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TRADE POLICY REVIEW

REPORT BY

MAURITIUS

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Mauritius is attached.

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1 INTRODUCTION

1.1. The world is witnessing one of the worst economic crises ever due to the COVID-19 pandemic. The Mauritian economy was also severely affected. The Mauritian GDP contracted by 14.9% in 2020, while public sector gross debt reached 84.3% of GDP at the end of December 2020.

1.2. Prior to the crisis, average GDP growth in Mauritius since the last Trade Policy Review in 2014 was to the tune of 3.5% annually, well above the world average. The Government pursued an ambitious reform agenda to improve the trade, investment and business environment, and invested massively in infrastructure development. This resulted in a substantial improvement in the ease of doing business ranking from 20th in 2014 to 13th position in the world in 2019, and the first ever light rail system in a Small Island Developing country (SIDS) which was launched in Mauritius in 2019.

1.3. For the review period, trade and customs reforms were pursued on several fronts. Mauritius implemented the WTO Trade Facilitation Agreement and Most-Favoured Nation tariffs were reduced for several products. Furthermore, market access conditions have been improved on key markets both for goods and services through the African Continental Free Trade Area (FTA) (AfCFTA), the China-Mauritius Free Trade Area (FTA), the Economic Partnership Agreement with the UK, and the Comprehensive Economic Cooperation Partnership Agreement with India. An ambitious Intellectual Property Development Plan (IPDP) is being implemented as from 2016. A comprehensive law covering all industrial property rights has been adopted and will replace the Patent, Trade Marks and Industrial Design Act (2002), Innovation is being promoted across all sectors. The legal framework to ensure compliance of Mauritius with international standards in financial services and the effectiveness to combat financial fraud have been significantly overhauled.

1.4. On 1 July 2020, Mauritius was classified by the World Bank as a High-Income Country based on a per capita Gross National Income (GNI) USD 12,900 in 2019, a 5.1% increase over 2018. However, that status may be reviewed in view of the impact of COVID-19 on the economy.

2 ECONOMIC ENVIRONMENT

2.1 Challenges to Growth in the Context of COVID-19

2.1. As a small island developing state, open to the world, the Mauritian economy has been seriously impacted by the COVID-19 pandemic. Two national lockdowns to contain the pandemic were imposed in 2020 and 2021, respectively.

2.2. The Government of Mauritius closed borders for travel as from 18 March 2020 and enforced a first national lockdown as from 19 March 2020 till 1 June 2020. Airlines, factories, shops and restaurants suffered the greatest economic shocks, triggering sharp and sudden contractions in output of key economic sectors such as tourism, trade and manufacturing. Economic activity resumed around mid-May 2020 with a gradual phasing out of the lockdown, and a re-opening of the economy in mid-June 2020. However, a second lockdown had to be imposed as from 10 March 2021 until 30 April 2021 given a sudden rise in local contamination.

Macroeconomic Impact on the Economy[1] in 2020

2.3. Real GDP contracted by 14.9% in 2020, taking Mauritius back to the 2016 GDP level with negative growth in most of the sectors as follows:

a) the textile industry recorded a contraction of about 31%;

b) the construction sector declined by around 25%;

c) the wholesale and retail trade sector contracted by around 12% as household consumption dropped markedly as a result of lower household income;

[1] All figures are based on estimates released by Statistics Mauritius in March 2021.

d) the tourism sector was the most affected with the closure of borders and declined by around 80%. The national airline, Air Mauritius went into voluntary administration and has to be restructured;

e) administrative and support service activities contracted by around 20%, in view of the decline in the tourism sector;

f) arts, entertainment and recreation activities decreased by around 31%, due to the closure of entertainment, gambling, betting and sports activities particularly during the lockdown period and;

g) in contrast, the financial services sector registered a meagre growth of 1% compared to above 5% during the past few years.

Measures Taken by the Government to Mitigate the Impact of COVID-19 on the Mauritian Economy

2.4. A wide range of measures were introduced by the Government, the Bank of Mauritius and other public sector bodies to mitigate the impact of the COVID-19 pandemic on the economy and the population. Some of the important measures taken are listed in the table below:

Table 2.1 Summary of COVID-19 measures taken by Mauritius

Measures	Description
General Measures Taken by the Government	
Wage Assistance Scheme	Financial support was provided to businesses adversely affected by the COVID-19 pandemic to pay wages of workers who were at risk of becoming technically unemployed during the lockdown. After the lockdown, the scheme has been extended to enterprises operating in the tourism sector until our borders are opened. With the second lockdown in the island of Mauritius from 10 March 2021 to 30 April 2021, the scheme was reconvened for other sectors during that period. From March 2020 to April 2021, a total amount of MUR 15.2 billion has been disbursed under the scheme.
Self-Employed Assistance Scheme	Financial support was provided to self-employed individuals in the informal sector who could not work because of the lockdown. After the lockdown, the Scheme was extended to self-employed in the tourism sector until our borders are opened. With the second lockdown in the island of Mauritius from 10 March 2021 to 30 April 2021, the financial assistance was extended to all self-employed individuals during that period. From March 2020 to April 2021, a total amount of MUR 4.3 billion has been disbursed under the scheme.
Port Charges	Port dues and terminal handling charges for exports were waived up to December 2020 and reduced by 50% for the period January to June 2021.
Support to Hotels	Introduction of an Aparthotels Scheme to enable existing hotels to convert part of their accommodation units into serviced apartments that can be sold individually.
Support to Tourism Sector	▪ The licensees of Tourism Authority and Beach Authority are exempted from payment of licence fee for a period of two years; ▪ The rental payment of state lands for hotels is waived for the upcoming financial year; ▪ The rebate under the Hotel Reconstruction and Renovation Scheme on rental of state lands for hotels has been increased from 50% to 100% for two years up to 30 June 2022.
Monetary Measures taken by the Bank of Mauritius	
Reduction in Key Repo Rate	The Bank of Mauritius has lowered the Key Repo Rate from 3.35% to 2.85% on 10 March and to 1.85% on 16 April 2020.
Reduction in Cash Reserve Ratio	On 13 March 2020, the Bank of Mauritius reduced the Cash Reserve Ratio applicable to commercial banks from 9% to 8%. The amount released through this cut is held in a special account at the Bank which commercial banks can use for any facility to be granted to any impacted economic operator.

Measures	Description
Commercial Banks Moratorium to Economic Operators	Commercial banks provided a moratorium on capital repayment for existing loans for economic operators that are being affected by COVID-19 up to June 2021.
Commercial Banks Moratorium to Households and Individuals	Mauritian households and individuals impacted by COVID-19 could request their commercial banks for a moratorium on capital repayments on their existing household loans as from the 1 April 2020 up to June 2021.
One-off Exceptional Contribution to Stabilize the Economy	The Board of Directors of the Bank has provided Government with a one-off exceptional contribution of MUR 60 billion to assist Government in its fiscal measures to stabilize the economy of Mauritius.
Specific Measures for Enterprises	
State Investment Company (*SIC*) Equity Participation Scheme	The *SIC* Ltd has launched an Equity Participation Scheme to assist enterprises with annual turnover up to MUR 250 million to overcome their financial difficulties in the wake of COVID-19.
SME Factoring Scheme	Enterprises with annual turnover of up to MUR 50 million are benefitting from a reduced interest rate of from 2.5% instead of 3.9% under SME Factoring Scheme up to December 2020.
Leasing Equipment Modernization Scheme	Enterprises with annual turnover ranging between MUR 50 million and MUR 1.5 billion are benefitting from a reduced interest rate ranging between 2.5% and 3.35% per annum up to December 2020.
Enterprise Modernization Scheme (EMS)	Enterprises with annual turnover of up MUR 10 million are benefitting from a reduced interest rate of 1.75% per annum instead of 3.5% per annum up to 31st December 2020
Revolving Credit Fund	A Revolving Credit Fund of MUR 1 billion has been established at the Development Bank of Mauritius Ltd to help companies (with turnover of up to MUR 10 million) to ease cash flow difficulties by providing loans of up to MUR 1 million with no interest chargeable up to June 2021 and 1.5% thereafter, repayable over 3 years.
SME Interest Free Loan Scheme	The SME Interest Free Loan Scheme is being implemented by the Development Bank of Mauritius (DBM) Ltd to provide loans to SMEs with turnover not exceeding MUR 50 million and which have contributed to the Contribution Sociale Généralisée (CSG). An interest free loan of MUR 100,000 with a moratorium of 5 years on repayment will be given to eligible SMEs.
MUR 1 Million COVID-19 Special Support Scheme	The Development Bank of Mauritius (DBM) Ltd is implementing the COVID-19 Special Support Scheme whereby SMEs will be able to apply for unsecured loans of up to MUR 1 million at an interest rate of 0.5% per annum with repayment period of 5 years including a moratorium of 1 year on payment of capital and interest.

Forecasts for 2021

2.5. For 2021, real GDP is projected to grow between 5-7%. However, the extreme uncertainty around the duration and intensity of the health crisis represents significant downside risks to the outlook. During the first lockdown, it was estimated that the impact on GDP growth was 0.6 % points per week. For the second lockdown, the impact is expected to be slightly lower given that activities have resumed faster and due to the rollout of the vaccination programme.

2.6. In view of the above, the year 2020 cannot be used as a benchmark to assess the economic performance of Mauritius since the last Trade Policy Review held in 2014. While we have included figures for the year 2020 in the tables and charts to give a sense of the magnitude of the impact, however, we are assessing the economic performance from 2014 until 2019.

2.2 Performance of Key Macroeconomic Indicators 2014-19

2.7. Global economic growth decelerated markedly in 2019 to 2.8% from 3.6% in 2018, with continued weakness in global trade and investment. The slowdown was widespread in advanced economies as well as emerging market and developing economies. World trade volume grew by only 0.9% in 2019, the lowest rate since the 10% contraction during the Great Depression in 1929. This slowdown has been further exacerbated by the outbreak of the COVID-19 pandemic. According to the IMF, world GDP contracted by 3.3% in 2020 and world trade volume dropped by 8.5%.

Table 2.2 Key economic indicators, 2014-19

	Unit	2014	2015	2016	2017	2018	2019	2020
GDP (market prices)	MUR billion	392	410	435	457	481	498	429
Per capita GDP (market prices)	USD	10,153	9,241	9,598	10,393	11,135	11,064	8,642
GDP growth (market prices)	%	3.7	3.6	3.8	3.8	3.8	3.0	-14.9
Headline inflation	Dec, %	3.2	1.3	1.0	3.7	3.2	0.5	2.5
Budget deficit[a]	% of GDP	3.2	3.5	3.5	2.9	3.2	11.8	-
Unemployment rate	Average, %	7.8	7.9	7.3	7.1	6.9	6.7	9.2
Public sector debt[a]	% of GDP	60.6 (Dec 2014)	62.8 (June 2015)	64.8 (June 2016)	64.5 (June 2017)	63.5 (June 2018)	65.4 (June 2019)	83.4 (June 2020)

a The debt figures refer to the position at the end of the fiscal year.

Source: Statistics Mauritius. Ministry of Finance, Economic Planning and Development.

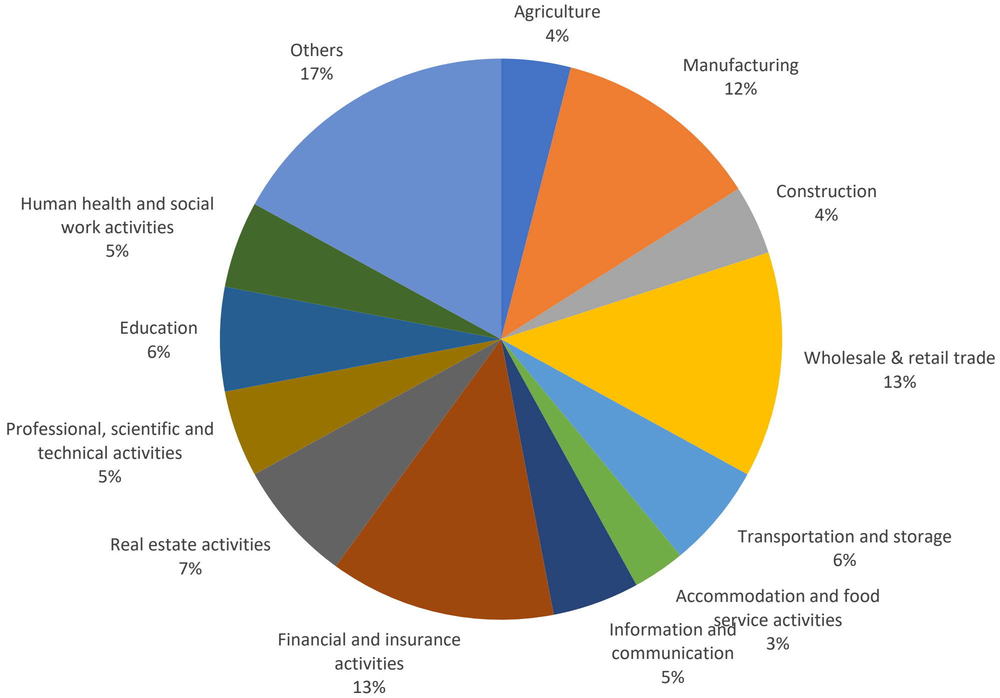
2.8. Against the backdrop of the global economic slowdown, the Mauritian economy fared relatively well in 2019 with an expansion in real GDP of 3%. Most economic sectors registered positive growth, except textile and tourism that were affected by the general worldwide slowdown. Financial services, construction, retail trade, professional activities and ICT were the main contributors to growth. The unemployment rate dropped consistently since 2016 to reach a low of 6.7% in 2019. Inflationary pressure remained subdued with the headline inflation rate going down from 3.2% in 2018 to 0.5% in 2019.The budget deficit in FY 2019/20 stood at 11.8%. Public sector debt to GDP ratio increased to 83.4% at end June 2020 due to higher government debt combined with a lower GDP denominator.

2.3 Contribution of Main Sectors to the Economy

2.9. The Mauritian economy has undergone significant structural changes over the years to adapt and maximize on new developments around the world. Thus, it has successfully transitioned from a monocrop to a well-diversified economy. Mauritius has been classified as a high-income country by the World Bank in 2020 (based on 2019 data). Today, there are more than ten different sectors supporting the economy, including sugarcane, textile manufacturing, financial services, tourism, ICT, seafood, medical hub, knowledge centre of excellence, renewable energy, construction, creative industry and luxury real estate. The diversification of the country has to a large extent strengthened the resilience of the economy to external shocks.

2.10. The chart below illustrates the contribution of main sectors to the Mauritian economy in 2020.

Chart 2.1 Gross value-added (GVA) composition, 2020



2.4 Sectoral Performance

2.11. Table 2.3 shows the real growth rates of main sectors of the economy. The construction sector registered high growth rates during the past three years following contractions in the preceding years due to the implementation of a number of major road infrastructure projects by Government as well as real estate development projects by the private sector. The financial services and ICT sectors have been growing at above 5%, albeit at a slower pace than in previous years. Wholesale and retail trade has recorded sustained growth averaging 3.3% in the past four years.

2.12. The agricultural sector recovered from a contraction of 1.3% in 2018 to a positive growth of 4.1% in 2019. This was driven by the sugarcane sector as output was higher than in 2018. The manufacturing sector grew at a slower pace in 2019 due to moderate expansion in the food processing and other manufacturing activities. The textile sector continued to contract due to lower external demand. Accommodation and food service activities registered negative growth of -1.1% in 2019 as the number of tourists visiting Mauritius dropped from 1.40 million to 1.38 million. Growth in education and health services were slightly lower in 2019 compared to the previous year.

Table 2.3 Gross domestic product-sectoral real growth rates (% over previous year), 2013-19 in selected sectors

	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture, forestry and fishing	0.5	3.7	0.3	3.7	-0.2	-1.3	4.1	-2.6
o/w Sugarcane	-2.2	-3.5	-3.8	5.2	-7.9	-9.1	2.4	-18.1
Manufacturing	4.7	1.8	0.1	0.3	1.5	0.7	0.5	-17.8
o/w Sugar	0.4	0.8	-5.1	6.6	2.4	-19.0	9.3	-17.2
Food (excluding sugar)	-0.3	2.4	3.0	1.4	0.5	3.4	1.3	-11.9
Textile	2.6	4.2	-2.8	-5.8	-0.7	-6.8	-5.9	-30.9
Other	12.7	-1.0	-0.2	4.8	4.5	4.7	4.4	-18.4
Construction	-8.2	-8.5	-4.9	0.0	7.5	9.5	8.5	-25.2
Wholesale & retail trade	2.8	3.0	2.8	3.0	3.1	3.6	3.4	-12.0
Accommodation and food service activities	2.9	6.1	8.7	9.2	4.6	4.1	-1.1	-65.8

	2013	2014	2015	2016	2017	2018	2019	2020
Information and communication	7.1	6.4	6.9	5.9	5.5	5.5	5.5	5.9
Financial and insurance activities	5.5	5.5	5.3	5.7	5.5	5.4	5.2	1.0
o/w Monetary intermediation	5.6	5.5	5.4	6.0	6.0	5.7	5.4	0.9
Financial leasing and other credit granting	6.5	6.5	6.3	6.5	6.5	6.5	6.3	1.2
Insurance, reinsurance and pension	4.9	5.0	4.6	5.2	4.9	4.8	5.0	2.4
Other	5.5	5.9	5.8	5.0	3.8	4.5	4.1	-1.0
Real estate activities	6.1	5.3	4.3	4.1	3.4	3.2	3.4	-1.9
Professional, scientific and technical activities	6.9	5.5	5.1	5.7	5.3	5.1	5.1	-14.4
Administrative and support service activities	8.1	7.9	6.7	5.9	5.8	5.7	5.2	-19.9
Education	1.6	2.6	3.1	0.8	1.8	2.4	1.0	-4.1
Human health and social work activities	5.3	6.8	3.6	2.2	4.5	4.1	3.2	-0.8
Arts, entertainment and recreation	7.7	6.8	4.8	4.7	4.7	4.6	4.2	-31.0
Gross Domestic Product as market prices	3.4	3.7	3.6	3.8	3.8	3.8	3.0	-14.9

Source: Statistics Mauritius.

2.5 Balance of Payments

Table 2.4 Current account (balance of payments), 2014-20

(MUR million)

	2014	2015	2016	2017	2018	2019	2020
Current account	-21,237	-14,724	-17,448	-21,059	-18,995	-27,058	-54,400
GDP market prices	392,062	409,893	434,765	457,201	481,256	498,273	429,435
Current account as a % of GDP	-5.4	-3.9	-4.0	-4.6	-3.9	-5.4	-12.7
Overall balance of payments	23,019	19,960	26,227	28,315	16,618	32,834	-21,058

Source: Bank of Mauritius.

2.13. Mauritius has continually run a current account deficit. As a ratio to GDP, the current account deficit varied between 3.6% and 5.4% over the period 2014 to 2019 and has remained adequately financed given that the country recorded overall balance of payments surpluses over the period.

2.14. This is explained by the high deficit in trade in goods which varied between 18.2% and 24.1% during the period 2014 and 2019. Exports of goods has continuously declined from 24% of GDP in 2014 to 15.8% in 2019. On the other hand, import of goods has average 40% of GDP over the review period.

2.15. The deficit in the goods account was partly offset by a surplus in trade in services which has been supported mostly by the tourism sector. Tourism earnings recorded noticeable growth from 2014 to 2018 while a slight contraction was noted in 2019. As a ratio to GDP, the surplus in the services account ranged between 5.9% and 7.5% between 2014 and 2019.

2.16. The visible trade deficit was further offset by the surplus in the income account, which has been on an upward trend between 2014 and 2019, mainly driven by the income generated through the global business licence holders (GBLH) sector.

2.17. Net inflows of investment and loans in the capital and financial account were more than adequate to finance the current account deficit. This led of a surplus in the overall balance of payments ranging from 3.5% of GDP to 6.6% during the period 2014-19.

2.6 Trade in Goods

Exports

2.18. Europe is the main export market for Mauritian products accounting for some 45% of total exports of goods in 2019. However, this share has declined over time due to diversification of markets.

