

**COMMUNICATION FROM MAURITIUS
ON BEHALF OF THE ACP GROUP**

The following communication, dated 5 October 2005, is being circulated at the request of the Delegation of Mauritius on behalf of the ACP Group.

1. In view of the systemic importance of issues of trade, debt and finance to the development of the WTO's developing Members, the Fourth Session of the Ministerial Conference at Doha in 2001 established the Working Group on Trade, Debt and Finance (WGTDF) to review the interrelationship between trade, debt and finance and to make appropriate recommendations.

2. As can be seen from the foregoing report, the WGTDF has discussed some issues covered by its mandate. However, it has neither exhaustively addressed nor made appropriate recommendations with respect to such issues or to the other issues related to trade, debt and finance that have been raised by developing countries in their proposals or oral interventions at various WGTDF meetings. These include:

- Issues of coherence between trade, debt and finance policies and measures
- Market access for developing countries to achieve or promote debt sustainability
- The relationship between commodity price, debt and financial sustainability
- Review of WTO provisions relevant to trade, debt and finance with a view to address BOP problems
- Review of how trade-financing facilities could be strengthened and made more secure
- Trade policy and financial stability
- Exchange rate volatility and trade
- Sequencing of trade and financial policy reforms
- Fiscal reform and trade liberalization *vis-à-vis* debt and finance problems
- Use of trade restrictions for BOP purposes and related WTO provisions
- Externally-driven trade liberalization and international reforms
- Fast-track mechanisms to allow developing countries to take preventive or corrective trade measures to help them deal with financial crisis
- Establishment of a regular committee on trade, debt and finance
- Mechanism for increasing exports to address BOP problems

3. The unresolved issues above clearly indicate that the work of the WGTDF is not yet concluded. Therefore the continued discussion and examination of the issues identified above leading to the adoption of appropriate recommendations and decisions by the General Council or Ministerial Conference need to remain an integral part of the WTO's work programme.

4. In light of the conclusion above, the WGTDF makes the following recommendations:
- (1) The mandate in the 2001 Doha Ministerial Declaration shall be reaffirmed so that the work programme on the relationship between trade, debt and finance shall continue. Such work programme shall examine, in more detail, such relationship in order to provide appropriate recommendations to the General Council to effectively address the trade-related causes of developing countries' debt and finance difficulties. In particular, such continuing work programme under the 2001 Doha mandate shall, *inter alia*:
 - (i) Address the decline and volatility of export earnings of developing countries through comprehensive measures that boost their export earnings by, *inter alia*, enhancing their market access opportunities; effectively dealing with the issue of declining commodity prices (including commodity price supports); and binding commitments for increased and sustainable technical and financial assistance to address supply-side constraints;
 - (ii) Review existing relevant WTO Agreements with a view to:
 - (a) addressing their relationship to the problems of financial instability, exchange rate volatility, financial flows, balance-of-payments adjustments, and external indebtedness; and
 - (b) if needed, identify changes in such WTO agreements to effectively address the trade-related causes of external account imbalances or balance-of-payments problems experienced by developing and least-developed countries;
 - (iii) Examine and develop trade-related mechanisms for increasing and stabilizing the export earnings of developing countries faced with:
 - (a) a major financial or balance-of-payments crisis that cannot be resolved by import restriction measures authorized in various WTO agreements; or
 - (b) an unsustainable debt situation.
 - (iv) Periodically evaluate the underlying development-oriented coherence of policies emanating from the WTO and the Bretton Woods institutions with a view to ensuring the gradualness, coherence and proper sequencing of the trade liberalization process in accordance with the national development needs and priorities of developing and least-developed countries. Such periodic evaluations shall be guided by the concept of policy space as defined by UNCTAD XI; and
 - (v) Monitor and follow-up the outcomes of relevant major United Nations Conferences on subjects related to trade, debt and finance, and make appropriate recommendations on actions that can be taken by the WTO within its competence and mandate with respect to advancing such outcomes.

- (2) It is also recommended that the Sixth Session of the Ministerial Conference in Hong Kong, China, on 13 to 18 December 2005, pursuant to Article IV:7 of the WTO Agreement, shall establish a Committee on Trade, Debt and Finance in order to effectively carry out the work programme on the relationship between trade, debt and finance outlined above.
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