

Seminar: Building economic resilience in small island developing States

Organized by UNCTAD and the Commonwealth Secretariat

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Opening Statement

Excellencies,

Distinguished delegates,

Ladies and Gentlemen,

- I have the pleasure to welcome you to this afternoon’s seminar on “Building economic resilience in Small Island Developing States”. I take the opportunity to thank Dr. Arjoon Suddhoo, Deputy-Secretary-General of the Commonwealth and our colleagues at The Commonwealth Secretariat for their support in organizing this seminar. I would like to recognize the ongoing research and collaboration between UNCTAD and the Commonwealth, and I look forward to continuing this fruitful partnership. I would also like to thank Ambassador Chad Blackman of Barbados, Chair of the SIDS Group in Geneva for joining us this afternoon. We look forward to working closely together on the road to Bridgetown and in preparations for UNCTAD 15 this autumn.
- Finally, I would like to thank all member States and participants for joining us online to discuss one of the most challenging of SIDS specific vulnerabilities. Before I begin, I would like to inform all participants that this session will be recorded. Should you have any questions, please do not hesitate to reach out to the Secretariat via the chat window.

Ladies and Gentlemen,

- SIDS are a diverse group in terms of their overall economic structure and development performance. Some of them have achieved comparatively high levels of income per capita. However, they all share high levels of socioeconomic, climate change and environmental vulnerabilities. Over the last 40 years, SIDS, more than any other country group, have experienced the highest occurrence of storms, floods, and droughts.
- At a global level, the annual occurrence of climate-related disasters increased from 153 in the 1980s to 308, on average, between 2010 and 2018. The total related costs have also increased from 21 billion dollars per year from 1991 to 2000 to 82 billion dollars annually between 2010 to 2018. SIDS have been particularly affected. Between 1970 and 2018, Caribbean SIDS experienced the greatest damage, equivalent to 2.8 percent of their GDP, followed by the Pacific islands who faced losses equal to 2 percent of their GDP.
- SIDS are highly vulnerable to external economic and financial shocks. According to the UN's Economic Vulnerability Index, SIDS have been consistently more vulnerable than other developing countries by at least 35%.
- The small size of SIDS' economies leaves little room for diversification and the creation of economies of scale. Some SIDS face important constraints to kickstart secondary economic activities, particularly in manufacturing, agro-processing, and in higher value-added services. As UNCTAD's long history of research and policy analysis has confirmed, this process of structural transformation is a necessary foundation for sustained and inclusive economic growth and development.
- Many SIDS are also heavily dependent on international trade, especially the import of manufactured goods. Their commodity-dependence and overreliance on a few export destinations renders their increasing vulnerability to global price-fluctuations and changes in aggregate demand.

- 2020 was an incredibly challenging year. In the wake of the COVID-19 pandemic, SIDS experienced an estimated fall in GDP of 9 percent compared to -3.3 percent in other developing countries. On top of the direct increases in public health costs, COVID-related international travel restrictions brought tourism to a standstill.

Ladies and Gentlemen,

- Despite the difficult outlook, the international community has agreed on a clear vision for the sustainable development of small islands, embodied in the SIDS Accelerated Modalities of Action (SAMOA) Pathway. There are only 3 years remaining to meet the ambitious targets by its 2024 deadline. We are also in the last push to meet the SDGs before their 2030 horizon elapses. Since the adoption of the SAMOA Pathway in 2014, too little was done to implement its priorities on debt sustainability, concessional financing, investment, trade, and climate change adaptation. Thus far, much of the disaster response has been on a short-term emergency basis, rather than long-run development planning.
- The international community and national actors themselves must be bold enough to make a paradigm shift. For UNCTAD, building productive capacities is an essential step. Our research confirms that countries that have built stronger productive capacities also tend to be more resilient to external shocks. They also have stronger capacities to respond to health crises and the socio-economic devastation they can wreak. Productive capacities cannot be built overnight. This requires the right mix of domestic policies and a scaling up of global partnerships.
- To help countries take stock of their existing productive capacities and assess areas where they may be lagging, UNCTAD has developed a new, practical tool—our Productive Capacities Index (PCI). On average, we found that SIDS as a group score better than LDCs or landlocked developing countries. This is thanks to their ability to foster human capital and achieve a relative shift in their economic structures towards the services sector, especially in areas

such as financial intermediation, real estate, renting, business activities and tourism. I encourage you to visit at pci.unctad.org for more details.

- This afternoon, my colleagues will present further details on UNCTAD's ongoing work in support of SIDS, including new research undertaken in partnership with The Commonwealth Secretariat on alternative development strategies towards building economic resilience.
- Thank you for your attention.
- I would now like to give the floor to Dr. Arjoon Suddhoo, Deputy Secretary-General of the Commonwealth Secretariat.