Table 2.5 Exports of goods by Mauritius to main markets, 2014-20

(MUR million)

Country of destination	2014	2015	2016	2017	2018	2019	2020
Europe	38,398	36,196	37,292	35,310	30,048	29,698	**27,509**
o/w United Kingdom	10,903	10,696	9,382	8,469	7,546	7,328	**6,115**
France	9,203	8,087	8,943	8,421	6,964	6,271	**4,868**
Africa	15,650	18,154	17,715	18,126	18,256	17,908	**17,221**
o/w Madagascar	5,294	5,616	5,700	4,738	4,143	4,684	**4,150**
South Africa	5,770	7,496	6,353	6,453	7,386	6,948	**7,187**
United States	8,515	9,092	8,739	8,035	8,015	7,106	**5,844**
Asia	17,546	20,845	13,001	9,185	10,005	10,593	**9,086**
Total exports	**81,176**	**85,890**	**78,105**	**71,662**	**67,266**	**66,351**	**60,528**

Source: Statistics Mauritius.

2.19. As shown in Table 2.5 Europe recorded a decline in its share of exports of goods from 47.3% in 2014 to 45% in 2019. The drop was mostly driven by the decrease in exports to United Kingdom and France.

2.20. At the same time, the share of exports to the African market has registered a significant increase from 19.3% in 2014 to almost 27% in 2019. The South African and Kenyan markets have registered good progression over the review period. Table 2.6 below shows the top export markets for the period 2014-2020. As an individual market, the UK remains the main buyer of Mauritian products with the US occupying the second place for the year 2019.

Table 2.6 Exports of goods to top 10 countries, 2014-20

(MUR million)

	2014	2015	2016	2017	2018	2019	2020
United Kingdom	10,903	10,696	9,382	8,469	7,546	7,328	6,115
United States	8,515	9,092	8,739	8,035	8,015	7,106	5,844
South Africa	5,770	7,496	6,353	6,453	7,386	6,948	7,187
France	9,203	8,087	8,943	8,421	6,964	6,271	4,868
Madagascar	5,294	5,616	5,700	4,738	4,143	4,684	4,150
Italy	5,244	4,756	5,576	4,880	3,097	3,644	3,961
Spain	4,260	3,830	3,500	3,874	3,500	2,937	3,415
Netherlands	2,055	2,283	2,522	2,416	2,830	2,601	2,686
Kenya	164	677	1,161	1,817	1,944	1961	1,914
Reunion	2,033	1,803	1,817	2,151	2,104	1,715	1,680
Other	27,735	31,554	24,412	20,408	19,737	21,156	18,708
Exports of goods[a]	**81,176**	**85,890**	**78,105**	**71,662**	**67,266**	**66,351**	**60,528**

a Exports of goods exclude ship's stores and bunkers.

Source: Statistics Mauritius.

2.21. Exports of food and live animals, as a proportion of total export of goods, increased from 30.8% in 2014 to 35.3% in 2019, mainly as a result of higher exports of fish and fish preparations whose share went up from 17.2% to 20.2%. The share of manufactured goods, particularly materials, also increased from 10.5% to 14.4% during the period, with textile yarns, fabrics, and made-up articles accounting for 7% of exports compared to 4.5% in 2018. The share of exports of miscellaneous manufactured articles increased marginally from 37.7% to 38.2% during the review period. However, within that category the share of articles of apparel and clothing accessories in total exports dropped from 30.4% to 29.1% and that of jewellery was more than halved from 1.9% to 0.8%.

Imports

2.22. Total imports increased from MUR 172 billion in 2014 to MUR 199 billion in 2019. However, in 2015 and 2016, imports fell mainly due to the significant decline in oil prices.

Table 2.7 Imports by Mauritius from main markets, 2014-20

(MUR million)

Country of origin	2014	2015	2016	2017	2018	2019	2020
Asia	97,975	93,234	87,857	92,432	103,309	107,585	90,475
India	37,225	29,822	27,292	29,646	35,161	27,579	15,859
China	27,789	30,317	29,300	29,675	31,818	33,234	27,573
Europe	40,299	38,603	41,103	46,555	48,032	52,333	44,141
France	13,087	11,954	12,876	14,373	15,630	13,818	11,946
Spain	5,972	5,214	4,922	5,833	3,796	6,208	5,868
United Kingdom	3,048	3,678	3,595	3,811	4,261	6,016	3,264
Africa	18,411	20,160	22,260	25,734	26,101	25,432	19,994
South Africa	11,345	11,123	12,384	15,392	17,705	16,008	12,741
Seychelles	1,120	1,872	2,517	2,708	1,877	2,244	2,024
Egypt	1,016	818	1,003	1,146	1,159	1,421	1,196
United States	2,658	2,693	3,491	4,288	4,663	4,009	2,724
Australia	4,367	4,325	3,247	3,779	3,446	2,728	2,692
Total imports	**172,038**	**168,023**	**165,423**	**180,867**	**192,438**	**198,639**	**166,268**

Source: Statistics Mauritius.

2.23. As shown in Table 2.7, more than half of the imports were sourced from the Asian continent. However, this share has been on a declining trend from almost 57% in 2014 to 54.2% in 2019. The two main suppliers from the Asian continent for the year 2019 were China (16.7%) and India (13.9%). The share of imports from Europe increased from 23.4% in 2014 to 26.3% in 2019. Belgium, United Kingdom, Germany and Italy recorded an increase in their market share while the share of imports from France, Spain and the Russian Federation declined. The share of imports from Australia almost halved during the review period. In contrast, the share of imports from the United States went up from 1.5% to 2%.

2.24. Table 2.8 below shows the top 10 import sources of Mauritius. The main suppliers were: China, India, and South Africa. The sharp increase in imports from United Arab Emirates for the year 2019 was due to import of petroleum and related products.

Table 2.8 Total imports of goods (c.i.f.) from top 10 countries, 2014-20

(MUR million)

	2014	2015	2016	2017	2018	2019	2020
China	27,789	30,317	29,300	29,675	31,818	33,234	27,573
India	37,225	29,822	27,292	29,646	35,161	27,579	15,859
South Africa	11,345	11,123	12,384	15,392	17,705	16,008	12,741
United Arab Emirates	3,220	2,702	3,076	3,849	6,579	14,161	20,394
France	13,087	11,954	12,876	14,373	15,630	13,818	11,946
Spain	5,972	5,214	4,922	5,833	3,796	6,208	5,868
Japan	3,925	4,144	5,135	6,048	5,981	6,143	4,899
United Kingdom	3,048	3,678	3,595	3,811	4,261	6,016	3,264
Germany	4,326	3,990	5,115	4,847	5,442	5,960	5,377
Italy	3,521	3,661	3,757	4,050	4,349	4,662	4,022
Others	58,580	61,418	57,971	63,343	61,716	64,850	54,325
Total	**172,038**	**168,023**	**165,423**	**180,867**	**192,438**	**198,639**	**166,268**

Source: Statistics Mauritius.

2.7 Trade in Services

Exports

2.25. In line with the objective of transforming the country into a services-oriented economy, exports of services rose by 17.5%, from MUR 89.0 billion in 2014 to MUR 104.7 billion in 2019. As a ratio to GDP, exports of services hovered around 23% but dropped to 21% in 2019. The main services exported are tourism and travelling, Technical, trade-related, and other business services, transport, ICT services and financial services.

Imports

2.26. Import of services has increased from MUR 65 billion in 2014 to MUR 75 billion in 2019. As a ratio of GDP, imports of services averaged 16.2% during the period 2014-19. The main services imported are tourism and travelling, transport, and Technical, trade-related, and other business services.

	2014	2015	2016	2017	2018	2019	2020
Exports of Services	89,030	95,812	100,462	105,090	109,142	104,652	50,265
Imports of Services	65,051	71,593	72,933	75,075	72,819	75,036	51,145
Net Exports of services	**23,979**	**24,219**	**27,529**	**30,015**	**36,323**	**29,616**	**-880**

Source: Ministry of Finance, Economic Planning and Development. Bank of Mauritius.

2.8 Foreign Investment

Gross Direct Investment Flows

2.27. The Gross Foreign Direct Investment (GFDI) flows in Mauritius have been over MUR 18 billion during the period 2014-19, except for 2015. The GFDI inflows rose to MUR 21.3 billion in 2019, compared to MUR 18.5 billion in 2014. The "Real estate activities" sector remained the major recipient of direct investment inflows, surging from MUR 6.2 billion in 2014 to MUR 16.1 billion in 2019, supported by the introduction of various schemes with the aim to sustain the inflows of FDI for further development of the sector. Under the "Real estate activities" sector, the IRS/RES/IHS/PDS/SCS[2] component amounted to MUR 14.0 billion in 2019, compared to MUR 4.0 billion in 2014. The "Financial and insurance activities" sector, being one of the key economic pillars of the economy and the second largest recipient of FDI, attracted MUR 0.5[3] billion in 2019. Inclusive of the outcomes of the Foreign Assets and Liabilities Survey (FALS), GFDI inflows into the "Financial and insurance activities" sector totalled MUR 6.0 billion in 2018, representing 30.2% of the total inflows, higher than the MUR 2.0 billion recorded in 2014.

Table 2.9 Gross direct investment flows in Mauritius by sector (excluding global business sector), 2014-19 (annual) and first quarter 2020

(MUR million)

Sectors	2014	2015	2016	2017	2018	2019 [a]	2020 (Q1-Q3)[a]
Manufacturing	991	792	1,609	929	683	362	1,623
Construction	602	1,246	700	1,234	257	15	2
Accommodation and food service activities	5,986	1,939	1,478	1,867	1,211	70	35
Financial and insurance activities	1,978	494	2,269	7,467	6,045	534	203
Real estate activities	6,177	8,498	9,976	8,800	9,631	16,148	6,620
of which IRS/RES/IHS/PDS/SCS	4,038	6,842	7,936	5,775	8,064	14,030	5,113

[2] IRS/RES/HIS/PDS/SCS: Integrated Resort Scheme/Real Estate Scheme/Invest Hotel Scheme/Property Development Scheme/Smart City Scheme.

[3] For 2019, direct investment inflows to the "financial and insurance activities" sector exclude estimates from the annual Foreign Assets and Liabilities Survey (FALS).

Sectors	2014	2015	2016	2017	2018	2019 [a]	2020 (Q1-Q3)[a]
Other	2,763	757	2,129	2,045	2,218	4,208	597
Total	**18,497**	**13,726**	**18,161**	**22,342**	**20,045**	**21,337**	**9,080**

a Preliminary estimate. The data would be revised in the wake of the results from future FALS and are therefore not strictly comparable with prior years' data.

Note: The data for 2014 to 2018 have been supplemented with results obtained from the annual Foreign Asset and Liabilities Survey (FALS) and include also reinvested earnings and shareholders' loans. The data for 2019 include the Banks' estimates for FALS and will be reallocated once FALS results are finalized.

Source: Bank of Mauritius.

2.28. GFDI abroad has been almost over MUR 4 billion between 2014 to 2019 and mostly oriented towards the manufacturing, financial services and tourism sectors. The majority of these investments were directed to the African continent, in line with the strategy of domestic corporates to expand their activities in a bid to enhance their regional presence. In 2019 GFDI outflows, inclusive of an estimate from Foreign Assets and Liabilities Survey (FALS), amounted to MUR 3.8 billion, with MUR 0.9 billion being directed to the "Financial and insurance activities" and MUR 0.7 billion to "Accommodation and food services activities" sectors. GFDI abroad have been estimated at MUR 0.7 billion in the first quarter of 2020, with a significant amount being channelled to the African continent (MUR 0.5 billion).

Table 2.10 Gross direct investment flows abroad by sector (excluding global business sector), 2014-19 (annual) and first quarter of 2020

(MUR million)

Sectors	2014	2015	2016	2017	2018	2019[a]	2020 (Q1-Q3)
Agriculture, forestry and fishing	254	799	285	284	34	30	11
Manufacturing	503	330	1,381	1,555	2,881	200	226
Accommodation and food service activities	1,446	919	920	596	270	689	800
Financial and insurance activities	609	1,136	95	1,168	1,283	939	78
Real estate activities	409	286	448	587	210	292	164
Other	2,792	1,688	1,274	262	522	1,696	208
Total	**6,013**	**5,158**	**4,402**	**4,452**	**5,200**	**3,846**	**1,487**

a Preliminary estimate. The data would be revised in the wake of the results from future FALS and are therefore not strictly comparable with prior years' data.

Note: The data for 2014 to 2018 have been supplemented with results obtained from the Foreign Asset and Liabilities Survey (FALS) and include also reinvested earnings and shareholders' loans. The data for 2019 include the Banks' estimates for FALS and will be reallocated once FALS results are finalized.

Source: Bank of Mauritius.

3 OVERVIEW OF KEY ECONOMIC SECTORS

3.1 Agriculture

3.1. The Agricultural Sector in Mauritius has followed a declining trend in line with the structural transformation of the economy from a monocrop economy to a fully diversified economy.

Structure of the Mauritius Agriculture Sector

3.2. In the past, the sugar industry dominated agricultural production in Mauritius. As much as 90% of arable land on the main island was planted with sugar cane in the last 1960s. At the time of independence in 1968, sugar represented 30% of the GDP and 90% of the value of exports. Agriculture, excluding forestry is dominated largely by sugar cane cultivation. In 2019, nearly 45,054 hectares of agricultural land were harvested area to sugar cane production, about 7,334 hectares to food crops, nearly 656 hectares to tea.

3.3. The contribution of agriculture to the national GDP was estimated at 3.3% (2019) and the share of the sugar sector in Agriculture was around 13%. Agricultural production activities are undertaken by both the corporate sector and a large number of small farmers providing employment to some 40,300 persons.

3.4. Mauritius is a Net-Food Importing Developing Country (NFIDC), and imports about 77% of its food requirements. The gap between local food production and consumption continued to widen during the past 5 years resulting in an increasing dependency on imported food. Indeed, the value of its imports of agricultural products in 2019 was nearly MUR 40 billion, compared to an export value of MUR 19 billion. The value of Mauritius' exports of sugar was MUR 6 billion compared to MUR 13 billion for other non-sugar exports. Products imported included meat, milk and dairy products, cereals including wheat and rice, certain vegetables and fruits (like potatoes, onions, pulses, apples, oranges and grapes), coffee, tea and spices, and oils and beverages.

3.5. With a view to achieving food self-sufficiency, encouraging the export of high value crops, and developing the agro-processing sector, various policies have been implemented within the non-sugar sector since the mid-1970s. Mauritius is only self-sufficient in the production of fresh vegetables, poultry meat and eggs.

3.6. There is also a newly emerged group of farmers growing fruits and flowers and mainly servicing exports markets which are seemingly lucrative. Some of the farmers have vertically integrated into food processing hence adding value to their products. This has enhanced diversification in this sector. Fresh fruits, flowers and foliage are the major agricultural products exported from Mauritius. Lychees and pineapples are the leading fruit export items. Mauritius is well-known for the golden Queen Victoria variety pineapples, which are available throughout the year. A variety of anthuriums, andreanums and the other flowers are exported towards Europe, Asia, Australia and the United States.

3.7. In terms of livestock production, a significant number of people are involved in subsistence farming. However, only a small amount is produced locally. Most of Mauritius' beef requirements, as well as dairy products are imported from countries such South Africa, Australia and New Zealand. The aim of the Mauritius Government is to increase local production by modernizing the dairy sector as well as attracting investment in animal feed production. Mauritius is self-sufficient in poultry, pork and eggs. Poultry production increased by 3.2% from 47,500 tonnes in 2017 to 49,000 tonnes in 2018. In that year the production of goat meat and mutton was 61 tonnes, 8.9% higher than the figure of 56 tonnes in 2017, while pork production decreased by 10.4% from 606 tonnes in 2017 to 543 tonnes in 2018.

3.8. Mauritius is also engaged in the production of tea. However, due to an increase in the cost of producing tea and low prices on the international markets, the production of tea in Mauritius has decreased. Output of manufactured tea declined by 11.7% in 2018, while the quantity of tea exported decreased by 30.4% from 47.0 metric tonnes in 2017 to 32.7 tonnes in 2018, and export earnings declined by 16.9% from MUR 13.6 million to MUR 11.3 million. The area under cultivation totalled 656 ha in 2018 compared with 622 ha in 2017 and 672 ha in 2014.

3.9. Government plans to promote the local production of food crops, agro-processing, and smart agriculture to improve food security in Mauritius. In the 2020-2021 budget, the Government announced the development of a National Agri-Food Development Programme that aims to reduce dependence on imports. It was also announced that a centralized land bank would be set up to supply land for agricultural production. Over the past few years, the Government has been supporting planters in a bid to promote organic farming. The Development Bank of Mauritius (DBM) provide loans at the concessional rate of 0.5% per annum to farmers in order to encourage them in agricultural production.

3.10. These loans include:

- New Agricultural Loan Scheme up to MUR 105 million to finance all agricultural projects.

- Mechanization Loan Scheme Up to MUR 1 million for the acquisition of machinery and farm equipment.

- Seeds and Seedlings Loan Scheme Up to MUR 1 million to encourage planters to invest in seeds and seedling production.

- Agro Industry Loan Scheme Up to MUR 105 million to invest in the transformation, processing and packaging of agricultural produce.

- Backyard Gardening Loan Scheme Up to MUR 25,000 to encourage housewives to have backyard gardening and roof top gardening.

3.2 Manufacturing Sector

3.11. Manufacturing is an important sector of the Mauritian economy, and is currently the largest employer with the highest concentration of jobs in the textile and apparel industry. Mauritius aims at establishing an industry 4.0 ecosystem, which is *sine qua non* condition for the development of a modern and competitive manufacturing sector.

3.12. The manufacturing sector comprises the Export Oriented Enterprises (EOE) Sector and the Domestic Oriented Enterprises (DOE) Sector, which caters essentially for the local market. The sector which comprises of 239 Export Oriented Enterprises (EOEs) and 344 large Domestic Oriented Enterprises (DOEs), provides employment to some 96,200 persons, which represented around 17% of the total workforce in 2019 (as demonstrated in Table 3.1).

Table 3.1 Employment in the manufacturing sector, 2015-20

	2015	2016	2017	2018	2019	2020
Total manufacturing (excluding sugar)	99,500	97,300	96,300	96,100	95,300	
of which EOE	53,601	52,602	52,172	49,866	44,160	36,736
Non-EOE	45,899	44,698	44,128	46,234	52,040	

Source: Ministry of Industrial Development, SMEs and Cooperatives. Statistics Mauritius.

3.13. The Export Oriented Enterprises sector employed some 36,736 persons including 17,616 expatriates.

3.14. As illustrated in Table 3.2, textile and clothing accounted for about 53% of the total exports in 2019 followed by fish and fish preparations (23%). In recent years, there has been diversification towards the production of jewellery (including processed diamonds) and medical devices which contributed 9% and 3% out of total exports respectively. Table 3.2 summarizes data on the main subsector of the EOE for the period 2015 to 2019.

Table 3.2 Summary of main export-oriented enterprise (EOE) items, 2015–20

Exports (MUR . Mn)	2015	2016	2017	2018	2019	2020
Textile & Apparel	26,766	24,284	22,856	22,799	22,165	18,706
Fish & Fish preparations	9,549	10,213	10,918	10,658	9,838	9,331
Precious, semi-precious stones, Jewellery & related items	5,584	3,744	2,855	3,480	3,978	2,602
Medical Devices	665	747	785	922	1,161	1,210
Total EOE Exports	**48,487**	**44,422**	**43,027**	**43,311**	**42,319**	**37,385**

Source: Ministry of Industrial Development, SMEs and Cooperatives. Statistics Mauritius

3.15. The main export markets for manufactured products from Mauritius are United Kingdom, South Africa, United States and France. It is noted that exports of EOEs amounted to MUR 42,319 million in 2019 compared to MUR 43,311 million in 2018.

Contribution to the Economy

3.16. Table 3.3 illustrates key indicators for the manufacturing sector. The contribution of the sector to Gross Domestic Product stood at 12.4% in 2019. The Gross Value Addition in the manufacturing sector amounted to MUR 54.58 billion and the manufacturing output stood at MUR 128.6 billion in

2019. The contribution of the manufacturing sector to the GDP has been on a declining trend between 2015 and 2019 due to a lack of sustainable investment.

