



United Nations Conference on Trade and Development

Distr.: General
15 August 2022

Original: English

**Trade and Development Board
Investment, Enterprise and Development Commission
Expert Meeting on Revisiting Development Strategies for
Small Island Developing States in the
Post-Pandemic Competitive Landscape**
Geneva, 24 October 2022
Item 2 of the provisional agenda
Adoption of the agenda and organization of work

Provisional agenda and annotations

I. Provisional agenda

1. Election of officers.
2. Adoption of the agenda and organization of work.
3. Revisiting development strategies for small island developing States in the post-pandemic competitive landscape.
4. Adoption of the report of the meeting.



II. Annotations to the provisional agenda

Item 1

Election of officers

1. It is recommended that the expert meeting elect a Chair and a Vice-Chair-cum-Rapporteur.

Item 2

Adoption of the agenda and organization of work

2. The provisional agenda for the meeting is reproduced in chapter I above. The topic for the expert meeting was approved by the Trade and Development Board through a silence procedure that concluded on 28 February 2022 (see TD/B/69/4, annex VI). A detailed programme will be made available on the UNCTAD website well in advance of the meeting.

Documentation

TD/B/C.II/EM.6/1 Provisional agenda and annotations

Item 3

Revisiting development strategies for small island developing States in the post-pandemic competitive landscape

3. The coronavirus disease (COVID-19) pandemic represents a global health and economic crisis. Initially understood as an acute shock, from which countries could recover back to a “normal”, pre-pandemic state, the persistence of the virus and its variants, as well as the sanitary measures used to combat them, make increasingly clear that the pandemic will permanently transform the global economy.

4. For example, by mid-2022, roughly 18 months after COVID-19 vaccines became available, continued disruptions to production and transportation left supply chains in disarray. Analysts predicted that many industries – including automotive, food, textiles and tourism – will not resolve their supply chain difficulties before 2023, if not later. In the meantime, firms are rushing to reorganize and de-risk their supply chains, by reducing complexity, “reshoring” key production activities and accelerating the adoption of automation and other frontier technologies. These changes are likely to endure into the post-COVID era, permanently altering how firms and countries compete for opportunities in global value chains and, by extension, the development strategies available to countries.

5. The changes to the structure of the global economy, provoked by the pandemic, represent a disproportionate threat to developing countries with poor integration in global value chains and low technology adoption rates, such as small island developing States.

6. Among the most vulnerable economies to external shocks, small island developing States suffered an average contraction in gross domestic product (GDP) of -7.8 per cent in 2020, more severe than the global average (-4.4 per cent) and that of least developed countries (-2.3 per cent). As a result of the pandemic, many businesses in the industrial and tourism sectors closed, with tens of thousands of workers returning to their villages to subsist on agriculture and informal employment.

7. As borders and businesses reopen and international demand resumes, the pre-pandemic development strategies of small island developing States may need to be adapted to an altered competitive landscape. Protracted disruptions to supply chains pose a major risk to the functioning of their economies, which depend on imports of food, energy and intermediate goods. Even prior to the pandemic, most small island developing States struggled to compete in higher-value industries, particularly those based on exporting physical goods, due to their limited productive capacity, small size, narrow resource base and

geographic isolation. As a result, small island developing States are poorly integrated in global value chains and rely on external aid and borrowing to finance public investments and spending.

8. As of early 2022, the war in Ukraine has compounded the crisis faced by small island developing States. The Russian Federation is a major energy exporter, and both the Russian Federation and Ukraine are major exporters of wheat. Although few small island developing States are direct importers from either of the countries, the war has caused a spike in international prices for energy and staple foods. Following the contraction in output and livelihoods during the pandemic, small island developing States now face increased prices for the food and energy imports on which they depend, compounding socioeconomic risks, such as poverty, inequality and food insecurity.

9. These cascading crises underline the urgent need for small island developing States to build their resilience to external shocks. This is reflected in that small island developing States are placing a growing emphasis on reducing external economic dependence, by overcoming structural limitations to these countries transforming their economies.

10. The main purpose of this meeting is to cast light, for the benefit of policymakers and development partners alike of small island developing States, on the strategic dimension of public policy behind the quest for lesser destabilizing external exposure, that is, how to induce a smarter economic specialization to reduce external economic dependence.

11. Building productive capacities is a crucial component of reducing external dependence, allowing small island developing States to increase their productivity and their overall domestic production, towards: (a) reducing an economy's overall dependence on imports, particularly for essentials such as staple foods and energy; as well as (b) increasing the volume, diversity and value added of exports, generating foreign exchange to cover inevitable import needs and preserve living standards among islanders.

12. In this context, and in response to its renewed mandate under the Bridgetown Covenant (TD/541/Add.2) to assist small island developing States in "addressing their specific vulnerabilities, build resilience and promote structural economic transformation and productive capacities", UNCTAD will hold an expert meeting on revisiting development strategies for small island developing States in the post-pandemic competitive landscape.

13. The main issues for discussion at the meeting are as follows:

(a) How can small island developing States design their development strategies to foster sustained and inclusive development pathways?

(b) What post-pandemic transformations are needed in small island developing States to build resilience to shocks?

(c) What are the experiences of small island developing States in building resilience to shocks, and what lessons can be drawn for post-COVID-19 recovery?

14. To facilitate discussion, the UNCTAD secretariat has prepared a background note, document TD/B/C.II/EM.5/2. In addition, experts are encouraged to prepare case studies on the subject under discussion. These papers will be made available at the meeting in the form and language in which they are received.

Documentation

TD/B/C.II/EM.6/2

Revisiting development strategies for small island developing States in the post-pandemic competitive landscape

Item 4
Adoption of the report of the meeting

15. The report of the expert meeting will be submitted to the Investment, Enterprise and Development Commission at its thirteenth session in 2022. The expert meeting may wish to authorize the Rapporteur, under the authority of the Chair, to prepare the final report after the conclusion of the meeting.
