

STATEMENT BY DR. PREGA RAMSAMY

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SOUTHERN AFRICA DEVELOPMENT
COMMUNITY (SADC)

ON THE OCCASION OF THE

INTERNATIONAL MEETING TO REVIEW

THE 10-YEAR REVIEW OF THE BARBADOS

PROGRAMME OF ACTION FOR THE

SUSTAINABLE DEVELOPMENT OF SMALL

ISLAND DEVELOPING STATES

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Distinguished Delegates,

Ladies and Gentlemen,

I am deeply honoured by the opportunity to represent the Southern Africa Development Community (SADC) at this crucial international gathering to devise effective and proactive strategies aimed at the full implementation of the Barbados Programme of Action (BPoA) for the sustainable development of Small Islands Developing States (SIDS).

This meeting comes at a special moment when a recent tsunami disaster has mobilised the world's attention to its catastrophic effects on South-East Asia. While our thoughts are with the many thousands of victims and their families throughout the world, including countries closer to home such as the Seychelles, Rodrigues, Maldives, Tanzania, Kenya and Somalia, this disaster simultaneously reminds us of the two top priority items in the BPoA, namely **Climate Change and Sea Level Rise and Natural and Environmental Disasters**.

In effect, the recent tsunami is but one of a notable series of extreme weather events, which throughout the 10 years since the adoption of the BPoA have provided growing empirical evidence of the anticipated consequences of climate change in the form of global warming and sea-level rise. A recent report⁵ on the Review of Natural Catastrophes revealed that over the last decade around 7,000 natural disasters, including earthquakes, volcanic eruptions, tropical cyclones, floods and droughts have occurred, killing more than 300,000 people and causing over US\$ 800 billion in economic losses worldwide.

Only last year we have witnessed the devastating effects of four major hurricanes and tropical storms that struck the Caribbean Islands and the Pacific Ocean. Closer to home, in the Indian Ocean, tropical cyclone Gafilo, in an unprecedented storm force, hit Comoros and Madagascar last March, leaving behind physical destruction and hundreds of casualties. Such extreme weather events have increased the inherent vulnerability of SIDS, through an heightened risk and occurrence of flooding, acceleration of the

⁵ Munich Re (2003), NatCat Database and "TOPICS Geo: Annual Review of Natural Catastrophes 2003", Munich, Germany.

rate of coastal erosion, disruption of marine ecosystems and plant and animal biodiversity, contamination of the already scarce freshwater sources and reduced resilience of the soil due to saline intrusion, which poses enormous threats to food and traditional export crops, droughts, increase of mosquito-borne diseases, internal population displacement and significant economic damages brought about by the destruction of tourism and fisheries infrastructure.

This alarming situation, which configures a global problem illustrated by the fact that the reported global cost of natural disasters has increased 15-fold since the 1950s², and which assumes catastrophic proportions in the more vulnerable SIDS, calls for global solutions: first and foremost, it demands the effective universal implementation of the Kyoto Protocol to the UN Framework Convention on Climate Change, particularly as it relates to reduction or stabilisation of greenhouse emissions. Secondly, it demands the adoption of urgent preventive measures to strengthen SIDS early-warning anti-storm systems and effective remedial actions, including technical, scientific and financial means to support the enormous costs SIDS face to adopt protective systems that can enable them to adapt to the effects of climate change and minimise the impact, intensity and unpredictability of extreme weather events, while maximising their disaster mitigation resources and overall physical and economic resilience.

Such global responses would provide the required backup support to the efforts SIDS have been deploying themselves in the implementation of the BPoA at **the national level**, by establishing permanent national climate change focal points and by upgrading their meteorological data collection, analysis and forecasting systems and, at **the regional level**, by pulling efforts to build capacity in such crucial areas as contingency planning, vulnerability assessment, risk management, diversified insurance mechanisms and response preparedness.

It is at **this level that SADC**, as a **regional organisation**, can make a **specific contribution**, to the development of disaster management strategies, including regional early warning and information dissemination systems, the implementation of infrastructure reconstruction projects and to the required resource mobilisation effort, through technical cooperation and the sharing of its own experience in these areas, particularly under its

² Munich Re (2002)

Protocol on Transport, Communications and Meteorology and discrete projects under the Regional Indicative Strategic Development Plan (RISDP) - a strategic framework for deeper regional economic integration and social development in the SADC region, which cuts across economic, social (including gender and poverty reduction), cultural and environmental concerns and provides strategic direction for the efficient implementation and delivery of the SADC Programme of Action during the next 15 years.