Table 3.3 Key indicators for the manufacturing sector, 2015-20

	2015	2016	2017	2018	2019	2020
Contribution to GDP at current market prices (%)						
Manufacturing excl. sugar	14.6	13.8	13.3	12.8	12.4	12.0
EOE	5.8	5.2	4.9	4.6	4.3	4.2
Non-EOE	8.8	8.6	8.4	8.2	8.1	7.8
Growth rate (%)						
Manufacturing excl. sugar	0.0	0.0	0.2	0.1	0.1	-17.8
EOE	-3.1	-5.1	0.3	-4.5	-5.6	-21.3
Gross Value-Added Billion	-53.4	53.9	54.0	54.6	54.6	46.0
Manufacturing Output	127.2	126.4	126.7	128.5	128.6	108.0

Source: Ministry of Industrial Development, SMEs and Cooperatives. Statistics Mauritius.

Performance of the Sector

3.17. Mauritius has successfully charted its way in becoming a major textile and apparel exporter. Export of textile yarn and fabrics increased from 15,812 tonnes valued at MUR 3.22 billion in 2018 to 18,907 tonnes amounting to MUR 4.0 billion in 2019. The production of shirts, trousers, t-shirts, and pullovers/cardigans remains a predominant activity and accounts for around 85% of exports. Other items include swimwear, lingerie, and babywear. However, it is noted that export of clothing items decreased from MUR 19.58 billion in 2018 to MUR 18.37 billion in 2019. The fish and fish preparations sector is the second major activity of the export sector, accounting for about 23% of exports and 9% of employment. This sector is mainly dominated by the production of canned tuna, accounting for around 90% of exports of fish and fish preparations. Other products include tuna pouches, frozen loins and fish.

3.18. In line with Government's Vision 2030, presented in 2015, a lot of emphasis is being laid on revamping the manufacturing sector through the diversification of the industrial base, and the adoption of a strategy focusing on high value-added manufacturing. The key sectors linked to the high-tech value-added manufacturing activities include pharmaceutical, medical devices, high precision engineering, light engineering (metal and non-metal fabrication), printing & packaging, electronics, paints and chemicals, and technical textiles (non-garments), amongst others.

Challenges

3.19. The manufacturing industry is constantly subject to intense competition on the global market. Domestic oriented enterprises are also subject to growing competition in view of the openness of the Mauritian market. External challenges are linked to competition mainly from large-scale low cost suppliers, currency fluctuation, logistics, non-tariff barriers, competitiveness issues and regular connectivity constraints.

3.20. Besides, the sector is confronted with a deficiency in technological uptake resulting in low research, development and innovation, increasing labour costs and an outdated fleet of production machinery and equipment.

3.21. The manufacturing sector is still heavily dependent on textile and clothing. Concentration on the four traditional clothing items, namely shirts, trousers, t-shirts and pullovers, remains a major challenge.

Industrial Policies and Strategies

3.22. In order to address these challenges, an Industrial Policy and Strategic Plan (IPSP) for Mauritius for the period 2020-25 has been elaborated with the technical assistance of the United Nations Conference on Trade and Development (UNCTAD).

3.23. The main recommendations focus on reinforcing the very foundation of the manufacturing base, upgrading of value chains, increasing domestic market supply, supporting regional and global export growth and facilitating the absorption of advanced technology.

3.24. Specific sectoral action plans have also been developed for various sub-sectors of manufacturing, including textile and clothing, food processing, fish preparations, medical devices, pharmaceuticals, jewellery and related items and SMEs. For instance, the textile and clothing sector is constrained by a shortage of skilled labour, a high dependence on expatriates and low productivity. In order to propel this subsector, the Government is developing programmes to build human capital that would respond to the industry and market needs and promote technology upgrading and modernization.

3.25. In addition to the introduction of more robust standards, accreditations, and certification processes, Mauritius plans to upgrade the IT infrastructure in relation to the major industry sectors to adhere to industry 4.0 technologies (big data storage and analysis, virtual reality, visual recognition, machine learning and artificial intelligence, additive manufacturing, use of nano-technology and smart materials).

3.3 Blue Economy

3.26. Mauritius including its outer islands of Rodrigues, St Brandon, Agalega, Tromelin and Chagos Archipelago boasts a largely untapped Exclusive Economic Zone (EEZ) of 2.3 million square kilometres. The ocean economy sector currently contributes to around 11% of the GDP with its main contributors being coastal tourism (8.1% of GDP), marine leisure, seafood related activities and seaport related activities.

3.27. Tapping into the economic potential of the ocean — while at the same time protecting this resource — requires thoughtful policy, planning and management. With this in mind, the Government in its "Vision 2030" Strategy has stated the vision to transform Mauritius into an Ocean State by promoting the "blue economy "as one of its main pillars of development. The strategy is to work on the consolidation of traditional activities but also develop emerging ones such as aquaculture, maritime services, marine biotechnology and oil & gas exploration.

3.28. A new Ministry of Blue Economy, Marine Resources, Fisheries, and Shipping has been created in 2019 by bringing under one roof all ocean – related matters, enable better coordination and management of ocean-related activities.

Fisheries and Aquaculture

3.29. The fisheries and the aquaculture sector remain one of the mainstays of the Blue Economy and is expected to assume new roles as an economic pillar. Fisheries and aquaculture currently represent about 1% of the GDP and has a turnover of about MUR 20 billion. Employment in the sector was around 9,000 in 2019.

3.30. In 2019, the total production of fish amounted to 37,428 tonnes out of which 74.5% was caught by the Tuna Fishery, 8.6% came from aquaculture, 11% from the coastal fishery and 5.9% from the offshore demersal fishery.

Table 3.4 Production data on fisheries and aquaculture

Fisheries catch (t) / year	2014	2015	2016	2017	2018	2019	2020
Coastal	3,704	4,088	4,161	4,243	4,055	4,095	3,441
Offshore demersal fishery	2,388	1,805	1,870	2,119	1,969	2,212	1,394
Tuna fishery	8,719	9,864	12,183	18,578	23,350	27,887	18,124
Aquaculture	774	771	1,017	1,249	2,052	3,234	2,296
Total	**15,585**	**16,528**	**19,231**	**26,189**	**31,426**	**37,428**	**25,255**

Source: Statistics Mauritius and Ministry of Blue Economy, Marine Resources, Fisheries and Shipping.

3.31. Exports stood at about MUR 13.4 billion which represent about 17% of the total exports. In 2019, a total of 162,000 tonnes of fish and fish products valued at about MUR 10 billion were imported. Some 12 to 15 % of the total import is meant for domestic consumption while the remaining goes to the fish processing factories.

3.32. Over recent years, Mauritius has developed a Seafood Hub and a centre of fishing business in the Western Indian Ocean. It has integrated shipping, reefer vessel charter, quay space, cold storage, and seafood processing, marketing and distribution into a special zone.

Seaport Activities

3.33. Mauritius is strategically located at the intersection of several main shipping lanes ideal for hub and transhipment to East Africa and other Indian Ocean Islands as well as relay transhipment for longer distance routes. As the principal gateway of the country, Port-Louis plays a vital role in the national economy by handling about 99% of the total volume of the external trade. All strategic imports such as food and petroleum products, raw materials for the textile industry and major exports such as sugar and textile, transit through the harbour. In 2019, some 50,993 tonnes of fish were transhipped at Port-Louis harbour. Over the past decades, the port has been transformed into an economic nerve centre, with modern port equipment, a dynamic Freeport, extensive port-based facilities together with an impressive waterfront and dedicated cruise facility.

3.34. The port traffic registered an increase of 10.2% in FY 2018/19 to reach a record level of 8.4 million tonnes of cargo. Similarly, total container traffic reached a new peak of 482,695 twenty-foot equivalent unit (TEUs) in FY 2018/19 representing an increase of 20.5% over last year's corresponding figures. Unfortunately, with the impact of the COVID-19 pandemic as from March 2020, the port traffic dropped to 7.7 million tonnes for FY 2019/20, while the total container traffic also registered a decline of 11.0% to reach a figure of 429,525 TEUs.

3.35. The strategic objective of the Government of Mauritius is to make the Port-Louis Harbour well equipped, professionally managed and constantly upgraded, in order to maintain high productivity and enhanced service levels at competitive rates. To achieve this objective, it is pursuing a policy of improvement and opening to the outside world. In the same manner, it is encouraging further investment in the ports to respond to the growing needs of the shipping lines and other port stakeholders.

Challenges Facing the Blue Economy

3.36. Mauritius, being a small Island Developing State faces numerous challenges such as the impact of climate change, overfished lagoon, limited capacity for stock assessment, surveillance of its huge EEZ and combating Illegal, Unregulated and Unreported (IUU) fishing amongst others. Moreover, the country is facing difficulties to acquire relevant expertise and sophisticated equipment for the development of its marine biotechnology, marine renewable energy as well as oil and gas exploration.

3.37. Mauritius also ambitions to emerge as a regional maritime, logistics and business hub and has upgraded and modernized its port infrastructure. However, lack of financial resources is posing an impediment to further consolidation of strategic assets and extension of the port infrastructure.

Strategies to Promote the Mauritius Blue Economy

3.38. To unlock and realize the country's ocean potential in a sustainable and inclusive manner, consultations are ongoing between different institutions with a view to improving existing policies, including administrative and legal framework. The objective is to support the development and facilitation of projects in sectors where investment and trade opportunities exist fishing, seafood processing and aquaculture, deep ocean water applications, marine services (vessel registration, marine finance, marine ICT and marine tourism, seaport related activities and marine renewable energies).

3.39. In order to modernize the fisheries sector, the Fisheries and Marine Resources Act which was promulgated in 2007 is being reviewed and amended to consolidate the law relating to the management, conservation, protection of fisheries and marine resources and protection of the marine ecosystems in line with our international obligations. With a view to sustainably exploit and protect marine species such as lobsters, squid, and other small commercial pelagic fish species, Mauritius intends to undertake stock assessment surveys.

3.40. In addition, Mauritius is constructing a breakwater which will provide a sheltered basin at Fort William for the safe mooring of around 120 ocean going fishing vessels. This will improve fish operations in the harbour and rationalizing the parking of idle fishing vessels for safety and security reasons, 3.41. Besides, the Government of Mauritius is also putting a lot of emphasis on surveillance of the EEZ to detect and deter illicit activities, including IUU fishing. In this context, the Vessel Monitoring System Regulations (2005) will be reviewed and updated in line with new international obligations to provide for maximum usage of information gathered through this system to combat IUU fishing.

3.42. With regards to the seaport facilities, a state-of-the-art Vessel Traffic System (VTS) is currently under implementation and the facility including radars will be used for managing and controlling the vessel traffic in the Port.

3.43. Furthermore, with a view to streamlining the documentation pertaining to port activities and to transform Port-Louis into a Smart Port, Mauritius is setting up a Maritime Single Window (MSW) whereby vessels calling at Port-Louis Harbour will undergo more rapid, simplified and rationalized means of clearance prior to entering the port.

3.4 Tourism

Status of the Sector

3.44. The tourism sector is a key economic pillar contributing substantially towards the development and prosperity of Mauritius especially in terms of job creation, foreign exchange earnings and infrastructure development. The tourism sector is linked to various related activities namely Hotel and Restaurants, Transport (including Air Transport) as well as Tour Operators. The tourism sector is critical to the Mauritian economy as the industry which emerged in the late 1970s triggered a paradigm shift from a monocrop economy (relying on sugar exports) to a more diversified economy. Tourist earnings amounted to MUR 135 million in 1975 while in 2019, the sector generated MUR 63.1 billion as revenue.

3.45. The consolidation of the sector was pursued throughout the years. In the 1990's, the 'Hotel and Restaurants' sector's contribution to GVA amounted to 3.9% while in 2019, the contribution reached for 8.1%. The progress is indicative of massive investment injected in the sector over the years.

Table 3.5 Overview of the tourism industry

	2014	2015	2016	2017	2018	2019	2020
Tourist arrivals	1,038,334	1,151,252	1,275,227	1,341,860	1,399,408	1,383,488	308,980
Contribution to GDP	7.50%	7.90%	8.30%	8.50%	8.60%	8.10%	2.10%
Revenue generated (million Rupees)	44,304	50,191	55,867	60,262	64,037	63,107	17,664
Exports of tourism goods and services as a % of total exports	26.30%	29.40%	33.50%	35.70%	38.80%	39.10%	n/a

Source: Statistics Mauritius.

3.46. As shown in Table 3.5 tourist arrivals experienced continuous expansion from 2014 to 2018. However, in 2019, tourist arrivals experienced a decrease of 1.1% as compared to the year 2018. Tourist arrivals by air declined by 1.6 % from 1,359,688 in 2018 to 1,338,235 in 2019. Those arriving by sea improved by 13.9% from 39,720 to 45,253. The same trend applies to the contribution of the tourism sector to the Gross Domestic Product (GDP) over the review period 2014-19. The sector accounted for 8.1% of the country's GDP in 2019 compared to 8.6% in 2018. Accordingly, gross earnings generated by the tourism industry continuously increased from 2013 to 2018 but experienced a 1.5% downfall in 2019.

3.47. The tourism sector is an important employment creator. As at March 2019, 31,287 persons were employed by large tourism establishments i.e. those establishments employing more than 10 persons. This figure represents an average annual growth rate of 1.3% in job creation from 2014 to 2019. The estimated direct employment in the tourism sector for 2019 was 77,444 which represented 13.3% of total employment.

3.48. Exports of tourism goods and services comprise locally produced goods and services purchased by non-resident visitors in the country. It accounted for around 39% of the country's total exports of goods and services in 2018. Comparatively, manufactured goods of the export-oriented enterprises represented around 23% and sugar around 3%, hence showing the crucial importance of tourism for Mauritius.

3.49. In 2019, the country's principal tourist markets were France (21.8%), United Kingdom (14.9%), Germany (10.2%) and Reunion Island (9.9%) and accounted for 42% of total tourist arrivals. Table 3.6 below shows the performance of tourist arrivals for our main markets.

Table 3.6 Tourist arrivals – main countries

Countries	2013	2019	% change	Annual growth rate (%)
France	244,737	302,038	+23%	+4
United Kingdom	97,963	141,520	+44%	+6
Réunion Island	143,174	137,570	-4%	-1
Germany	60,433	129,100	+114%	+13
South Africa	94,137	118,556	+26%	+4
India	57,253	75,673	+32%	+5
People's Rep. of China	41,909	42,740	+2%	0
Total main markets	**739,606**	**947,197**	**+28%**	**+4**

Source: Statistics Mauritius.

3.50. Overall, tourist arrivals from our main markets registered an average annual growth rate of 4% from 2013 to 2019 prior to the COVID-19 pandemic.

3.51. Each of our main markets recorded a positive annual growth rate ranging from +4% to +13% with the exception of Réunion Island which experienced a downfall of 1%. France and UK top the list of our main markets while tourist arrivals from Germany more than doubled. The 4% annual growth rate improvement of the South African market also needs to be highlighted in light of the market diversification strategy of the Ministry of Tourism.

Challenges Faced by the Sector

3.52. At domestic level, the tourism industry is faced with shortage of skilled labour while on the external front, the sector is exposed to fierce competition from similar island destinations in the region.

3.53. Prior to the outbreak of the COVID-19 pandemic, market concentration was a major challenge for Mauritius. In fact, the country is largely dependent on European visitors, with France being its largest market. The aim of Government is to further diversify its market base and focus on new markets such as China and India.

3.54. For instance, better market diversification opportunities can arise in light of the Mauritius-China Free Trade Agreement. Both countries have agreed to deepen cooperation in the tourism sector to increase inbound visitors to each country. The promotion of cruise tourism and stop-overs in both Mauritius and China is another opportunity which would be tapped by both parties.

3.55. Moreover, as an island State, one of the main challenges faced by Mauritius is air connectivity which is vital to the positive evolution of the tourism sector. The gradual opening of the sky has resulted in a surge of air seats from 1.8 million in 2014 to 2.4 million in 2018. This has greatly contributed to the consolidation of Mauritius' traditional markets and to the penetration of new markets where air connectivity is now available.

Way Forward

3.56. In line with the objectives highlighted in the Government Vision 2030 to make the tourism sector become more resilient, a new Strategic Plan 2018-2021 was undertaken.

3.57. The Strategic Plan titled 'Adapting to the changing global environment' covered transformational changes in a number of areas which include product development, connectivity, institutional and policy framework as well as human resources development.

Inclusive and Sustainable Tourism Development

3.58. Inclusive and sustainable tourism development is being used as a main tool to address prevailing challenges.

3.59. As a Small Island Developing State, Mauritius is among the ten most vulnerable countries prone to disasters in the world. With a view to lowering carbon emissions, a strategic greening of the tourism sector is being undertaken. This ensures a continuation of the process towards elimination of unsustainable environmental practices throughout the tourism value chain, by targeting all economic activities directly or indirectly related to the tourism industry.

3.60. Mauritius has been given the world's first ever global safety and hygiene stamp of approval for safety protocols by the World Tourism Travel Council. The specially designed stamp will allow travellers to recognize governments and companies around the world which have adopted health and hygiene global standardized protocols so consumers can experience 'Safe Travels'.

3.61. Furthermore, under the concept of Inclusive Tourism Development, Government will ensure that the active participation of local community is enlisted right from the planning stage of new tourism projects.

3.62. The action plan of the Ministry of Tourism also focuses on meeting the changing needs and preferences of travellers. Given the fact that the core tourism product of Mauritius is the "Sun, Sand and Sea", the country plans to further diversify the services provided in its tourism sector.

3.63. On this basis, the development of broader tourism product portfolio is being worked out to add to the classic offer to include domestic tourism, medical tourism and cultural tourism, amongst others.

3.64. Furthermore, a 'Long Stay Tourism Strategy' is being implemented whereby Government has introduced a new Premium Visa, valid for a period of one year and renewable to encourage visitors to come to Mauritius for long stays. This measure will be a lifeline for the travel and tourism sector in the middle of global travel disruptions following the outbreak of COVID-19.

3.5 Financial Services

3.65. The financial sector plays a pivotal role in the domestic economy. The 'financial and insurance activities' sector performed relatively well compared to other sectors of the economy. The growth rate of the sector averaged 5.4% in the past few years.

3.66. One of the major characteristics that distinguishes the Mauritian financial sector from its peers, is the extensive network of Double Taxation Avoidance Agreements (DTAAs) and Investment Promotion and Protection Agreements (IPPAs) with several countries including India, Congo, Botswana and Belgium, among others.

3.67. The country's financial system comprises the banking institutions and non-bank financial institutions (NBFIs). These non-bank institutions range from offshore companies to insurance companies.

Mauritius International Financial Services (MIFC)

3.68. The sector is regulated by a number of institutions including, *inter alia*, the Financial Services Commission, the Financial Intelligence Unit, the Stock Exchange of Mauritius, Financial Reporting Council, and works in close collaboration with various professional associations.

3.69. The main sub-sectors regulated in the non-banking financial services sector are:

i. Global Business and Management Companies

3.70. The global business sector in Mauritius represents a major segment of the financial services industries on the island, which has grown significantly over the past two decades. Global Business Corporations (GBCs) are the legal structures that many international clients use to establish themselves in the Mauritian jurisdiction to access international financial services from Mauritius.

ii. Insurance-related Business

3.71. The country enjoys one of the highest insurance penetration ratios in Africa. Mauritius boasts a dynamic insurance sector offering customers a comprehensive range of insurance products and solutions, and provides financial planning to meet their demands and strategic goals.

3.72. With regard to the Reinsurance sector, it is categorized into domestic and global. Mauritius provides great opportunities of becoming a reinsurance hub whereby companies can domicile their businesses in Mauritius.

