

# International Workshop on Economic Vulnerability and Resilience of Small States

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The University Gozo Centre hosted an International Workshop organized by the Commonwealth Secretariat and the University of Malta. The workshop held between 1 and 3 March 2004, was inaugurated by H.E. Jagdish Koonjul, the Chairman of the Alliance of Small Island States (AOSIS) which represents forty states in the United Nations. The workshop focused on economic vulnerability and resilience building of small states.



*The inaugural session of the International Workshop*

Twenty-six experts from all Commonwealth regions participated in a workshop on economic vulnerability and resilience of small states held at the University Gozo Centre, Malta, between 1 and 3 March 2004. These included academics, practitioners, policy makers, and representatives of international and regional organizations. Participants included experts from the Caribbean, Pacific, Indian Ocean and Mediterranean region. Representatives of UNDP, UNCTAD, UNDESA, the Commonwealth Secretariat and other international organizations also attended.

This workshop took place in the context of preparations for the International Meeting for the review of the implementation of the Barbados Programme of Action for the Sustainable Development of Small Island

Developing States (SIDS). The workshop discussed features of economic vulnerability of small states, particularly SIDS, and strategies for developing their resilience; and took account of the conclusion of the *ad hoc* expert group on Vulnerability Indices, which met in New York in December 1997, that “as a group, SIDS are more vulnerable than other groups of developing countries”. The participants also discussed trade as the main engine of growth and development.



*The Hon John Dalli, Minister of Foreign Affairs addressing the participants. The author of this article (left) chaired this session*

During the inauguration session Dr Eliawony Kisanga, Director Economic Affairs of the Commonwealth Secretariat said that the collaboration between the Commonwealth Secretariat and the University of Malta is bearing fruit as witnessed by this very important workshop which has brought together experts from different parts of the world to discuss issues of great importance for small states. Professor Lino Briguglio who is the convener of the meeting stated that the University of Malta has been actively involved in research on islands and small states issues and has been instrumental in the development of the economic vulnerability index.

\*Prof. Lino Briguglio is the Director of the University Gozo Centre

Participants noted that the regional preparatory meetings for the International Meeting, held in Samoa, Cape Verde and Trinidad and Tobago, confirmed that SIDS, as a group, face particular handicaps as a result of the economic, environmental and social vulnerability and the Interregional Preparatory Meeting of SIDS, held in Nassau, The Bahamas in January 2004, reconfirmed the economic vulnerability of SIDS and called for the development of an economic resilience index.



*The Hon Giovanna Debono, Minister for Gozo addressing the participants*

The participants also considered a number of issues that are of concern to small states, notably: the issue of graduation from least developed country (LDC) status of a number of SIDS; and the need for special and differentiated treatment and necessary policy space for small states, particularly SIDS, within the World Trade Organization (WTO).

Participants recognized the role that a focused conceptual framework on vulnerability and resilience building could play in addressing these concerns, as well as in strengthening national and regional policy approaches. They also recognized the need for participatory and collaborative schemes, involving all major stakeholders, to ensure the success of resilience strategies.

The participants reaffirmed that the inherent economic vulnerabilities of small states have been internationally recognized. Such vulnerability arises from exposure to adverse

external shocks beyond their control, as well as structural handicaps, exacerbated by *inter alia* a high degree of openness, export concentration and high dependence on strategic imports, remoteness and high transport costs, susceptibility to natural disasters exacerbated by climate change and sea level rise. These conditions pose serious handicaps for the sustainable economic development of small states.

## Background Information

The economic characteristics of small states are well documented, and include limited ability to exploit economies of scale; lack of natural resource endowments and high import content (especially of strategic imports such as food and fuel). Other characteristics relate to limitations of diversification possibilities and market thinness; limitations on the extent to which domestic competition policy can be applied; dependence on a narrow range of exports; inability to influence international prices; and in the case of island states, uncertainties of supply due to remoteness and insularity. Small size also creates problems associated with public administration, the most important of which is probably the small manpower resource base from which to draw experienced and efficient administrators.

## Acknowledgments

Participants expressed their gratitude to the Government of Malta and the University of Malta for their kind hospitality and warm welcome and for creating congenial conditions for a successful meeting.

The participants also thanked the Minister of Finance and Economic Affairs and the Minister for Gozo for their contributions to the deliberations, and the support expressed by both ministers in promoting measures in favour of small states.

The participants requested the Government of Malta to submit these workshop conclusions to the Secretary General of the UN for circulation as an official document of the UN.