Structurally, the operationalisation of SADC cooperation with SIDS, not only in the priority areas just mentioned, but generally in regional economic development, has been taking place throughout the years and can be further developed, particularly in the Indian and Atlantic Oceans, via three main vehicles:

- Firstly, directly through Mauritius (currently the only SIDS member of SADC) and Landlocked Developing SADC member states sharing similar developmental challenges and, in many respects, a common agenda with SIDS, such as Botswana, Lesotho and Swaziland;
- Secondly, through synergies fostered in the context of our close inter-regional cooperation with COMESA, which includes a number of SADC member states and the SIDS of Comoros and Seychelles and the Community of Portuguese Speaking Countries, including two SADC member states, Angola and Mozambique, and three SIDS, namely Cape Verde, Guinea-Bissau and Sao Tome and Principe and also through other regional and international networks to which SADC and SIDS around the world belong;
- And thirdly, through bilateral cooperation agreements with individual SIDS, of which the recent conclusion of a Memorandum of Understanding between SADC and Cuba is an example, as well as bilateral cooperation with groups of SIDS through their respective regional organisations such as the one between SADC and CARICOM.

Ladies and Gentlemen, the devastating effects of the recent tsunami have brought to the forefront of the global agenda the magnitude of the economic vulnerability of SIDS to external shocks, which hamper their sustainable development prospects by diverting already scarce resources to post-disaster reconstruction efforts. **This diversion works to further deepen the island-specific permanent disadvantages that characterise SIDS economies, namely structural economic costs and weaknesses in human,**

institutional and technological capacity, thus requiring from all of us gathered here today the necessary determination to jointly advocate permanent global solutions to our permanent structural problems, which span the entire spectrum of economic activity and are most evident in the instability of agriculture production, instability of exports of goods and services and merchandise export concentration.

These adverse circumstances induce a permanent need for special differential treatment of SIDS in the multilateral trading system, in the spirit of the Doha Ministerial Declaration (Paragraph 35) which laid the basis for a work program to examine trade-related issues of small economies in order to frame responses aimed at a fuller integration of small, vulnerable economies into the global economy. Such responses should include market access preferences, flexible rules for regional trading arrangements, simplification of anti-dumping, safeguards and dispute settlement procedures, exemption from obligations and compensatory mechanisms.

Ladies and gentlemen, over the decade under review, SIDS have lost considerable ground in international trade, as a result of the many challenges posed by globalisation and trade liberalisation to their fragile economies. These included the dismantlement of existing preferential arrangements under WTO agreed rules, which affected commodities vital for some of SIDS economies such as sugar, bananas, coffee and coconut. A prominent example of this adverse trend is the impending reduction of trade preferences under the Sugar Protocol with the European Union with expected serious detrimental effects on many of our countries, including Mauritius, our host. In the case of Mauritius, in spite of the strenuous efforts its government is deploying in the diversification of the country's economic base, the restructuring of the sugar industry and the exploration of sugar by-products, the impending reduction of the EU price for sugar by some 30% is expected to induce dire costs to the national economy, in the form of job and revenue losses, particularly in the rural areas.

In spite of our basic acquiescence to a rules-based, market-driven international trade system, there are compelling economic justifications for a more gradual phasing out of trade preferences, temporary derogations from the WTO system and internationally agreed compensation schemes for small economies.

To substantiate the case, a recent pioneering empirical study commissioned by the Commonwealth Secretariat³ to determine the operating costs confronting the private sector in small economies and to ascertain whether these costs act as a fundamental impediment to trade and investment, provided compelling evidence to support the argument that *if trading or production costs are high, small countries may not be able to make sustainable income levels even exploiting all the benefits of international trade. Thus if small countries lose the advantages of preferences and non-trade sources of earnings that they currently have, they may not be able to support themselves through commercial activity.* Indeed, the study found that transaction costs tend to inflate the costs of trade for small economies and that resource cost of goods and services in these economies generally exceed world minima.

The study also investigated whether small economies' higher costs can be attributed to the poor management of certain key policies such as tariffs and taxes and found that they cannot, as the empirical evidence suggested that small economies tend to have lower tax rates for businesses, lower import/export duties and overall fewer tax distortions than larger economies.

Overall, this important formal study technically demonstrated that small economies are at a direct cost disadvantage in producing goods for the world market, mainly due to their difficulties in exploiting economies of scale, and that such cost disadvantage, more often than not, offsets any operational comparative advantage a priori attributed to them. These findings were obtained from empirical data for key export and services sectors in SIDS economies, such as Electronic Assembly, Clothing and Hotels and Tourism.

The evidence presented above suggests that in their quest to achieve sustainable development and until such time as they can effectively diversify their economic bases, SIDS need to adopt concerted actions to obtain from the international trading system a smooth transition to full trade liberalisation, by prolonging the retention of market access preferences and secure differentiated and favourable treatment for their exports to compensate for the high costs of smallness and remoteness and the resulting difficulties in attracting foreign investment.