3.73. The captive insurance segment comes in the form of protected cell companies and conventional captive insurance companies.

iii. Capital Market

3.74. One of the main players of the Mauritian capital market sector is the Stock Exchange of Mauritius ('the SEM'). The SEM was established as a private company in 1989. With the coming into force of the Securities Act in 2007, the SEM became a demutualized exchange and a public company since 6 October 2008. It is currently one of the two licensed securities exchanges in the country, the other one being AFRINEX LIMITED. SEM's infrastructure is fully automated, from trading to settlement, and its operations are in line with best international standards. It is a member of the World Federation of Exchanges since 2005 and has been live on Bloomberg since 2009. SEM is one of the premier exchanges in Africa and one of the few to offer multicurrency listings (securities can be listed, traded and settled in USD, EUR, GBP, ZAR and MUR). The settlement cycle is T+3.

3.75. Another key player in the capital market ecosystem is the Central Depository and Settlement Co Ltd (CDS), a subsidiary of the SEM. Launched in 1997, CDS provides centralized depository, clearing and settlement services for Mauritian capital markets It is licensed by the Financial Services Commission as a clearing and settlement facility. The CDS operates in line with the Principles for Financial Market Infrastructures issued by the Committee on Payment and Settlement Systems (CPMI) of the Bank for International Settlements and the International Organization of Securities Commissions (IOSCO).

iv. Investment Funds

3.76. Investment Funds in Mauritius may be structured *inter alia* as companies, limited partnerships or trusts, and can either be open-ended funds or closed-end funds. The Mauritius International Financial Centre (IFC) proactively supports the evolving needs of the fund industry. The Funds domiciled in the Mauritius IFC are eligible to all the benefits which accrue to Global Business Corporations. Fund Managers may additionally benefit from tax holidays subject to stringent criteria being met. The regulatory landscape facilitates the provision of fund management services and fund administration services to global funds. Global Funds domiciled in Mauritius may also take advantage of the flexible listing rules of The Stock Exchange of Mauritius Ltd (SEM) to list on one of the leading platforms in Africa. Indeed, the SEM is a member of a number of international bodies, including the World Federation of Exchanges, South Asian Federation of Exchanges, African Securities Exchanges Association and the Committee of SADC Stock Exchanges. Such listings would create value for shareholders/ investors and demonstrate substance, notably to institutional investors and development finance institutions.

3.77. The current framework is being updated to improve the competitiveness of the investment fund industry. The proposed changes to the framework include the introduction of Variable Capital Companies (which is a new type of structure for funds) and specific regimes for Real Estate Investment Trusts (REITs). A new framework for Special Purpose Funds has just been issued. The Securities Act and CIS Regulation will also be reviewed so as to bring more flexibility as well as better protection to investors.

v. Private Pensions

3.78. The Private Pension Schemes Act 2012 (PPSA), promulgated in 2012, governs the regulation and supervision of private pension schemes in Mauritius. Under section 5 of the PPSA, the Financial Service Commission (FSC) Mauritius has been designated as the single regulator and supervisor of the private pensions industry in Mauritius. The FSC is mandated to ensure that private pension schemes operating in Mauritius comply with the relevant laws in order to maintain a fair, safe, stable and efficient private pension industry.

Performance Indicators for the Financial Services Sector

3.79. As shown in Table 3.7, 'Financial and insurance activities' registered an average growth rate of 5.4% over the period 2013 to 2019 while real GDP grew, on average, by 3.7%. 'Monetary intermediation' and 'financial leasing and other credit granting' and 'insurance, reinsurance and pension funding' maintained their growth momentum from 2013 to 2019, with an average growth rate of 5.7%, 6.4% and 4.9% respectively. Growth in the subsector 'other financial intermediaries' dropped from 5.5% in 2013 to 4.1% in 2019. The contribution of 'financial and insurance activities' to GDP hovered around 12% from 2013 to 2019. 'Monetary intermediation' remains the main contributor to the sector, followed by 'financial leasing and other credit granting'. The share of Global Business as a percentage of Gross Value-Added slightly declined from 6.2% in 2013 to 5.8% in 2018.

Table 3.7 Real GDP growth rate for financial services sector, 2013-20

	2013	2014	2015	2016	2017	2018	2019	2020
Financial and insurance activities	5.5	5.5	5.3	5.7	5.5	5.4	5.2	1.0
ow/Monetary intermediation	5.6	5.5	5.4	6	6	5.7	5.4	0.9
Financial leasing and other credit granting	6.5	6.5	6.3	6.5	6.5	6.5	6.3	1.2
Insurance, reinsurance and pension	4.9	5	4.6	5.2	4.9	4.8	5	2.4
Other	5.5	5.9	5.8	5	3.8	4.5	4.1	-1.0

Source: Statistics Mauritius.

3.80. Growth in the 'financial and insurance activities' sector moderated to 5.2% in 2019, from 5.4% in 2018. The 'monetary intermediation', 'financial leasing and other credit granting' and 'other financial intermediaries' sub-sectors registered lower growth of 5.4%, 6.3% and 4.1%, respectively. The 'insurance, reinsurance and pension' subsector expanded by 5.0% in 2019 compared to 4.8% in 2018 (Table 3.7).

3.81. The MIFC contributes almost USD 1 billion to GDP (8% of total) and USD 180 million in tax revenues (8% of total) and provides more than 13,500 jobs. Leveraging on its state of the art infrastructure, modern and innovative legal framework and conducive ease of doing business regime, the Mauritius IFC offers an array of legal vehicles and competitive financial products and services, including private banking, global business, insurance and reinsurance, limited partnerships, limited liability partnerships, protected cell companies, trust and foundation, investment banking and global headquarter administration, amongst others. Table 3.8 gives a quick overview of the contribution of the Non-Banking Financial Services Sector to the economy.

Table 3.8 Overview of the non-banking financial services sector[4]

	Latest data available	Source
Contribution of Financial and Insurance Activities	13% to GDP (for year 2020)	Statistics Mauritius

[4] For the definition of Authorized Companies and Global Business Corporations, please refer to the following extract from FSC website: https://www.fscmauritius.org/en/statistics/statistics/global-business) and the Financial Services Act 2007.

For the definition of Global Business: Mauritius offers two types of offshore licences to international investors, namely the Global Business Licence and the Authorized Company Licence.

For the definition of Global Business Licence: The Global Business (GB) is a regime available in Mauritius for resident corporations proposing to conduct business outside Mauritius. GB is regulated under Section 71 (1) of the Financial Services Act 2007 (FSA).

	Latest data available	Source
		– National Accounts Dec. 2020 Issue
Number of Global Business Corporations[b] (GBCs)	12,041 (as at December 2020)	FSC Mauritius
Number of Management Companies	186 (as at December 2020)	FSC Mauritius
Number of Category 2 Global Business Companies	6,524 (as at December 2020)	FSC Mauritius
Number of Authorized Companies	1,925 (as at December 2020)	FSC Mauritius
Pension Schemes	69 (as at December 2020)	FSC Mauritius
Insurer[a]	37 (as at December 2020)	FSC Mauritius
Captive insurer[a]	6 (as at December 2020)	FSC Mauritius
GBC Assets[b]	529 (USD billion) (as at September 2020)	FSC Mauritius
SEM-Market Capitalization	13 (USD billion) (as at December 2020)	SEM Factbook 2021

a Includes entities operating under both domestic and Global Business (GB) regimes.
b Includes Category 1 Global Business Corporations and Global Business Corporations (GBCs)

Source: Financial Services Commission.

3.82. The number of institutions regulated by the Bank of Mauritius stood at 40 in December 2019, compared to 44 in December 2013. The number of ATMs in operation declined slightly from 450 in December 2013 to 448 in December 2019 (Table 3.9).

Table 3.9 List of institutions regulated by the bank of Mauritius, as at 31 Dec.

	2013	2019
Bank holding a Bank Licence	21	20
Institutions other than banks which are licensed to transact deposit taking business	8	8
Cash dealers licensed to transact the business of money-changer	10	6
Foreign exchange dealer	5	6
Total	**44**	**40**

Source: Monthly Statistics Bulletin, December 2013 and 2019.

3.83. Total number of cards in circulation maintained its uptrend, rising by 26.1% from 1,465,759 in December 2013 to 1,848,699 in December 2019. The number of credit cards and debit rose by 18.3% and nearly 12%, respectively, from December 2013 to December 2019.

3.84. According to the June 2020 National Accounts estimates, 'financial and insurance activities' grew by about 1.0% in 2020 based on lower expected global business activities. The outbreak of the COVID-19 pandemic at the start of 2020 has adversely impacted global economic activity. Mauritius being a small open economy, the disruption in global activity has led to a severe contraction in the domestic economy. 'Financial and insurance activities' grew by 0.2% in 2020Q2, lower than the 4.3% registered in the previous quarter.

Challenges

3.85. Mauritius allocates a lot of resources to ensure that the sector operates in the best possible conditions. The relevant regulators and policy makers have to remain abreast with international best practices and closely monitor the financial system. One the biggest challenges remain the risk of money laundering and financing of terrorism as well as other forms of abuse of the financial system.

3.86. The constant changes in international regulatory requirements has been one of the biggest challenges to the MIFC. Moreover, individual countries are becoming increasingly restrictive and often amend their laws which leads to a lot regulatory uncertainty in the industry.

3.87. Financial Technologies (FinTech) has also disrupted the financial market in recent years as more advanced tools and financial products enter the market. Artificial Intelligence is changing the

Authorized Company: As per Section 71A (1) of the FSA 2007, an Authorized Company is a regime proposing to conduct business or conducts business principally outside Mauritius and has its central management and control outside Mauritius.

way the industry functions and likely to impact on employment. New products and technologies require constant changes to the policy, regulatory and licensing environment.

3.88. In view of making Mauritius a high value-added and reputable financial services centre in the region, the Government of Mauritius has invested a lot of resources to reform the sector and implement international best practices. To that effect, the following reforms were undertaken by Government:

i. Abolition of the Category 2 Global Business Licence

3.89. In line with the OECD'S BEPS initiatives, Government decided to abolish GBC two company licences. The changes were implemented with the enactment of the Mauritius Finance (Miscellaneous Provisions) Act 2018 (Finance Act) and saw the previous regime of Global Business Category 1 and 2 (GBC1, GBC2) Licences abolished from 1 January 2019. Now, companies may apply for a Global Business Licence or an Authorized Company (AC) licence.

ii. Abolition of the Deemed Foreign Tax Credit

3.90. The taxation of companies operating in the global business sector has been reviewed. The Deemed Foreign Tax Credit ("DFTC") regime available to GBC1s has been abolished as from 1 January 2019 and GBCs will thereafter be taxed at the rate of 15%.

iii. Online Submission Platform (OSP) by the FSC

3.91. The Online Submission Platform (OSP) has been implemented at the level of the FSC and is independent from other government initiatives. It allows Management Companies and other applicants to submit applications for licence on an online platform. It also allows payment of fees online through Electronic Payment Instructions, and provides an interactive platform amongst Government agencies (notably the Corporate and Business Registration Department – the CBRD).

iv. Centralized KYC ('CKYC')

3.92. Another relevant facilitation tool which is still at initial stage is the Centralized KYC ('CKYC') (introduced in the Budget Speech 2016). The project is now facilitated by the BOM with the help of the FSC. One of the aims of the CKYC is to increase the ease of doing business by creating a repository for KYC which will be shared with relevant authorities and licensees.

v. Compliance with International Standards

3.93. To enhance its transparency and collaboration framework, in 2017, Mauritius signed the OECD's Multilateral Instrument. Mauritius is rated as fully compliant with the OECD standards on transparency and exchange of information for tax purposes. Following reforms undertaken in 2018, the OECD, through the Forum on Harmful Tax Practices, that the global business regime does not comprise any harmful features.

3.94. In June 2015, Mauritius signed the OECDs' Multilateral Convention on Mutual Administrative Assistance in Tax Matters, and currently has an exchange information mechanism with 127 jurisdictions. Mauritius has put in place the necessary mechanism to ensure that information on ownership, accounting information and banking information are always maintained, can be accessed by the Government authorities and can be shared with foreign authorities.

3.95. Mauritius has committed to the implementation of the Common Reporting Standard (CRS), the automatic exchange of tax and financial information and the Intergovernmental Agreement with the United States for the implementation of the Foreign Accounts Tax Compliance Act (FATCA).

vi. National Code of Corporate Governance

3.96. The National Code of Corporate Governance for Mauritius was launched in 2017. The code comprises a set of principles and guidance aimed at improving and guiding the governance practices of organizations within Mauritius. The following eight corporate governance principles have been designed to be applicable to all organizations covered by the Code:

- Governance Structure
- The Structure of the Board and its Committees;
- Director Appointment Procedures;
- Director Duties, Remuneration and Performance;
- Risk Governance and Internal Control;
- Reporting with Integrity;
- Audit;
- Relations with Shareholders and Other Key Stakeholders.

vii. Financial Action Task Force (FATF) Recommendations

3.97. The FATF Plenary in February 2020 placed Mauritius on the list of "Jurisdictions under Increased Monitoring" commonly known as the grey list. At that Plenary, Mauritius took a high-level political commitment to implement the FATF Action Plan within agreed timelines.

3.98. While the FATF has set the deadline for Mauritius to complete the implementation of the FATF Action Plan by January 2022 with the possibility to exit the FATF process in June 2022, Government is committed to complete the process much earlier and is aiming for an exit as soon as possible.

3.99. The implementation of the FATF Action Plan is a national priority. Government is committed at the highest level and Mauritius has left no stone unturned in implementing the Action Plan which relates to improving the level of effectiveness in our AML/CFT regime.

3.100. At the FATF Plenaries held in October 2020 and February 2021, the FATF commended Mauritius for the progress achieved and encouraged Mauritius to continue the implementation of its Action Plan.

3.101. Mauritius submitted its third progress report to the FATF Africa and the Middle East Joint Group (AMEJG) in April 2021. In line with FATF procedures, the Report was analysed by the AMEJG.

3.102. Together with the submission of different progress reports, three virtual face to face meetings were held between the Mauritian delegation and the AMEJG in September 2020, January 2021 and May 2021.

3.103. At the May 2021 face to face meeting, the Mauritian authorities successfully attended to all questions and clarifications raised by the Reviewers of the AMEJG.

3.104. Subsequently, at the beginning of June 2021, the AMEJG concluded that Mauritius has substantially completed its Action Plan well ahead of the agreed deadline and made a recommendation to the FATF International Cooperation Review Group (ICRG) for an onsite visit to Mauritius.

3.105. Following this, the FATF, at its virtual Plenary held from 21-25 June 2021, made "the initial determination that Mauritius has substantially completed its Action Plan and warrants an onsite assessment to verify that the implementation of Mauritius's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future". This is a determining step towards exiting the FATF grey list.

3.106. The FATF will now conduct an onsite visit at the earliest possible date following which a decision will be taken by the FATF, at its Plenary scheduled for October 2021, on the delisting of Mauritius from the grey list.

3.107. It is expected that Mauritius will be removed from the EU list of High Risk Third countries about 6-8 weeks after its exit from the FATF list.

viii. Good Governance

3.108. In 2015, a Good Governance and Integrity Reporting Act were enacted and an Integrity Reporting Services Agency (IRSA) was established to promote transparency, good governance and integrity in Mauritius as well as to investigate cases on unexplained wealth. In addition, to encourage a culture of integrity and to prevent corruption, a new Declaration of Assets Act for Members of Parliament and high-ranking public offices was enacted in 2018.

3.109. In order to remain competitive with the fast-growing global financial services sector, Mauritius has undertaken a number of development projects to promote new areas of financial services with the private sector and aims to provide the right regulatory framework to promote investment and innovation in the sector. The following initiatives are of particular interest for the future of the sector:

Fintech

3.110. Innovation-driven financial services is at the forefront of furthering Mauritius as a dynamic financial system equipped with novel ways of doing business and managing finance. To that end, the following regulatory changes were made:

- Introduction of Sandbox Licence for investors to conduct a business activity for which there exists no legal framework.

- Recognition of 'Digital Assets' by FSC as an asset-class for investment by sophisticated and expert investors.

- Establishment of the regulatory approach for Security Token Offerings (STOs).

- Introduction of the Financial Services (Peer to Peer Lending) Rules 2020 (the 'P2P Lending Rules') provides a sound and efficient regulatory environment to support the offer and execution of Peer to Peer ("P2P") Lending for the benefit of stakeholders in the non-bank financial services sector of Mauritius.

Green Finance

3.111. The Financial Services Commission of Mauritius (FSC) has signed the Marrakech Pledge, a coalition of African capital market regulators and exchanges committed to acting collectively in favour of green finance. The Marrakech Pledge aims at enabling an operational framework for regulators to substantially scale up green market-based financing to fight climate change. It has been at the forefront of the development of green finance in Africa, helping private and public issuers of bonds and equity raise finance for sustainable projects. The intention of the Government to come up with a framework for fostering green finance is one of the measures to diversify the jurisdiction's product offering.

3.112. Along the same line, the Government of Mauritius is developing a Sustainable Financing Framework which will cater for the issuance of new product offerings in terms of green, blue or sustainability bonds on the Stock Exchange of Mauritius. Funds raised will be used for the financing of sustainable development projects, such as projects geared towards energy efficiency, clean transportation and sustainable waste management amongst others.

Mauritius IFC Blueprint 2030

3.113. In line with the Mauritian Government's Vision 2030 to double the size of the financial sector and to ensure the sustained development of the sector, a Blueprint was mapped by the Government with the Financial Services Commission focused on the vision for the next 10 years. It comprises of the development of main areas of the financial sector such as private banking, corporate banking and cross-border investment, amongst others.

3.6 ICT and E-Commerce

3.6.1 ICT/BPO

3.114. The ICT/BPO industry represents a key driver of the Mauritian economy with a GDP contribution of 5.8% in 2019 and employing around 27,000 people.

Contribution to the Economy

Table 3.10 Key Statistics-ICT Sector, 2015-20

	2015	2016	2017	2018	2019	2020
Value-added in the ICT Sector (MUR million)	21,137	21,970	22,894	24,248	25,473	26,693
Value-added in the ICT Sector as a % of GVA (Gross Value-Added at current basic prices)	5.8	5.7	5.7	5.7	5.8	7.0
Growth rate in the ICT Sector (%)	7.1	5.4	4.4	5.3	5.1	3.9

Source: Statistics Mauritius.

3.115. As indicated in Table 3.10, over the past five years, the contribution of the ICT/BPO sector to GDP has remained more or less constant hovering around 5.8%. The growth rate of the sector has been declining over the years from 7.1% in 2015 to 5.1% in 2019. However, the value-added in the ICT sector has been increasing, namely from MUR 21.1 billion in 2015 to MUR 25.47 billion in 2019. Overall, despite a slower growth rate, the ICT sector is a meaningful contributor to the GDP of Mauritius.

3.116. The ICT/BPO industry has played a phenomenal role in driving employment creation and growth over the past 15 years. It is today shaping the future of the Mauritian economy by transcending barriers, creating significant strides in building economic linkages with other drivers of growth and bringing greater innovation and high-tech start-up companies to its shores. From Financial services and Fintech, Education and Health services, Smart cities to Real estate development, the ICT sector is more than ever participating in the growth momentum of these sectors and its relevance and contribution is becoming more prominent and pronounced. The industry now comprises 850 companies and employs 27,000 people.

3.117. Though the BPO segment remains the largest employer, the sector witnessed an increase in companies offering various services such ranging from Fintech to cybersecurity.

3.118. The Mauritian ICT/BPO industry has reinvented itself since its beginning from a low cost, low-skill and transactional based destination. The industry, which is more than two decades old, has demonstrated its ability to innovate in order to maintain its growth trajectory. The sector has exhibited rapid evolution in terms of geographical expansion, new client acquisition and adoption of innovative models to offer a considerably wider spectrum of services over the years. Over the years, the industry focus has shifted towards value-added services focused on innovation.

3.119. Companies have reviewed and adapted their operating models to evolving developments in automation, data analytics, and cloud technologies. The year 2019 witnessed the rise of technology start-ups and the emergence of category leaders in areas of Robotics, Analytics, Edu-tech, Health-tech, Fintech, etc.

3.120. The industry is critical to the nation's economic growth as a driver of productivity and efficiency. In this respect, Government is also placing a very strong focus on establishing the missing pieces of the desired outsourcing ecosystem by strengthening the interaction between industry and key authorities. The objective is to ensure that Mauritius is well poised to capitalize on new technologies and be an early adopter, as well as play a role in inventing and bringing new technologies to market.

