

# AID-FOR-TRADE CASE STORY

## MAURITIUS

### Case story in the context of the Third Global Review of Aid for Trade

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Mauritius put in place in 2006 an Aid-for-Trade compatible programme and approached the international community for support. The core of the agenda initiated in July 2006 is to open the economy to the rest of the world to be achieved over a 10 yr period by implementing wide economic and social reform through: stabilising macroeconomic fundamentals, improving public sector efficiency, enhancing global competitiveness of industry, improving business climate to attract FDI, making labour more mobile, providing social safety nets, workfare programmes and widening the circle of opportunities.

Mauritius, in spite of having a costed AFT-compatible programme endorsed by IFIs and other development partners, has not received AFT resources, **except normal lending instruments and grants that it would have accessed even in the absence of AFT.**

It should be noted that AFT is not just a trade policy issue. The core is around a wider development agenda. Hence discussions should move away from trade negotiations and bring to the forefront those concerned with development issues. The resources must be front loaded as the costs of reform are borne in the initial years while benefits are spread over time and in the long term. Some programmes are difficult to implement due to economic, social and political costs being immediate and concentrated whilst benefits accrue over time and dispersed. We have been borrowing on the market to finance our AFT compatible programme.

AFT resources should be DEDICATED and ADDITIONAL to support trade liberalisation, voluntary or with the rest of the world or within a regional grouping or under a specific initiative such as EPAs. Relabelling existing ODA as being aid-for-trade does not help. There is a need to inject some urgency in trade liberalization by making AFT resources available for a period to be determined (say 10 years).