³ Winters A., University of Essex, Centre for Economic Policy Research, London and Centre for Economic Performance, LSE and Martins P. University of Essex: *Beautiful but Costly — Business Costs in Small Economies*, 2003.

In this particular respect, SADC has established a dedicated Trade Policy Unit, under its Directorate of Trade, Industry, Finance and Investment (TIFI), which has been fully engaged in specific activities and programs aimed at capacity building for trade policy analysis and trade negotiations, particularly in the context of EU/ACP Economic Partnership Agreements negotiations, which we can share with SIDS.

Ladies and Gentlemen, there are a number of other development challenges for SIDS to which SADC can commit its specific cooperative effort in order to ensure a full and sustained implementation of the BPoA. These include, among others, Renewable Energy Resources, ICT and Transport, Fisheries and the fight against HIV/AIDS and Malaria.

■ RENEWABLE ENERGY

It is crucial for SIDS to lessen dependency on petroleum imports and fuelwood for their energy needs, improve energy efficiency and develop new and renewable energy resources, through the development of alternative energy sources such as hydropower, geothermal, solar and wind power, ocean tidal and *clean* biomass energy. SADC has been addressing these global challenges through its Protocol on Energy, which provides, among other important measures, for:

- Promotion of joint procurement, sharing of excess capacity and development of a petroleum & natural gas database;
- Promotion of suitable financing mechanisms, tax regimes & technical support to develop New and Renewable Sources of Energy (NRSE);
- NRSE co-operation between member states and non-SADC states and organisations in energy development and use and regional electricity development and trade.

A number of activities and projects in these areas, which we aim to share with SIDS, are under implementation in the SADC region, namely: the Southern Africa Power Pool and Western Energy Corridor Project, a Regional Program on Biomass Energy Conservation, Financing Schemes for Solar Energy Projects and Photovoltaic Electrification and the Development of Energy Management Plans.

■ ICT

Increased access to ICT systems, including the internet, becomes a key factor in the internal and external connection of island communities, thus mitigating their inherent costs of remoteness and isolation. Through ICT, SIDS stand to harness enormous efficiency costs, particularly through e-governance, tele-medicine, e-tourism, distance learning and other ICT-based systems.

In this area, SADC is fully engaged in a number of projects, under its Transport, Communications and Meteorology Protocol, aimed at improving its telecommunication infrastructure and ICT training. One such project consists of the construction of the Eastern and Southern Africa Optical cable that will connect to the Southern Africa – Far East cable (SAFE) and the Southeast Asia – Middle East – Far East cable (SEA-ME-WE) cable via Maputo, Dar es Salam, Mogadishu and Djibouti in East Africa. This project will facilitate the connectivity of SADC and COMESA, including their SIDS member states, to the Global Information Infrastructure (GII)/ Information Superhighway (ISH).

■ TRANSPORT

It is widely acknowledged that transport costs contribute overwhelmingly for SIDS permanent disadvantages in the international economy.

In this area, among other initiatives which we can share with the SIDS network, SADC is implementing the VSAT system to address transport and communication deficiencies. The SADC VSAT network is linked to that of ASECNA through Antananarivo, Madagascar. Similarly, the integration of air traffic services of member states through a regional Upper Airspace Control Centre (UACC) is a key component of the SADC CNS/ATM Plan. The implementation of this plan is particularly focused on the Global Navigation Satellite System (GNSS) Based Augmentation Systems, which have been developed for 28 major international airports in SADC.

■ FISHERIES

Fisheries and other marine resources are critical for virtually all SIDS economies, providing a large share of the food supply, employment and income. A number of SADC member states share an oceanic interface with some SIDS in the Indian and Atlantic Oceans, which requires sound platforms for regional cooperation on the establishment of legal regimes,

control of fish stocks, ocean observation and monitoring and regulation of fishery licenses, as provided for by the SADC Protocol on Fisheries.

■ FIGHTING **HIV/AIDS** AND **MALARIA**

HIV/AIDS has become increasingly prevalent in many SIDS, particularly in the Caribbean, which ranks second only to sub-Saharan Africa as one of the most affected in the world. This pandemic, if not curtailed, can have devastating effects to the already fragile economies of SIDS and their social fabric. Another health threat to SIDS is posed by malaria and other mosquito-borne infections such as dengue, which are strongly correlated with climate change associated phenomena.

Unfortunately, some of the countries with higher prevalence rates of HIV/AIDS in the world are in Southern Africa and this has provided SADC considerable experience in dealing with the challenges posed by this pandemic, which it can share with SIDS. In this domain and within the framework of its Protocol on Health, in addition to its regional anti-malaria program, SADC has recently established a specialist HIV/AIDS Unit, which has started the implementation of a comprehensive cross-sectoral anti-HIV/AIDS strategy in the region.

Ladies and gentlemen I thank you for your attention.