ICT Infrastructure and Access

3.121. In terms of ICT infrastructure, there are currently 2 fixed line operators, 3 mobile operators, and 11 internet service providers. The island is connected to 3 fibre-optic submarine cables, namely, the South Africa Far East (SAFE) and the Lower Indian Ocean Network (LION1/LION2), and the Melting Pot Indian Oceanic Submarine system (METISS) which offers high-speed internet connection. International internet bandwidth capacity has increased from 153 megabits per second in 2005 to 144,973 in 2020.

3.122. With respect to ICT access, there has been a rise across fixed telephone, mobile cellular, and internet subscriptions over the past years. Mauritius has approximately a 151.09% mobile phone penetration rate (1,912,900 subscriptions).

Key Trends

3.123. The year 2019 has also observed the following key trends:

- An increased demand for more digital interactions with an omni-channel customer service was also noted within the BPO segment, and Robotic process automation (RPA) represents a high growth area in terms of new technology;

- Convergence of ITO and BPO offerings was also noted with service providers emerging as strategic partners and increasingly offering complete solutions that include the resources and the technology platforms required to underpin their clients' business process requirements;

- Increased demand for cloud computing which also encompass Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS);

- The advent of emerging technologies such as artificial intelligence, blockchain, IOT and cloud computing among others has also been witnessed leading to the creation of innovation labs within the financial and banking segment.

ICT Hub

3.124. Mauritius has emerged as an international and competitive ICT destination and is steadily positioning itself as the innovative hub of region. A growing number of foreign firms are setting up bases in Mauritius to conduct ICT and ICT-related activities. These companies engage in a wide range of activities including software development, call centre operations, BPO, information technology- and web-enabled services, training, hardware assembly, sales, networking, consultancy, multimedia development, and other support services. Major international ICT players, including Oracle, Microsoft, IBM, HP, Orange Business Services, Accenture, Infosys, Concentrix, SD Worx, Ceridian, and Allianz Services among others, have set up operations and development centres in Mauritius.

Rankings

3.125. The latest available figures from the ICT Development Index (IDI) indicate that Mauritius, with a score of 5.88 in 2016, ranked first among African countries.

3.126. According to the E Government Development Index (collected from UN Department of Economic and Social Affairs), Mauritius is in the high-class group in this index and remains a regional frontrunner.

Challenges and Way Forward

3.127. One of the biggest challenges facing the industry is talent shortage. For firms to expand their business activities, it is crucial that they have access to skilled manpower. Necessary efforts are being deployed for greater partnerships between the private sector, educational and training institutions, and key stakeholders and policymakers in the ICT sector.

3.128. Other issues currently being tackled by Government include: promotion of competition in the ICT sector; use of new technologies in the digital transformation of Mauritius and the promotion of digital literacy in the population.

3.6.2 E-Commerce

3.129. Mauritius aims at adopting relevant policy actions in view of a coherent strategy on E-Commerce. At the outset, it is important to point out that Mauritius is in compliance with international best practices in areas such as electronic transactions framework, electronic payments, open government data and cybersecurity. Over the recent years, Mauritius has enacted and amended several legislations on data security, protection of privacy, intellectual property rights and cybersecurity to promote growth in the ICT industry. This has encouraged a growing number of foreign companies to set up operations in Mauritius. Ongoing developments in the digital space currently offers the country the possibility of embracing new opportunities in fields such as cloud services and digital health technologies.

3.130. However, there are some areas that require improvements. The legal framework on logistics services, for instance, will require adjustment to better mirror best practices, and to also ensure efficient cross-border trade between Mauritius and its trade partners. Furthermore, Mauritius does not have consumer protection law crafted specifically for E-Commerce with a view to protecting consumers from deceptive and fraudulent commercial conducts and to provide redress to traders, among others. There are ongoing consultations at domestic level with a view to coming up with an action plan which would enable the development of a digital ecosystem in Mauritius. As matters stand, the Ministry of Commerce and Consumer Protection is preparing a new consumer protection framework which will cater for E-Commerce.

COMESA Online Platform

3.131. In 2020, as part of the COMESA initiatives on e-commerce, the COMESA Secretariat launched an online platform for Member States to exchange and share information on the availability of essential goods within the region as part of the response measures to mitigate the effects of the pandemic. The portal is a COVID-19 business facilitation solution with the main objective of connecting buyers to suppliers, thereby promoting regional intra-COMESA trade.

Indian Ocean Commission (IOC) and APEI Online Database of Suppler and Buyers

3.132. An online database of supplier and buyers was setup under the *project COVID-19 Recovery through Trade* which aimed at providing targeted support for economic recovery and guaranteeing supplies of critical medical equipment in Accelerated Programme for Economic Integration (APEI) and IOC countries. The database contains a list of COVID-19 related supplies and is restricted only to business operators registered on the system.

Virtual Trade Promotion Platform in Mauritius

3.133. The establishment of a virtual trade promotion platform by the Economic Development Board (EDB) comes at a time when global trade has been severely impacted by the current COVID-19 pandemic. This virtual platform primarily aims to showcase Mauritius products and position Mauritius as a sourcing destination for high value-added products. To this end, the platform will provide opportunities for buyers, suppliers, agents, distributors to connect and schedule B2B meetings with local manufacturers.

3.134. Products on display include aluminium and related products, cosmetics, perfumes and beauty care products, chemicals, electrical appliances and other machineries and equipment, fertilizers, furniture, medical devices, optical products, jewelleries, iron and steel products, plastic products, printing and packaging products and soaps and other detergents amongst others.

4 INVESTMENT CLIMATE AND STREAMLINING OF REGULATORY PROCEDURES

4.1. Mauritius considers that a thriving business climate is fundamental to attract investment, create employment and economic growth. To that end, Government undertook bold administrative, institutional, and legislative reforms to ease doing business in the country. The improved business environment has been well reflected in various international ratings, namely, the World Bank's Doing Business Report 2020, which ranks Mauritius 13th out of 190 economies in terms of ease of doing business.

4.2. A summary of some of Mauritius international ratings are listed in the table below:

Table 4.1 Investment-related international ratings for Mauritius

Indexes	Worldwide	Africa
Doing Business Report 2020	13th	1st
Global Competitiveness Index 2019 – World Economic Forum	52nd	1st
Economic Freedom of the World 2020- (Fraser Institute)	7th	1st
Mo Ibrahim Index of African Governance 2019	N/A	1st
Global Innovation Index 2020	52nd	1st
2020 Index of Economic Freedom – Heritage Foundation	21st	1st

Amendments in the Business Facilitation Act

4.3. Two Business Facilitation (Miscellaneous Provisions) Acts were enacted in 2017 and 2019 respectively, amending over 50 legislations, to reduce the cost of doing business and to align Mauritius with best practices in doing business. Concurrently, the trade infrastructure to speed up information exchange and provide relevant clearances was also upgraded with the introduction of electronic systems for processing of import and export permits and the setting up of a coordinated border management mechanism.

4.4. The amendments pertaining to trade introduced in the Business Facilitation (Miscellaneous Provisions) Act 2017 are as follows:

- Reducing the number of items requiring import and export permits;
- Reducing the scope of pre-market approvals for food items;
- Waiving the import permit fees for the import of plants;
- Reducing dwell time in the port.

4.5. The Business Facilitation (Miscellaneous Provisions) Act 2019 brought the following amendments to expedite cross-border trade:

- Electronic applications for import permits through the National Single Window;
- Introduction of the notion of 'Authorized Officer' to enable delegation of powers within the relevant regulatory authorities;
- Statutory time-frame for issue of import permits by regulatory authorities;
- Goods can be released from the custody of Customs under seal and kept at the importer's premises pending clearance from the relevant government agency, in cases where verification, testing and analysis are required prior to commercialization;
- Collection and remittance of fees relating to import and export permits by Customs directly.

Digitalization of Business Licensing Processes

4.6. Mauritius has also been implementing the following landmark reforms where digitalization plays a central role:

- **National Electronic Licensing System:** The National Electronic Licensing System (NELS), which aims to be the single point of entry for business licences, was officially launched in March 2019. NELS provides transparent, rule-based access to licensing procedures, allows online submission, processing and approval of applications, and comprises a built-in audit trail as well as associated electronic payment mechanism. As at date, applications for 11 permits can be made via the system, including, the Building and Land Use Permit (BLUP), Environment Impact Assessment (EIA) Preliminary Environment Report (PER) and Occupation Permit (OP).
- **InfoHighway:** The InfoHighway is a government-owned infrastructure, designed as a service platform which allows multiple government agencies to provide their data to users from multiple number of agencies via the E-services offered on the system. The project was kick-started in April 2014. As at date there are over 131 connections between various Ministries and departments including parastatal institutions and 527 E-Services, which provide for sharing of data amongst the above-mentioned entities. Following amendments brought to The Electronic Transactions Act 2000 through The Business Facilitation (Miscellaneous Provisions) Act 2019, private sector institutions have also been allowed to connect to Info Highway.
- **Business Process Re-Engineering:** A Business Process Re-Engineering (BPR) exercise aimed at streamlining processes for not less than 150 permits and licences across 17 Ministries and other public sector agencies was conducted. The BPR exercise was completed in June 2019. The mapped re-engineered processes would be used to on-board the NELS in a phased manner.
- **Online One Stop Shop for starting a business:** Since January 2020, the Corporate and Business Registration Department (CBRD) is offering its services online. Businesses can now be registered and incorporated online and pay their trade fees remotely. The whole process can be completed within half a day. An electronic certificate of Incorporation and e-Business Registration Card have been introduced. Additionally, as part of its modernization process the CBRD has implemented the XBRL to gather information and enhance accountability.
- **Mauritius E-Registry System (MERS):** The MERS is fully operational at the level of the Registrar-General's Department. Notaries can send deeds for registration and transcription electronically to the Registrar-General for registration and transcription. The process to register a property transaction can be completed within 2 hours. Starting November 2020, all deeds must be sent electronically through the MERS.

Reducing the Cost of Doing Business

4.7. Mauritius has also engaged in reforms in view of reducing the cost of doing business by eliminating certain application fees and reviewing the cost of permit fees, and port and handling charges:

- **Reduction in cost and procedures for construction permits:** It is mandatory to submit all application for a Building and Land Use Permit (BLP) through the NELS;

- The requirement to apply and obtain plan approvals from the Central Electricity Board (CEB), Central Water Authority (CWA) and Wastewater Management Authority (WMA) prior to applying for a BLP has also been eliminated. Instead, plan approvals are sought at time of applying for a BLP. The fees applicable for plan approvals and application fee for a BLP have been eliminated;

- **Facilitate electricity connection for businesses:** To decrease the cost for businesses to obtain an electricity connection, the CEB has waived processing fees on submission of new applications and introduced a 50:50 cost-sharing principle for all commercial projects in respect of the cost associated with the extension of networks. The CEB has also implemented a fast track treatment of applications for loads below 200KVA. These measures are effective since 1 July 2017;

- **Reducing port and cargo handling fees:** The port dues and terminal handling charges for exports have been waived from July to December 2020 and reduced by 50% for the period January to July 2021.

Improving the Efficiency of Payment of Taxes

4.8. Mauritius has also undertaken several initiatives to facilitate submission of tax returns and claim VAT refund including:

- Mandatory E-filing for businesses;

- Simplification of the online form to file a tax return;

- Introduction of a fast track system to expedite processing of VAT repayment claims within 7 days;

- Introduction of the VAT Deferred Tax Payment Scheme, whereby VAT is not paid upon import of capital goods;

- Payment of social security charges is made to the Mauritius Revenue Authority;

- Development of the MRAEasy App to facilitate filing of monthly PAYE return and electronic payment of contributions using smart devices for small businesses.

Adoption of International Best Practices

4.9. In view of strengthening the rights of shareholders and the efficiency of insolvency procedures, the Companies Act and the Insolvency Act have been reviewed.

Reforms to Increase Openness

4.10. Mauritius is also aiming to increase its openness, through the review and simplification of conditions to work and live, namely:

- Extension of the validity period of Occupation Permits and Residence Permits for retired non-citizens from 3 years to 10 years;

- Extension of the validity period of Permanent Residence Permit to 20 years;

- Reduction of minimum investment criteria for Investor Occupation Permit to USD 50,000 and to USD 375,000 for a Permanent Residence Permit;

- Introduction of new categories of Occupation Permits such as Young Professionals Occupation Permits, and the Investor for Innovative start-ups;

- Reduction of eligibility criteria for a residence permit for retired non-citizen from USD 2,500 per month to USD 1,500;

- Eligibility for Residence Permit for non-citizens who have acquired immovable property for a price of USD 375,000 under the Integrated Resort Scheme, Real Estate Scheme, Invest Hotel Scheme, Property Development Scheme or Smart City Scheme.

Projects to Further Improve the Business Environment

4.11. Government has also kick-started several major projects to further improve the business environment, namely:

- **Improving the Secured Transactions Regime:** In collaboration with the World Bank, the project aims at improving access to credit to the private sector, particularly to micro, small, medium enterprises, by improving the legal and institutional frameworks governing movable asset-based lending;

- **Implementation of a Regulatory Impact Assessment Framework for Mauritius:** A Regulatory Impact Assessment (RIA) framework is being implemented by the Organization for Economic Cooperation and Development (OECD) to provide a systemic approach to critically assess the positive and negative effects of proposed and existing regulations and non-regulatory alternatives;

- **Undertaking a regulatory Review project:** Mauritius is also working on a major Regulatory Review project which aims to improve the general business climate, and review the legal framework across four key sectors of the economy: Land Use and Construction, Trade & Logistics, Tourism, and Healthcare and Lifesciences. The exercise also consists of devising the most appropriate model which best fits Mauritius for the setting up of the Single Licensing Agency under the Economic Development Board.

5 TRADE POLICY FRAMEWORK

5.1 Trade Policy Objectives

5.1. The Government Programme 2020-2024 lays emphasis on the need to re-engineer the industrial and trade policies of Mauritius, with a view to boosting trade and investment. It further provides for actions to leverage on existing trade agreements and to open up new market access opportunities, in particular in emerging economies and on the African continent.

5.2 Tariff Policy

5.2. The number of tariff lines attracting 0% of Customs duty account to 93.82% of the tariff lines as at 1 January 2021. Some core tariff information is provided below:

- The customs tariff schedule is aligned to the World Customs Organization (WCO) HS 2017 Version;

- The Tariff Schedule Contains 6,487 lines at the National Level and 5,387 at the International Level;

- The Tariff Bands are as follows: 0%, 5%, 10%, 15%, 30% and 100%. Table 5.1 provides the number of tariff lines for the main tariff bands.

Table 5.1 Tariff bands in Mauritius, as at 1 January 2021

Customs Duty (%)	Lines	%
0	6,086	93.82%
5	6	0.09%
10	37	0.57%
15	252	3.88%
30	100	1.54%
100	6	0.09%
Total	**6,487**	**100.00%**

Source: Mauritius Revenue Authority.

- The percentage of tariff lines attracting zero duty has increased from 88.87% in November 2013 to 93.82 % in January 2021;

- The percentage of tariff lines attracting *ad valorem* duties is 6.18% in January 2021;

- The simple average tariff has gone down from 1.95% in 2013 to 1.19% as at January 2020;

5.3. The table below provides a comparison between simple average final bound tariffs at the level of the WTO for both agricultural products and non-agricultural products and the simple average MFN applied tariffs (%). Mauritius has undertaken ceiling bindings for agricultural products at around 119.4% on simple average whereas the simple average MFN rate is 1.5%. For non-agricultural products, Mauritius has undertaken ceiling bindings on only 10 tariff lines at an average level of 16.6 % whereas the MFN applied rate is 0.7%.

Table 5.2 Comparison between simple average final bound tariffs at WTO level and simple average MFN applied tariffs

	Simple average final bound tariffs (%)	Simple average MFN applied tariffs (%)
All goods	86.6	0.8
Agricultural goods	119.4	1.5
Non-agricultural goods	16.6	0.7

Source: World tariff Profiles (2019).

5.3 Non-Tariff Policy

5.4. With a view to eliminating barriers to trade and to enhance trade competitiveness, the list of products being controlled at both import and export has been noticeably reduced over the years.

5.5. Importation of certain products in Mauritius require prior clearance from appropriate authorities, for instance the Ministry of Commerce and Consumer Protection for goods that falls under the Consumer Protection (Control of Imports) Regulations 2017; the Ministry of Health and Wellness for foodstuffs, beverages, pharmaceuticals dangerous chemicals and tobacco products; the Information and Communication Technologies Authority (ICTA) for telecommunications apparatus; Ministry of Agro Industry and Food security for plants and animals, the Ministry of Environment, Solid Waste Management for HCFC refrigerants and the Mauritius Police Force for arms, ammunition and explosives.

5.6. During the review period, the list of goods being controlled at import has been subject to revisions leading to elimination of the following items from the lists of controlled items: milk and canned food products; certain plastic and rubber articles; agricultural products; chemicals; certain equipment; food additives and bakery additives in general; iron sheets; and life-saving jackets.

5.7. On the export side, the list of products being controlled has been considerably reduced over the years. Under the Consumer Protection (Export Control) Regulations 2000, an export permit is required for products considered "strategic" or "sensitive" to the economy, and certain goods eligible for preferential treatment in importing countries.

5.8. As from August 2017, there are only seven items that need an export permit namely: rice; wheat or meslin flour; sand; limestone; cement; textile and textile articles for export to the United States and Canada; rough diamonds. It is to be noted that an export permit is valid for a maximum of six months.

5.4 Trade Facilitation Measures

Trade Facilitation

5.9. Mauritius views the Trade Facilitation Agreement (TFA) as an important enabler for increasing its integration and participation in the global trading system. Mauritius is thus fully committed to implement the TFA. It was the fourth country to have ratified the Agreement in 2015. Mauritius is now fully implementing all its "Category A" commitments.

5.10. Out of the 36 measures contained in the TFA, Mauritius has classified 27 as Category A, 5 as B, and 4 as C. Mauritius is now fully implementing all its "Category A" commitments and discussions with donors to obtain technical assistance to finance category "C" measures are ongoing. Unfortunately, so far, technical assistance has not been forthcoming.

Trade Facilitation Measures

5.11. A series of measures have been adopted by the Mauritius Revenue Authority Customs to reduce transaction costs and facilitate trade, over the review period can be highlighted as follows:

a. Continuous enhancement in the customs management system

- Further to the introduction of paperless transactions, only two trade documents, namely the invoice and bill of lading / airway bill, are now required at time of the electronic submission of a bill of entry at import;
- Introduction of the Inward Processing scheme and the Outward Processing scheme;
- Partial manifest may be submitted for early clearance of goods; however, a full and complete manifest should be submitted within a statutory time-frame;
- A statutory time-frame for the submission of Bill of Entry has been introduced and promote early clearance of goods by allowing submission of Bill of Entry prior to the arrival of the vessel;
- Introduction of a penalty mechanism for minor breaches and offences;
- Bill of Entry is no longer required for goods received by post and courier services for personal use irrespective of the value of the goods; the process of clearing goods at post and courier operators is being automated through an online system.
- Electronic application with respect to the administration of excise licence including the payment of licence fees is in process of being implemented;
- The fees and charges leviable by an agent with respect to the making of bills of entry, handling, unstuffing, storage, documentation, haulage services and such other tasks related to the import and export of consolidated cargo on behalf of economic operators will be regulated

b. Setting up of a coordinated border management and agency cooperation

- With a view to enhancing agency cooperation through sharing of information, the Customs Act has been amended to authorize the Mauritius Revenue Authority (MRA) to provide information on import and export data to a public agency, parastatal body or any authorized body.

- A Coordinated Border Management Unit (CBMU) has been set up at the Customs Department. Agencies and Ministries responsible for licences, permits and authorizations have been housed under one roof to promote seamless clearance of goods.

