productive capacities to trade. In close collaboration with UNDP as well as UNOPS and WTO, a new EIF project began implementation in the Comoros with the objective of improving livelihoods in low income rural communities by improving competitiveness of certain products for export. Additionally, ITC is partnering with other EIF partners, namely UNDP, UNIDO and UNCTAD, in project formulation activities in Guinea Bissau and São Tomé and Príncipe to respond in a coordinated fashion to the needs identified in their Diagnostic Trade Integration Studies (DTIS) to advance their trade efforts for sustainable development.

In addition, a successful partnership between ITC and the European Union in 2012 is helping Fiji to increase incomes in poor communities by improving trade related key services in the agricultural and livestock sectors with the aim to increase the value of exports of agri-food and livestock products to the Pacific region.

Enabling poor communities to produce **value-added products** with fair labour standards can make a significant contribution to improving livelihoods in SIDS. An example of this is the Ethical Fashion Initiative where the ITC, in close
collaboration with its partners, works with poor women and poor communities to create employment, income and skills upgrading. The project focuses upon the high value, designer and luxury goods sector in order to allow international fashion companies to develop product lines that incorporate skills and materials from the country. This programme that has been connecting the fashion business with artisans in Africa since 2009 is now being scaled-up to other countries in Asia and Latin America and the Caribbean.

Trade expansion is closely linked to the issue of **private sector development.** In the context of SIDS, businesses face a serious challenge in enhancing their competitiveness due to high transaction costs in moving goods across border and various trade barriers that mitigate their market access opportunities **Trade facilitation** can be an engine for boosting SME competitiveness. The multilateral Trade Facilitation Agreement provides a concrete way to overcome some of these challenges, by simplifying customs procedures and enabling businesses to export and import more easily. Following the approval of this agreement, ITC published a “Business Guide on Trade Facilitation” to help countries and their SMEs to better understand the opportunities the multilateral agreement has to offer. The guide which is available free of charge in all UN official languages will help SMEs and trade support institutions understand the commitments taken by their governments and assist them in the identification and prioritization of capacity building needs. ITC is well placed to assist SIDS in identifying and categorising trade facilitation needs and priorities under the Trade Facilitation Agreement.

**Non-tariff measures** (NTMs) represent another significant obstacle to trade for many developing countries. They include a variety of regulations on imports and exports such as technical requirements, rules of origin or quotas. NTMs limit the ability of exporters and importers to fully integrate into value chains. Through its programme on NTMs funded by the United Kingdom’s Department for International Development (DFID), ITC has worked since 2010 with the private sector in 27 developing countries to identify and understand the obstacles to trade as a first step to improving the business environment. The NTM Programme directly addresses the needs expressed by the countries and NTMs have been reported as a top priority requiring ITC support and technical
assistance. This programme has also included assessment in some SIDS economies and in 2014 will be expanded to other countries.

The small size of SIDS means that development and environment are particularly closely interrelated and interdependent. These countries can take advantage of increased market opportunities if sustainability is mainstreamed in their trade-driven growth. The demand for organic, natural and biodiversity-based products is increasing in developed countries. These markets offer export opportunities for SIDS and can play an important role in reducing poverty in rural areas and contributing to environmental protection. ITC helps SMEs and trade support institutions (TSIs) in developing countries better navigate the opportunities and challenges resulting from greater market demand for environmental sustainability. ITC also sheds light on green trade through environmentally focused global public goods, e.g. public databases of environmental standards; works with the private sector in selected countries to develop trade in organic and biodiversity products and establish carbon standards for agricultural products; and performs an important advocacy role to ensure government policy is conducive to green trade. A major focus of ITC’s Trade and Environment Programme (T&P) is on growing green trade by working with partners in selected high-potential sectors to build the capacity for trade. These sector development initiatives are guided by market demand and address potential obstacles posed by sustainability requirements. The Programme offers capacity building support to exporters in overcoming barriers to environmental markets and so strengthening their international competitiveness and improving environmental outcomes.

Through the Standards Map database of private and voluntary standards, entrepreneurs and TSIs in developing countries, including SIDS, are able to compare and contrast sustainability standards by governance structures, certification systems and requirements. The database also provides access to 100 key publications related to sustainability standards. Standards Map 2.0, provides enhanced data and new functionalities, including a self-assessment tool for companies to evaluate themselves against particular standards. ITC also provides capacity building activities to optimize the use of the tool.