- All legislations relating to border agencies with respect of clearance of goods at border has been harmonized with respect to automation, time-frame and other procedures.

c. Deferred payment scheme (DPS)

- A DPS has been introduced whereby importers and local manufacturers can now benefit from deferred payment of duty, excise duty and taxes. These entities benefit from deferred payment of duty, excise duty for a period of at least 16 days to a maximum of 46 days.

d. VAT deferred payment scheme (VDPS)

- A VDPS has been introduced whereby the amount of VAT payable on importation of capital goods, being plant and of machinery, is deferred provided that the duty paid value of the goods is MUR 1,000,000 or more.

e. Time release study (TRS)

- Further to a TRS Workshop conducted with the assistance of the World Customs Organization (WCO), a TRS was conducted by the MRA. The findings of the TRS were released in January 2017. A second TRS has already been conducted and the report is expected for release.

f. Implementation of E-Payment

- E-Payment facility was introduced as from 2017 to provide importers with a convenient, quick and secure method of payment of duty and taxes where the payment on a bill of entry is MUR 50,000 or more. E-Payment is also acceptable where the amount is less than MUR 50,000. For the period April-2019 to April-2020, 98.5% of the total revenue has been collected electronically by the MRA.

g. Implementation of a single window for trade facilitation

- The National Single Window- Mauritius TradeLink has been introduced in order to reduce the time and cost of doing business and at the same time providing transparency at both other government agencies and Customs Department. As at date, all the 13 agencies involved in the clearance of goods at import, are already hooked to the single window for the online application, processing and approval of trade-related permits.

h. Other trade facilitation measures

- In view to remove the financial burden on economic operators, the security in form of bond is commonly being used; promote submission partial manifest for early clearance of goods before arrival of aircraft / vessel;

- Provision has been made to expedite the clearance of relief consignment and goods imported in case of natural disasters or other emergencies.

- Auction sales for goods under Customs control is being administrated electronically;

- Binding advanced origin and classification ruling has been implemented with provision for right of appeal for any person aggrieved with the ruling;

- Legal provision has been implemented to cater for importation of goods in multiple or split shipments.

5.5 Intellectual Property Rights

5.12. Given the crucial role of Intellectual Property (IP) in economic development, the Government of Mauritius has set ambitious targets to promote innovation and improve the legal environment on IP as a means to improving the business environment.

5.13. In this regard, an Intellectual Property Development Plan (IPDP) was developed in 2009 and reviewed in 2016 with the assistance of WIPO. The Plan recommended the following, among others:

- Revision of IP laws to ensure compliance with latest development on IP at the international level;
- Putting in place of a national IP policy and establishing a national policy forum including stakeholders from both public and private sector;
- Establishment of a coordination mechanism through an IP Council;
- Establishment of an empowered Industrial Property Office of Mauritius (IPOM).

5.5.1 Copyright

Copyright Act 2014

5.14. The Copyright Act 1997 was repealed and replaced by the Copyright Act 2014. The purpose of the Copyright Act 2014 was to provide for more effective protection of copyright and related rights to rights holders, the main objectives being to:

i. be compliant with the WIPO Copyright Treaty and the WIPO Performances and Phonogram Treaty;

ii. address the issues related to the internet and piracy;

iii. provide for protection to performers, producers of phonograms and broadcasting organizations and computer software and databases in addition to the current protection afforded to authors of artistic, literary or scientific work or of a derivative work;

iv. provide for limitations and exceptions in specific circumstances in relation to work;

v. provide for anti-circumvention measures and make provisions for ephemeral recordings; and

vi. provide for reproduction of published works for visually impaired persons.

Amendment to the Copyright Act in 2017

5.15. The Copyright (Amendment) Act 2017 amended certain sections of the principal Act, i.e. the Copyright Act 2014 in order to, *inter alia*:

i. make provisions regarding phonograms;

ii. increase the duration of copyright from 50 years to 70 years;

iii. make better provisions in relation to the payment of equitable remuneration in Section 35; and

iv. replacing "Rights Management Society" by "Mauritius Society of Authors" and providing for the procedure regarding its membership.

Copyright Fees

5.16. In May 2020, Government agreed to review the copyright fees charged by the Mauritius Society of Authors (MASA), by way of Regulations, in accordance with section 57(2) of the Copyright Act. With the prevailing economic conditions due to the COVID-19 pandemic, the new structure of fees would be applicable as from 1 July 2021.

5.5.2 The Mauritius Research and Innovation Council (MRIC) Act

5.17. The Mauritius Research and Innovation Council (MRIC) Act came into force on the 1 of September 2019. The main purpose of the MRIC Act is to strengthen and empower the Council to re-orient its resources and expertise towards building innovative capacities in the country, including within the private sector through collaborative partnerships.

5.18. Linkages between applied research and business are being nurtured through a National Research and Innovation Fund that serves to encourage the development of innovative products, processes and services, and helps increase investment by the public and private sectors towards addressing the scientific, technological, social and economic needs and challenges of the country. In encouraging international collaboration and exchange, the MRIC will help to enhance international connections with entities in global markets operating at the forefront of innovation and technology.

5.19. The MRIC is helping to support the growth of the economy of Mauritius through applied research, development and innovation by reinforcing commitments to strategic thrusts, including driving research and innovation excellence through competition, ensuring impact through public-private collaborations, industry-oriented Research and Development and commercialization, exploring new and emerging technologies, and developing talent and expertise through knowledge, intellectual property and technology transfer.

Intellectual Property Promotion Scheme (IPPS)

5.20. The purpose of this scheme under the MRIC is to encourage individuals, enterprises, industry and Research and Development institutions to take advantage of the mechanisms for protecting innovation currently offered by the industrial property system in Mauritius. The IPPS, which operates as a joint collaboration between the MRIC and the Industrial Property Office, aims to boost creativity and innovation through support towards applications made for the grant of patents and registration of industrial designs.

5.21. The MRIC has supported 19 industrial designs and two patent applications from local innovators.

5.5.3 Industrial Property Act 2019

5.22. In line with its Intellectual Property Development Plan (IPDP), Mauritius adopted a comprehensive legislation, the Industrial Property Act in August 2019. The new comprehensive legislation covers all aspects of Industrial Property, namely Trade Marks, Patents, Industrial Designs, Plant Breeders' Rights, Geographical Indications and Layout Design of integrated circuits. Relevant regulations are being finalized for the implementation of the new legislation.

5.23. The Act also covers Utility Models and biotechnology. The Utility model is a new form of protection for small and incremental innovation. It is aimed at motivating SMEs and small inventors to innovate. The Act also provides that a patent applicant in the field of biotechnology should disclose the source of genetic resources to be used as raw material in the production of goods.

New Institutional Set Up

5.24. The new Act provides for the establishment of an empowered Industrial Property Office of Mauritius (IPOM) with a broad mandate. The proposed IPOM will be the lead Government agency to advise on and administer industrial property laws, promote industrial property awareness, provide the infrastructure to facilitate the development of industrial property in Mauritius, devise and undertake capacity-building programs and awareness campaigns for business operators, students and the public in general. The functions of the IPOM will span well beyond those of the existing Industrial Property Office which is presently focused on registration of trademarks, patents and industrial designs. It will also coordinate with economic agencies and the business community to formulate and review Intellectual Property policies and practices to be up to date with changes taking place at the international and regional levels.

5.25. To coordinate IP matters, an Intellectual Property Council will also be established. The Mauritius Intellectual Property Council, through the involvement of all key stakeholders will coordinate Intellectual Property policy across Government as well as between the Government and the private sector to ensure coherence and consistency.

5.26. The Act also makes provision for Mauritius to adhere to a number of WIPO administered Treaties, namely:

- The Patent Cooperation Treaty (PCT) for the international registration of patents;
- The Hague Agreement for the international registration of industrial designs; and
- The Madrid Protocol to facilitate the registration of trademarks.

5.27. These Treaties would facilitate the unified and single filing procedure to protect inventions in the territories of all Parties to these Treaties, thereby reducing costs of registration done separately.

5.5.4 Accession to African Regional Intellectual Property Organization (ARIPO)

5.28. On 25 September 2020, Mauritius joined the African Regional Intellectual Property Organization (ARIPO), which is an intergovernmental organization that grants and administers intellectual property titles on behalf of its member States. It also provides intellectual property information in the form of search services, publications and awareness creation.

5.29. The accession of Mauritius to ARIPO would enable better and more rapid service delivery by its Industrial Property Office (IPO) with respect to receipt and processing of applications, especially patents. Indeed, joining ARIPO will help complement the national industrial property system in facilitating access to technical information regarding patent documents.

5.5.5 Enforcing border protection

5.30. The Customs Department of the Mauritius Revenue Authority Customs) plays an important role in the fight against counterfeiting and piracy. The task of protecting Mauritius as a reputed tourist shopping destination against the influx of fake, counterfeit and pirated goods is undertaken by MRA Customs by its presence at borders.

5.31. New legal provisions have been introduced in the Customs Act in line with the policy of the WCO concerning the implementation of the minimum protection requirement standards as recommended under Articles 51-60 of the WTO TRIPS Agreement.

5.32. These provisions lay emphasis on border measures related to application from right holders for suspension of release by MRA Customs and the enforcement of Intellectual Property Rights (IPR) on the local market.

5.33. Before the enactment of ex-officio procedures in 2015, Customs could only protect right holders who had applied for border protection with the MRA Customs. For trademarks that had no applications for suspension at the MRA Customs, no actions could be initiated.

5.34. The inclusion of ex-officio action has further enhanced the ability of the MRA Customs to combat import and export of counterfeit goods. With ex-officio powers, an officer may suspend the clearance of goods suspected to be IPR infringing based on his own professional judgment, where he has reason to believe that the right of the owner or authorized user of a patent, industrial design, collective mark or mark or copyright has been or is likely to be infringed, for an initial period of 21 working days as from the date of the notice of detention/suspension of the infringing goods.

5.5.6 Innovation

5.35. Mauritius encourages innovators to set up technology and Fintech companies under the Regulatory Sandbox Licence Scheme. The Regulatory Sandbox Licence (RSL) framework is pivotal for the development of innovative products and services, including Fintech-enabled services. The RSL is issued by the Economic Development Board.

5.36. Currently, the RSL is sought after by new businesses based on blockchain technology. Innovative companies can operate without running any risk resulting from unclear laws or lack of regulations.

5.37. Since 2016, Mauritius has started to look at developing the Fintech sector and is providing facilities for the development of this industry. Though still in the early stages, the Fintech industry is slowly developing. As a jurisdiction, Mauritius is friendly to Fintech innovation and is proactively implementing the necessary regulations to encourage the development of the Fintech industry.

5.38. The Ministry of Information Technology, Communication and Innovation, has put in place a National Innovation Framework (2018-2030).

5.39. The National Innovation Framework (2018-2030) is a unique programme of creating innovation ecosystems to transform the landscape of the Mauritian economy. The framework sets out a plan for Innovation based on integrated growth. The programmes for innovation call for coordinated efforts between the Industry and Academia and between different disciplines. R&D efforts would also be deeply rooted in an alliance between market players and academics. Such a balanced and concerted programme will ensure that innovation becomes an organic part of the Mauritian economy.

5.40. The Government, in a spirit of further reinforcing the data protection environment, has also adopted two legislations, namely, the Data Protection Act 2017 and the Data Protection (Fees) Regulations 2020.

5.6 Competition Policy in Mauritius

5.41. Mauritius recognizes that an effective competition law regime contributes to economic and social progress by addressing potential anti-competitive practices and promoting market competition. In this regard, the Competition Act 2007 (the "Competition Act") is being enforced since 2009 when the law was fully proclaimed and thus became effective.

5.42. The Competition Act has established the Competition Commission (CC) as an independent enforcement authority to promote and regulate market competition in Mauritius. The CC has the powers to, *inter alia*, investigate restrictive business practices, undertake market studies and to advise the government on matters relating to competition. So far, the CC has undertaken about 270 pre-investigations, 55 investigations, 4 market studies and advised government on several competition matters.

5.43. The CC has investigatory powers over the various forms of anti-competitive practices, which can broadly be regrouped into collusive agreements (cartels), abuse of monopoly situations and anti-competitive mergers.

5.44. Collusive agreements cover agreements between competitors to fix prices, share markets, restrict output or supply, bid rigging and also encompass resale price maintenance. Such practices are prohibited under the Competition Act and sanctionable by financial penalties.

5.45. Abusive conducts on the part of enterprises which are in position of dominance are in contravention of the Competition Act. Such abusive conducts can be either of exclusionary or exploitative nature. Exclusionary conducts include predatory price, anti-competitive discounts, tying and bundling, and exclusive dealing. Exploitative conducts primarily capture excessive pricing. The CC can impose behavioural or structural remedies through directions on dominant enterprises found to be involved in such practices. Mergers and acquisitions which substantially lessen competition in any market in Mauritius are contrary to the Competition Act and these may be blocked or otherwise subject to conditions by the CC.

5.46. For the purposes of the administration of the law, the Competition Act has provided for two distinct organs within the CC to assume the separate functions of investigation and determination of matters. The investigatory powers are vested with the office of the Executive Director. For the purposes of investigations, the latter has the powers to require attendance to meetings, require the production of information and conduct search and seizure following a search warrant.

5.47. The function of determining the existence of restrictive business practices rests with five Commissioners. After taking cognizance of the report of investigation by the Executive Director and hearing the parties, the Commissioners can impose directions on enterprises found to have infringed the provisions of the Competition Act. Through the directions, the Commissioners can impose remedies and/or financial penalties in relation to the anti-competitive practices.

5.48. The CC is involved in enforcing competition law on the regional front. Pursuant to the Memorandum of Understanding (MOU) entered with the COMESA Competition Commission (CCC), the CC has thus far reviewed more than 100 cross-border mergers within the region. It also collaborates with the competition authorities of SADC members and bilaterally with agencies such the Competition Commission of South Africa (CCSA) and the Fair-Trading Commission of the Republic of Seychelles (FTC). The CC has existing MOUs with CCSA and FTC.

5.49. The CC is actively contributing to formulating regional competition policy at the level of the Tripartite (COMESA-SADC-EAC) FTA and the African Continental FTA. The CC also actively participates at the level of the International Competition Network (ICN) and African Competition Forum (ACF) for capacity-building in competition law and policy.

5.7 Trade Remedies Legislation

5.50. Mauritius enacted the Trade (Anti-dumping and Countervailing Measures) Act in June 2010 to protect the domestic industry against unfair trade practices such as dumping and subsidies. Till date, there has been no formal application from the local industry under the Trade Act 2010 for a trade remedy investigation.

5.51. A consolidated Trade Remedies legislation covering anti-dumping, countervailing measures and safeguards (under one enactment) is now being finalized and is expected to be introduced in the National Assembly shortly.

5.8 Trade in Services

5.52. Over the last few decades, Mauritius has undergone remarkable structural transformation, with the relative contributions of the agricultural sector to the GDP declining and that of manufacturing and service sectors increasing considerably. Today, the services sector accounts for over 75% of the Mauritius GDP, employs some 75,000 people directly.

5.53. The development of the services sector was centred around tourism services, financial services and telecommunication services. Mauritius has taken commitments in these sectors at the WTO. Subsequently, Mauritius diversified into new emerging services sectors such as the wellness industry, real estate, and ICT. The services sector has been supported by increased FDI due to reforms implemented since 2004. These reforms have improved the business environment for the development of the services sector. The smart cities are integrating residential, business, leisure and even clean industrial/research uses into "live-work play" enclaves.

5.54. Mauritius is also engaged with key emerging economies to liberalize the services sector and facilitate the movement of service suppliers.

5.55. During the review period, Mauritius has been actively involved in trade in services negotiations on various fronts, namely the Trade in Services Agreement (TiSA) involving 23 Members of the WTO, at regional levels (SADC and COMESA) as well as at the bilateral level with India and China. With respect of the African Continental Free Trade Area (AfCFTA), negotiations on the five priority services sectors (transport, communication, financial, tourism and business services) have already started. Negotiations are also well underway with the European Union in the context of the Economic Partnership Agreement.

5.56. These agreements are expected to create new opportunities in sectors such as financial services, tourism, education, health, distribution, ICT and professional services. They will also pave the way for professional bodies to conclude mutual recognition of qualifications in sectors such as architecture, engineering, medical, dental, accounting and auditing amongst others.

6 MULTILATERAL TRADE AND REGIONAL TRADE AGREEMENTS

6.1 WTO

6.1. Mauritius, as a founding member of the WTO remains committed to the multilateral trading system. It has been actively participating in the ongoing negotiations on several important issues since the last Trade Policy Review (TPR).

Fisheries Subsidies

6.2. As a Small Island Developing State (SIDS), the blue economy is a key economic pillar for Mauritius. The fisheries sector accounts for around 19% of national exports and 1.3% of GDP. However, the sector has yet to be developed to its full potential due to capacity constraints. It would require policy space and flexibility to be able to support the development of the sector.

6.3. In this respect, Mauritius tabled proposals on key issues of interest to Mauritius in the ongoing negotiations, such as Territoriality and Technical Assistance and Capacity-Building.

Services Domestic Regulation

6.4. Mauritius has been actively participating in the discussions on Services Domestic Regulations and joined the Joint Initiative in July 2020. Mauritius also submitted its indicative draft schedule on 9 July 2020.

6.5. Mauritius believes that a sound and conducive regulatory framework on trade in services is important for its development. Given that Mauritius has recently been embracing higher value-added services and activities, there are continuous improvements in domestic legal and administrative frameworks to facilitate trade in services.

6.6. The implementation of the domestic regulation disciplines, which contain core provisions to improve efficiency, would help to further improve the business climate and send a stronger signal to service providers and investors.

Investment Facilitation for Development

6.7. Mauritius formally joined the Joint Statement Initiative in June 2020.

6.8. In the context of the Investment Facilitation negotiations, Mauritius has tabled proposals relating to adoption of risk management techniques; the principle of "silence is consent"; and for the setting up of a Business Obstacle Alert Mechanism (BOAM).

6.9. The proposal on risk management techniques aims at facilitating investment by assessing low-risk investment projects quicker than high risk investment projects, which would require a more in-depth assessment. The principle of "silence is consent" is meant to improve transparency and predictability, by speeding up processing time of applications. Finally, the BOAM will improve transparency by providing a platform for investors to communicate with policy makers to resolve issues faced in their investment projects. The platform will also assist policy makers in keeping records of, and addressing structural problems faced by investors.

Micro Small and Medium Enterprises (MSMEs)

6.10. Mauritius has, since 2018, participated actively in the discussions on MSMEs. Mauritius supported and co-sponsored the package of declaration/recommendations, which aims at enhancing MSMEs' access to market and regulatory information, skills development opportunities and access to finance, as well as promote the inclusion of MSME-related dimensions in domestic rulemaking.

6.11. Mauritius considers that the initiative on MSMEs is key to promoting MSME's participation in international trade. Although the focus of Mauritian MSMEs is mostly on the local market contributing to an estimated 11.7% to total domestic exports in 2019, export prospects are expected to grow with a host of support measures which Government have been providing to the sector.

6.12. For the year 2019, SMEs contributed to an estimated 25.7% of Gross Value Addition and 48.9% to employment creation. However, MSMEs have been severely impacted by the COVID-19 pandemic and are facing a number of challenges including access to finance, difficulties to access the regional and international markets and low technology uptake. As from 2017, a 10-year Master Plan for the SME sector is being implemented. One of the main targets of the Master Plan is to raise SMEs contribution to GDP to 52% and increase SMEs exports to 18% by 2026.

Information Technology Agreement (ITA II)

6.13. Mauritius is also a party to the Ministerial Declaration on Trade in Technology Products, also known as the Information Technology Agreement (ITA), and was one of the 25 countries involved in its expansion in 2015.

6.14. In accordance with the ITA II, Mauritius eliminated duties on a list of additional 201 IT products. A large part of the tariff liberalizations occurred instantaneously upon entry into force of the agreement in 2016. For some sensitive products, tariff reductions were staged over a period of 4 years.

Trade in Services Agreement

6.15. Mauritius joined the Trade in Services Agreement (TISA) negotiations in July 2015 with the aim of creating better conditions for the further development of the services sector in the country, open up market access opportunities for local service providers and promote FDI in the sector. An ambitious market access offer covering 16 sectors and sub-sectors was also submitted in the context of these negotiations. However, the TISA negotiations are stalled since 2016.

6.2 Notifications Under the WTO Agreements

6.16. With a view to increasing transparency in its trade regime, Mauritius is up to date in terms of compliance with its notification's obligations. During the review period, Mauritius submitted to the WTO a number of notifications covering a wide range of agreements.

Table 6.1 Summary of notifications submitted during the review period

Agreements	Number of notifications under the review period
Agreement on Agriculture	
Article 18.2- Domestic Support	5
Article 18.2 – Export Subsidy	4
General Agreement on Trade in Services	
Article III:3	1
Agreement on Import Licensing Procedures	
Article 7.3- Replies to questionnaire on import licensing procedures	5
Article 1.4 (a)	1
Agreement on Subsidies and Countervailing Measures (SCM)	
Article 18.5 and 23.6	1
Article XVI of GATT and Article 25 of the SCM Agreement	1
Article 27.4	4
Agreement on Technical Barriers to Trade	
Article 2.9.2	4
Article 2.10.1	3

Agreements	Number of notifications under the review period
Agreement on the Application of Sanitary and Phyto-Sanitary Measures	
Emergency Notification	5
Regular Notification	1
Agreement on Trade-Related Aspects of Intellectual Property Rights	
Article 63.2	1
Checklist issue on enforcement	1
Trade Facilitation Agreement	
Notification under Article 16	2
Notification under Article 16.1(b)	1
Notification under Article 22.3	1
Notification under Article 1.4,10.4.3,10.6.2 and 12.2	2
Quantitative Restrictions	
QR – (G/L/59) – Biennial	5
Regional Trade Agreements	
Paragraph 4(a) of the Enabling Clause	2
Article V:7(a) of GATS	2
Article XXIV:7(a) of GATT 1994	3
State Trading Enterprises	
Article XVII:4 of GATT 1994(Biennial)	3

Source: Compiled by Ministry of Foreign Affairs, Regional Integration and International Trade.

6.3 Regional Trade (SADC, COMESA, TRIPARTITE, AfCFTA)

6.3.1 SADC Free Trade Area

6.17. The SADC region is a market of about 345 million people and comprises 16 member States. Preferential trade in SADC is conducted under the SADC Protocol on Trade which was signed by SADC member States in August 1996. However, implementation of the Protocol started in 2000. SADC formally launched its Free Trade Area (FTA) at its Heads of States Summit held in South Africa, on 17 August 2008. Accordingly, 85% of all intra-SADC trade became duty-free and it was agreed that the remaining 15% would be liberalized by 2012. In January 2014, Mauritius completed liberalization of its tariffs within SADC.

6.18. Mauritius extends duty-free and quota-free treatment to all SADC member States except for Angola, Democratic Republic of Congo and Comoros which have not yet ratified the SADC Protocol on Trade. Table 6.2 shows the trend of trade between Mauritius and the SADC region for the period 2014 to 2020.

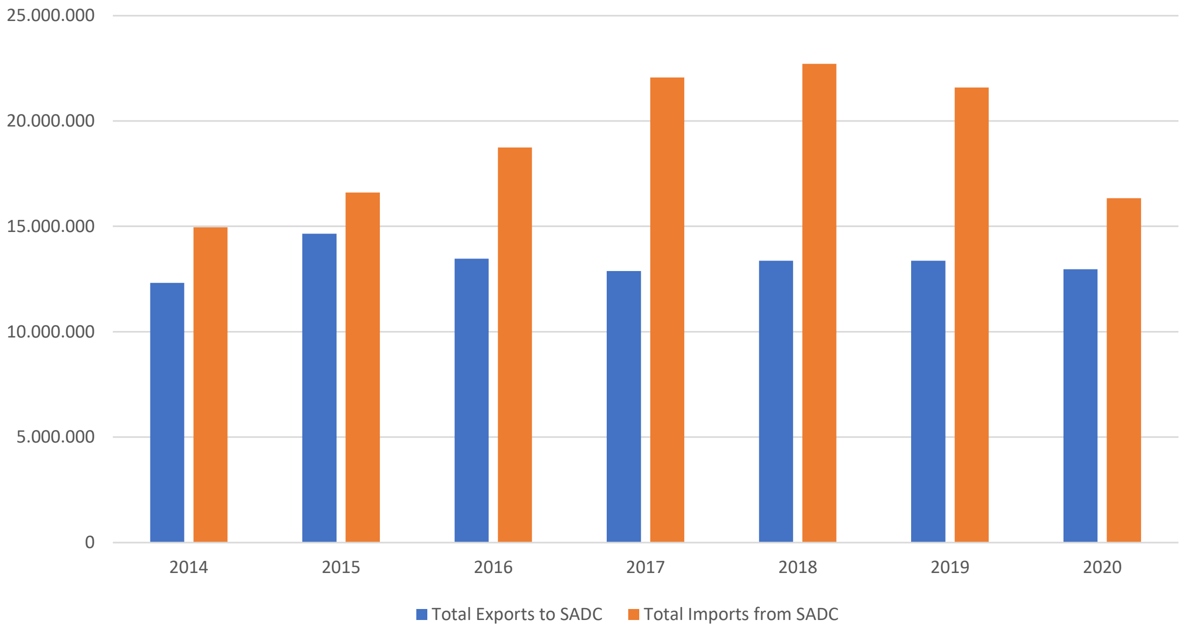
Table 6.2 Mauritius trade with SADC, 2014–20

(MUR '000)

Year	Total exports to SADC	Total imports from SADC
2014	12,320,854	14,953,636
2015	14,651,059	16,600,293
2016	13,469,434	18,747,288
2017	12,874,440	22,061,029
2018	13,368,325	22,712,894
2019	13,365,485	21,588,014
2020 (Provisional)	12,963,608	16,337,668

Source: Statistics Mauritius.

Chart 6.1 Mauritius trade with SADC, 2014–20



Source: Statistics Mauritius.

6.19. At the time when implementation of the SADC Trade Protocol started in year 2000, Mauritius exports to the SADC region was to the tune of MUR 700 million. Exports grew to reach MUR 13.3 billion in 2019. Imports from the SADC region also increased significantly and an increase of 45% was experienced from MUR 14.9 billion in 2014 to MUR 21.6 billion in 2019.

6.20. Both exports to and imports from the SADC region were adversely impacted in 2020 due to the global COVID-19 pandemic. In 2020, exports to SADC reduced to MUR 12.9 billion whereas imports from SADC decreased sharply to MUR 16.3 billion.

6.21. While the main export markets within SADC are Republic of South Africa (52.1%) and Madagascar (35%), the main supplier from the SADC region is the Republic of South Africa which account for 74.3% of imports.

6.22. Since 2015, Mauritius has made some promising effort to diversify its exports portfolio to the SADC region. It has started to export more varieties of articles of apparel of cotton and of synthetic fibres; plates, sheets, films, foils and strips of plastics; automatic teller/banknote dispenser's machines, various types of animal feed; shoelaces; articles of glass fibres, amongst others.

6.23. Mauritius has also started to export 'Uncombed single cotton yarn' to Eswatini since 2017. Since 2018, it has been exporting some 'White sugar' and 'Stoppers, lids, caps and other closures of plastics' to Namibia.

6.24. Regarding imports, Mauritius expanded the range of products imported from the SADC region to include various breeds of live bovine cattle; other types of wine of fresh grapes; round bar/rod of free cutting steel; mandarins; waters; wood of pine and eucalyptus; frozen octopus; milk and cream, amongst others.

6.25. Mauritius continued to import mainly from South Africa, Madagascar and Seychelles. However, since 2015, imports of cotton from Zambia and Zimbabwe (around 14.2 %) have increased.

Trade in Services

6.26. Mauritius is actively participating in the negotiations for the liberalization of trade in services at the level of SADC. Negotiations in the first six priority services sectors (communications, financial, tourism, transport, construction and energy-related services) have been finalized and approved by the Council of Ministers of Trade. Mauritius is now engaged in the negotiations of Phase II issues which include business services and distribution services.

6.3.2 COMESA Free Trade Area

6.27. COMESA is a market of 400 million people and comprises 21 member States, including Tunisia and Somalia who joined in 2018.

6.28. The COMESA FTA was launched on 31st October 2000 when nine of the member States namely Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia and Zimbabwe eliminated their tariffs on COMESA originating products, in accordance with the tariff reduction schedule adopted in 1992. This followed a trade liberalization programme that commenced in 1984 on reduction and eventual elimination of tariff and non-tariff barriers to intra- regional trade.

6.29. At present, there are 16 member States participating in the COMESA FTA. Mauritius extends 90% tariff reduction on MFN rates to COMESA member States not in the FTA.

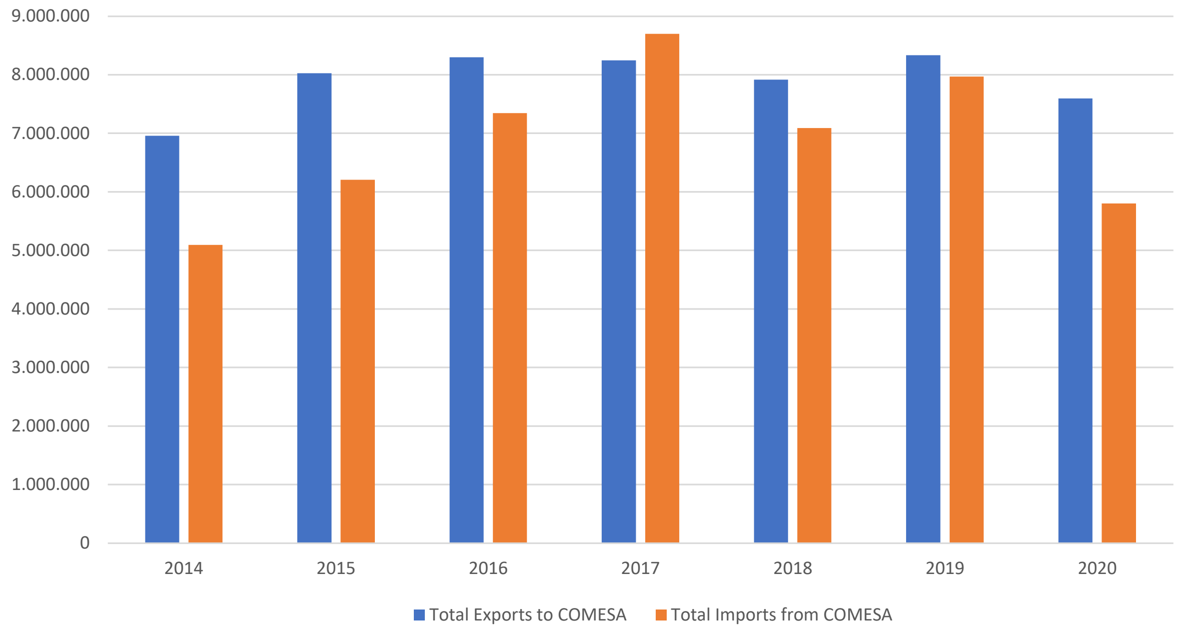
Table 6.3 Mauritius trade with COMESA, 2014-20

(MUR '000)

Year	Total Exports to COMESA	Total Imports from COMESA
2014	6,959,806	5,093,603
2015	8,026,184	6,207,480
2016	8,297,300	7,344,985
2017	8,246,891	8,700,322
2018	7,917,180	7,088,701
2019	8,335,512	7,968,280
2020 (Provisional)	7,596,840	5,801,378

Source: Statistics Mauritius.

Chart 6.2 Mauritius trade with COMESA, 2014-20



Source: Statistics Mauritius.

6.30. For the year 2014, total exports to COMESA countries amounted to MUR 6.9 billion against MUR 5.09 billion worth of imports, resulting in a favourable balance of around MUR 1 billion for Mauritius.

6.31. Between 2014 and 2020, total exports from Mauritius to COMESA countries increased by 9.1% and total imports increased by some 13.8%. In 2020, exports to COMESA member states attained

MUR 7.5 billion while imports from these countries amounted to MUR 5.8 billion, resulting in a trade surplus of MUR 1.7 billion. Madagascar was the main buyer with a share of 56.2%. Our main suppliers were Seychelles (28.1%), Madagascar (18.9%), Kenya (18.1%) and Egypt (17.9%).

Diversification of Exports and Imports

6.32. Mauritius' top exports in 2014 were looped piled and plain-woven cotton fabrics, batteries and cells, uncooked pasta and animal feed. Between 2014 and 2019, Mauritius has diversified its exports which now include raw cane sugar, dyed cotton fabrics, TV apparatuses, and telephones among others.

6.33. On the other hand, the top imports for 2014 were cigarettes, frozen tunas, cotton, bars and rods and food preparations. Between 2014 and 2019, the imports of Mauritius from COMESA have expanded to include vanilla, soyabean and sunflower oil, pine and sanitary towels.

COMESA COVID 19 Guidelines

6.34. In 2020, COMESA member States also adopted a Guidelines for the Movement of the Goods and Services during the COVID-19 pandemic. The guideline serves as a temporary facilitation mechanism for member States to be able to trade with each other, hassle-free despite the restrictions and challenges caused by the COVID-19 pandemic. These mainly include customs cooperation such as the acceptance of digital export/import documents by customs due to the increased delay and cost for sending original documents abroad.

COMESA Trade in Services

6.35. Mauritius has taken commitments in three sectors namely communication, financial and tourism services at the WTO. In COMESA, Mauritius has taken commitments in additional sectors. The first round of COMESA services negotiations was completed in 2014. COMESA has prioritized and negotiated schedules of specific commitments in four priority sectors of communication, financial, tourism and transport. Schedules of Specific Commitments for 11 member States namely, Burundi, Djibouti, Egypt, Eswatini, Kenya, Malawi, Mauritius, Seychelles, Sudan, Uganda and Zambia were adopted by the Council of Ministers and gazetted in 2014.

6.36. For the second round, three sectors have been identified, namely energy, business, and construction and related engineering services. Mauritius has already submitted its schedule of commitments in these additional priority sectors.

6.37. During COMESA negotiations on Trade in Services, member States are encouraged to consider making GATS plus commitments and commercially meaningful market access offers as per the COMESA Negotiations Guidelines on Trade in Services. Mauritius has taken GATS plus commitments.

6.3.3 Regional export strategy

6.38. The growing exports to the Sub-Saharan Africa markets (via SADC and COMESA) represent considerable regional opportunities. The emergence of South Africa, Madagascar and Kenya as major export destinations is indicative of this trend. Many opportunities exist in the COMESA and SADC markets. Regional opportunities exist for some selected manufacturing sub-sectors including textiles and clothing, food processing, medical instruments/ products, and jewellery. The Government is presently looking at ways on how to respond positively to the regional export strategies by addressing issues relating to industry foundations and upgrading of value chains (labour market adjustments, certification for standards, improvement of logistic infrastructure, product diversification, process upgrading and higher value-added production).

6.3.4 Warehousing project

6.39. To give a further boost to exports to Africa, the Government of Mauritius has decided to support the initial costs of operation of a "Made in Mauritius" warehouse in Tanzania. The aim of this initiative is to showcase Mauritian products, as well as to act as a distribution centre for the neighbouring countries. The project is already operational.

6.3.5 COMESA-EAC-SADC Tripartite Free Trade Area

6.40. The COMESA-EAC-SADC Tripartite Free Trade Area (TFTA) aims at laying the basis for the synchronization and harmonization of trade policies among member/partner states belonging to COMESA, SADC and EAC by establishing an enlarged Free Trade Area as mandated by the Tripartite Heads of State Summit in 2008. The Tripartite FTA integration process that is anchored on three pillars namely, Market Integration based on the Tripartite FTA, Infrastructure Development to enhance connectivity and reduce costs of doing businesses, and Industrial Development to address productive capacity constraints of member States. The TFTA represents an integrated market of 29 countries with a combined population of some 700 million people and a total GDP of USD 1.4 trillion.

6.41. Mauritius signed the TFTA on 9 October 2017. So far, 10 countries namely South Africa, Uganda, Egypt, Kenya, Rwanda, Burundi, Botswana, Namibia, Eswatini and Zambia have ratified the Agreement. The Agreement will come into force after 14 instruments of ratification have been deposited. Mauritius will ratify the Agreement after negotiations on rules of origin and market access have been completed.

6.42. While negotiations on the core text of the TFTA as well as eight Annexes have been concluded, the negotiations on the Rules of Origin (Annex 4) and Elimination of import duties (Annex 1) annexes are yet to be finalized.

6.43. Mauritius has already submitted its market access offer to TFTA Member/Partner States and has requested consultations with non-FTA Members namely Angola, DRC, Ethiopia, Eritrea and Somalia with which it will engage into market access negotiations.

Trade in Services

6.44. Trade in Services negotiations, which is part of Phase II negotiations under the COMESA-EAC SADC Tripartite FTA, started in July 2019. The Technical Working Group (TWG) on Trade in Services discussed the Rules of Procedure for the negotiations, the draft negotiating modalities, identified priority sectors and the elements that will be included in the Tripartite Protocol on Trade in Services. An initial draft Protocol on Tripartite Trade in Services has been developed by the Tripartite Task Force and is currently under consideration by Member/Partner States.

6.45. Nine priority sectors were identified namely business, communication, construction, distribution, education, energy-related, financial, tourism and transport services. Consultations by Member States are going to identify the first seven sectors on which to launch market access negotiations and to develop regulatory frameworks.

6.3.6 African Continental Free Trade Area (AfCFTA)

6.46. The Agreement establishing the AfCFTA entered into force in May 2019. It covers a market of 1.2 billion people and a combined GDP of USD 3.4 trillion. The main objectives of the AfCFTA are to: (i) create a single continental market for goods and services, with free movement of business persons and investments; (ii) expand intra-Africa trade; and (iii) enhance Africa's competitiveness and support its economic transformation.

6.47. Recent study by the World Bank estimates that the AfCFTA has the potential to increase intra-Africa trade by 81%, by the year 2035. The AfCFTA will boost Africa's income by USD 450 billion by 2035 (a gain of 7%) while adding USD 76 billion to the income of the rest of the world. It is envisaged that merely trade in goods under the AfCFTA Agreement has the potential to boost intra-African formal trade by over 50%. These benefits are estimated to be significantly larger still if trade in services is liberalized and non-tariff barriers to trade on the continent are removed.

6.48. Estimates from the Economic Commission for Africa suggest that the AfCFTA has the potential both to boost intra-African trade by 52.3% by eliminating import duties, and to double this trade if non-tariff barriers are also reduced Increase in Africa's exports by USD 560 billion, mostly in manufacturing.

6.49. The launch of the negotiations in June 2015 was followed by impressive progress with the Agreement and the three Protocols namely (i) Protocol on Trade in Goods, (ii) Protocols on Trade in Services; and (iii) Protocol on Dispute Settlement being signed in March 2018.

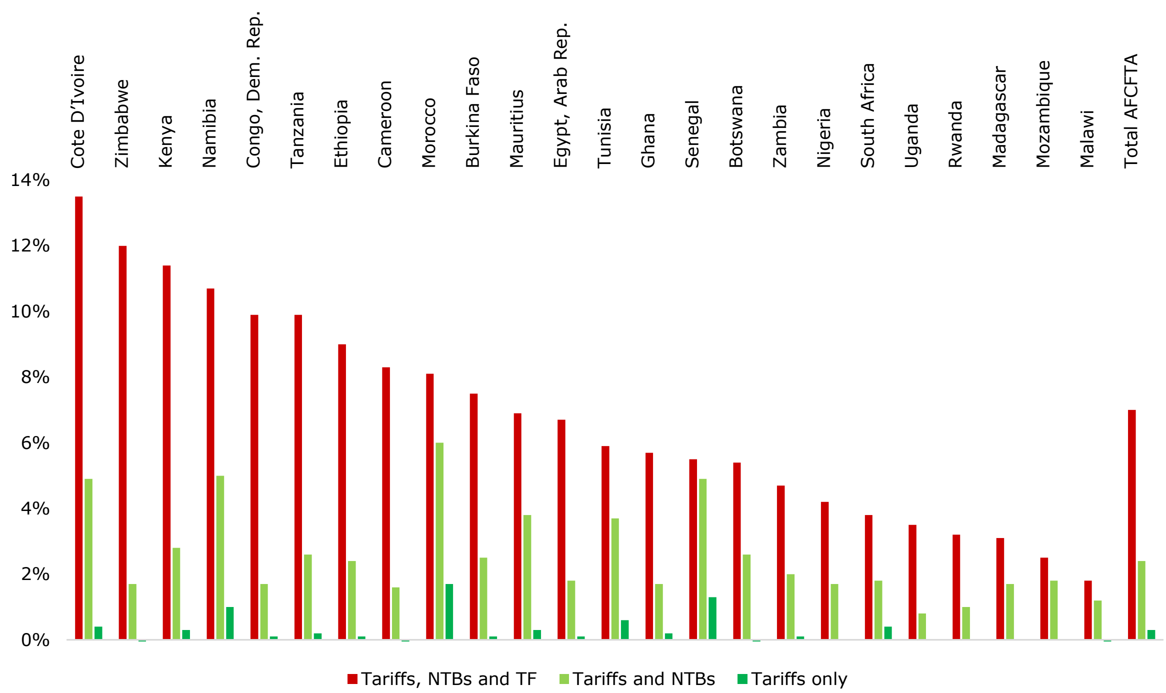
6.50. Mauritius signed the Agreement establishing the AfCFTA in March 2018 and ratified same in September 2019.

6.51. Mauritius is already a signatory to two of the continent's most extensive Regional Economic Communities (RECs), namely the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). AfCFTA, which englobes all the African RECs, will add further to the attractiveness of Africa as a place to do business. Mauritius can contribute significantly to the new African impetus by making available to investors and businessmen an ecosystem that makes it easier for them to do business with Africa. The implementation of the AfCFTA Agreement will also offer opportunities for Mauritian enterprises to integrate the regional value chain, promote both trade and investment with the African Continent.

6.52. A recent report of the Economic Commission for Africa (ECA) highlights that African countries over the longer-term must use the AfCFTA to create regional value chains for Africa to better serve its own health market estimated to be worth USD 259 billion annually. Mauritius, specifically, has identified the pharmaceutical industry as a new niche industry to develop in its Mauritius National Vision 2030 and in the Government Programme 2020-2024. Against this current context, it will be timely and relevant for the Government of Mauritius to explore alternative trade and investment opportunities that the AfCFTA has to offer.

6.53. As a result of the AfCFTA, Mauritius will gain up to 7% of GDP from Tariffs and NTMs elimination and implementation of Trade facilitation measures by 2035.

Chart 6.3 Welfare gains (income) due to AfCFTA in 2035



Source: Estimates, World Bank study team.

6.54. Mauritius currently imports more than it exports from Africa. Exports in the year 2019 were around USD 450 million, while imports were over USD 700 million. For the year 2019, 82% of Mauritius' total exports to Africa went to four countries, namely South Africa (53%), Madagascar (14%), Kenya (8%) and Seychelles (7%).

6.55. Main products exported to Africa include textile and foodstuffs. However, as per ITC database, products with greatest export potential from Mauritius to Africa are men's trousers and shorts of cotton, cane or beet sugar and chemically pure sucrose, and T-shirts, vests of cotton, knit/crochet.

6.56. Mauritius is currently working towards the development of a national response strategy to tap into the opportunities arising under the AfCFTA. The Strategy will aim at providing guidance on how Mauritius could enhance its economic diversification and maximize trade in goods and services, including on markets not yet explored. It will also outline possible ways in which Mauritius can source raw materials from the Continent with a view to developing value chains.

African Continental Free Trade Area- Trade in Services

6.57. To harness the huge potential in service sectors, AU member States have decided to progressively liberalize services under the AfCFTA. Five priority services sectors namely, business services, communication services, transport services, tourism services and financial services have been identified as priority sectors. A mixed approach combining the scheduling of specific commitments as under GATS, on the one hand, with regulatory cooperation, on the other hand has been agreed as the negotiating modalities.

6.58. Negotiations for specific commitments in services sectors are still ongoing. According to the AfCFTA roadmap, the schedules of specific commitments shall be finalized and adopted by January 2022.

6.3.7 Interim economic partnership agreement with the European Union

6.59. Mauritius is implementing an interim Economic Partnership Agreement (IEPA) with the EU as from 14 May 2012 along with four other Eastern Southern African (ESA) States namely Comoros, Seychelles, Madagascar and Zimbabwe.

6.60. There has been a continuous decline in Mauritius exports to the EU. The share of Mauritius exports to the EU in its total exports dropped from 47.3% in 2014 to 44.3% in 2020 as illustrated below.

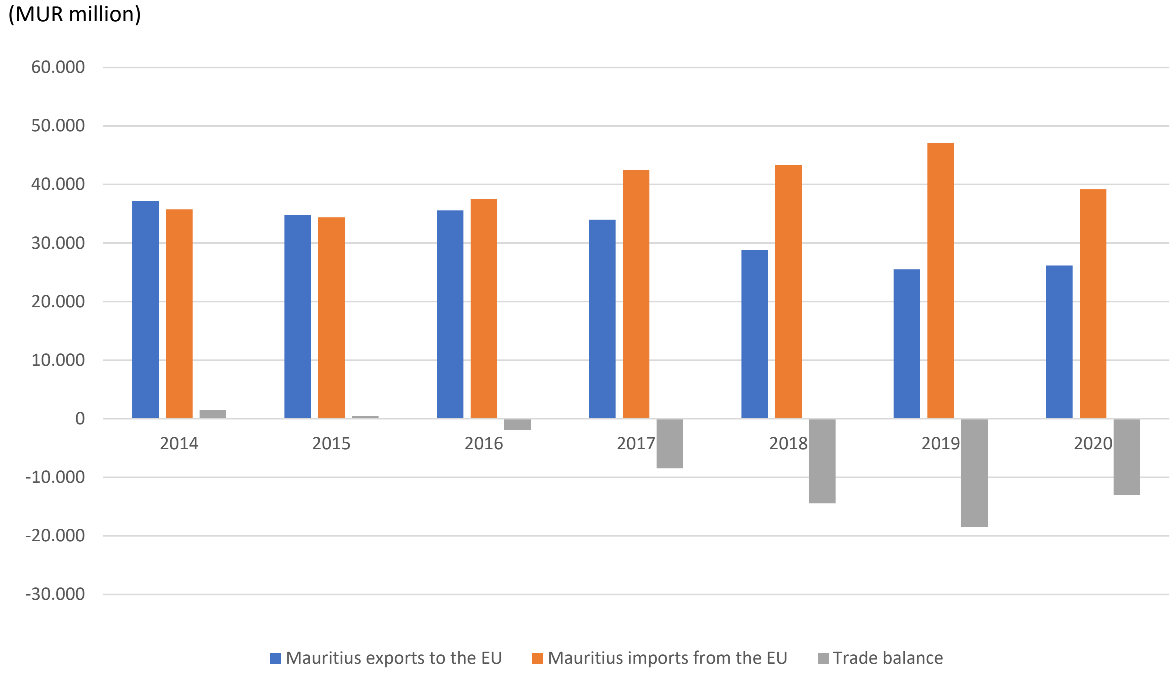
Table 6.4 Trade between Mauritius and the EU, 2014-20

(MUR million)

Year	2014	2015	2016	2017	2018	2019	2020 (Provisional)
Mauritius exports to the EU	37,196	34,813	35,581	34,009	28,841	25,528	26,192
Mauritius imports from the EU	35,746	34,378	37,539	42,496	43,309	47,034	39,180
Trade balance	**1,450**	**435**	**(1,958)**	**(8,487)**	**(14,468)**	**(18,506)**	**(12,988)**

Source: Statistics Mauritius.

Chart 6.4 Trade between EU and Mauritius



Source: Statistics Mauritius.

Table 6.5 Mauritius exports to selected EU individual countries for year, 2014–20

Country	2014 (MUR)	2019 (MUR)	2020 MUR (Provisional)
Austria	367,685,753	75,069,525	131,579,541
Belgium	2,248,456,204	996,765,407	1,207,003,208
Bulgaria	28,809,142	109,027,636	116,071,865
Germany	725,833,152	1,379,611,092	1,148,302,930
Denmark	208,223,250	215,503,406	225,030,570
Spain	4,260,157,788	2,937,423,821	3,145,209,711
France	9,202,978,327	6,271,053,122	4,868,415,225
United Kingdom	10,902,631,034	7,328,053,497	6,114,779,753
Italy	5,243,645,993	3,643,556,824	3,960,698,968
Netherlands	2,055,412,342	2,600,722,811	2,685,890,755
Poland	242,559,670	190,077,576	181,496,805
Portugal	292,012,650	606,019,900	305,649,881
Sweden	188,645,450	330,621,043	315,089,815

Source: Statistics Mauritius.

6.61. Mauritius exports remains highly concentrated on some EU countries including United Kingdom, France, Italy and Belgium. There is however potential to diversify to non-traditional EU trading partners. Efforts are being deployed for structured marketing activities in non-EU traditional markets.

6.62. Talks with the EU on the deepening of the IEPA was launched in October 2019. Negotiations covers 13 issues including Trade in services, Investment, Competition policy, Trade and Sustainable Development, Trade facilitation amongst others. The deepening of the Agreement is vital to Mauritius since an ambitious Agreement will create new opportunities both for goods and Services.

6.3.8 United Kingdom (UK) – Eastern Southern Africa (ESA) Economic Partnership Agreement (EPA)

6.63. Mauritius and the United Kingdom signed the UK-ESA EPA on 31 January 2019. The agreement which is a continuity agreement based on the EU–ESA interim Economic Partnership Agreement (iEPA), entered into force on 1 January 2021.

6.64. The UK-ESA EPA contains three chapters namely Trade in Goods, Fisheries and Development Cooperation. The provisions of the Agreement are similar to those of the EU–ESA iEPA, allowing Mauritius to benefit duty-free and quota-free access for all products on the UK market. The Agreement also allows cumulation of rules of origin with the EU.

6.65. The UK is one among the main trading partners of Mauritius. In 2020, Mauritius exports to the UK amounted to approximately MUR 6.1 billion, with a partner share of 10.10% worldwide and 23.34% within the EU.

6.66. Table 6.6 below provides a summary of the trade flows between Mauritius and the United Kingdom from 2014 to 2020.

Table 6.6 Mauritius-UK bilateral trade

(MUR million)

Year	Exports to UK (MUR)	Imports from UK (MUR)
2014	10,903	3,048
2015	10,696	3,678
2016	9,382	3,595
2017	8,469	3,811
2018	7,546	4,261
2019	7,328	6,016
2020 (Provisional)	6,115	3,264

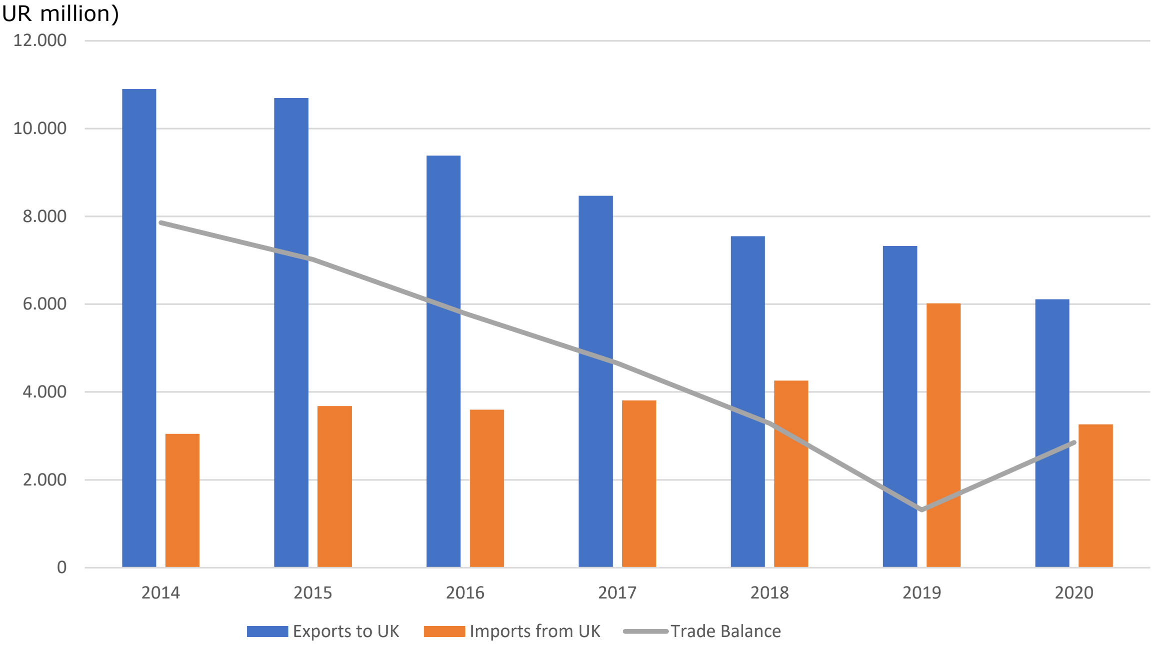
Source: Statistics Mauritius.

6.67. Mauritius' total exports decreased by approximately MUR 1.2 billion from 2019 to 2020. Imports from the United Kingdom also decreased by some MUR 2.7 billion during the same period. This may be due to the impact of the COVID-19.

6.68. Further noted that while exports to the United Kingdom registered a fall of some MUR 3 billion between 2014 and 2019, imports on the other hand increased by a similar amount, from MUR 3 billion in 2014, a 100% increase.

Chart 6.5 Mauritius trade with United Kingdom

(MUR million)



Source: Statistics Mauritius

6.3.9 Africa Growth and Opportunity ACT (AGOA)

6.69. Mauritius is a beneficiary of AGOA which provides duty-free market access to the United States for some 6,500 qualifying products produced in designated Sub-Saharan African (SSA) beneficiary countries.

6.70. The AGOA has had a very positive impact on Mauritius trade to the United States and has particularly helped the apparel sector to flourish and become vertically integrated. The table below depicts trade between the US and Mauritius. The main products exported were textiles, live animals, sugar and fish. However, over the years, there has been some diversification of exports to include cut diamonds, seafood, sugar, spectacles and sunglasses.

Table 6.7 Trade with United States, 2014–20

Year	Total imports (c.i.f.) MUR	Exports (f.o.b.) under AGOA MUR
2014	2,657,580,162	8,515,094,828
2015	2,693,230,462	9,091,971,108
2016	3,491,321,726	8,739,480,153
2017	4,288,142,470	8,035,201,984
2018	4,663,392,028	8,014,540,240
2019	4,009,296,890	7,106,477,289
2020	2,723,916,107	5,844,403,906

Source: Statistics Mauritius.

6.71. The AGOA scheme is supposed to be in place till 2025. The previous US Administration had already indicated that it was unlikely that AGOA preferences would be renewed in its present form. Rather, the US would negotiate bilateral FTAs with interested African regions or countries. As such, Mauritius expressed interest to negotiate a bilateral FTA with the US.

6.3.10 Mauritius and US Trade and Investment Framework Agreement (TIFA)

6.72. The TIFA between Mauritius and the US was signed on 18 September 2006. It provides a platform for the two countries to brainstorm on a broad range of trade and investment issues.

6.73. Discussions take place on the basis of a Work Plan which consists of 14 areas of cooperation namely, trade and investment promotion in competitive sectors, enhancing private sector linkages, coordinating on AGOA implementation, promoting Intellectual Property Rights (IPR), enhancing trade in services, trade in fish and seafood sectors, strengthening agri-business linkages, amongst others.

6.3.11 Accelerated Programme for Economic Integration (APEI)

6.74. The Accelerated Programme for Economic Integration (APEI) is a programme initiated by five countries from within COMESA and SADC namely Malawi, Mauritius, Mozambique, Seychelles and Zambia. The APEI programme is founded on five pillars: improvement of business regulatory environment, elimination of barriers to trade in goods, promotion of trade in services, improvement in trade facilitation and Peer to Peer learning and capacity-building.

6.75. A Memorandum of Understanding to Facilitate the Movement of Business Persons and Professionals (MOU) was signed in September 2016 by Malawi, Mauritius, Seychelles and Zambia. Under this MOU, a Mutual Recognition Agreement (MRA) between the Competent Authorities for Professional Accountants and Auditors was concluded in 2018 to facilitate the mobility of Professional Accountants and Auditors.

6.76. Additionally, the MRA encourages the improvement of standards of education/training and facilitates the exchange of information in order to promote the adoption of best practices on standards of accountancy, professional qualifications and professional practice within the APEI countries. The objective now is to extend MRAs in other sectors such as Architecture and Engineering.

6.4 Bilateral Trade Initiatives

6.4.1 Mauritius-China Free Trade Agreement

6.77. Taking into account the fact that diplomatic relation between Mauritius and China dates back to 1972, both countries expressed the will to build a stronger economic and trade relationship by agreeing to conclude a comprehensive Free Trade Agreement. The objective was to create the necessary conditions to increase the volume of bilateral trade and investment and to strengthen and expand the scope of economic cooperation between the two countries.

6.78. In 2016, a Joint Feasibility Study was undertaken by the Government of Mauritius and the People's Republic of China to assess the potential benefits and challenges of a Free Trade Agreement between the two countries. According to the Joint Feasibility Study Mauritius' exports have the potential to increase by at least USD 318 million once the FTA enters into force.

Table 6.8 Mauritius trade with China, 2014-20

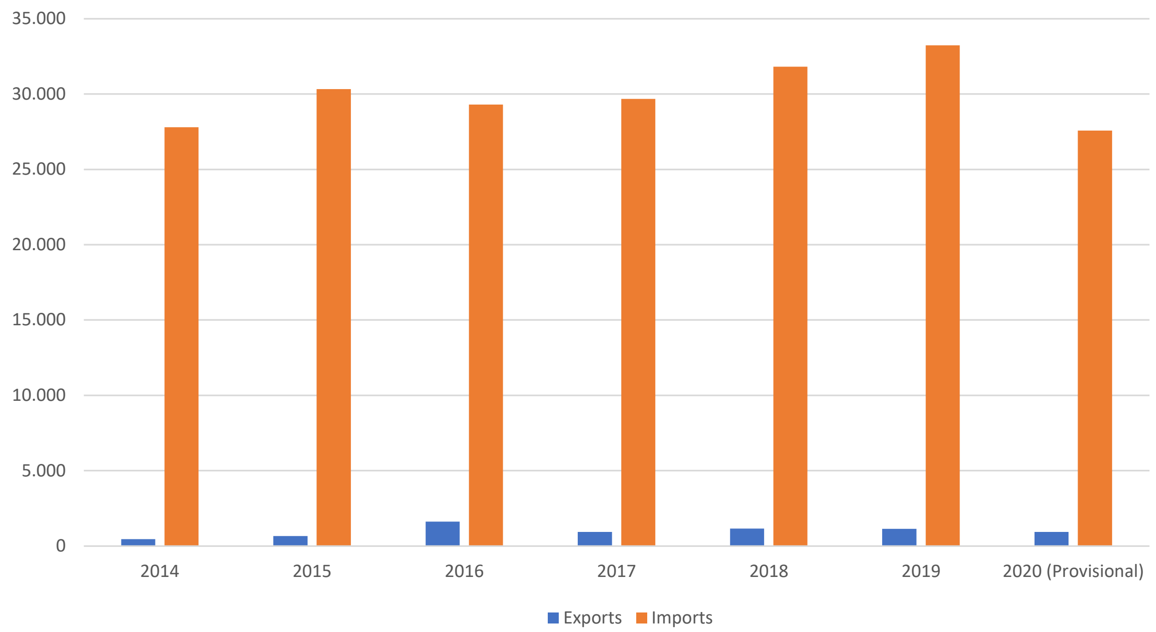
(MUR million)

Year	Mauritius exports to China	Mauritius imports from China
2014	465	27,789
2015	671	30,317
2016	1,615	29,300
2017	946	29,675
2018	1,165	31,818
2019	1,137	33,234
2020 (Provisional)	934	27,573

Source: Statistics Mauritius.

Chart 6.6 Mauritius trade with China, 2014-20

(MUR million)



Source: Statistics Mauritius.

6.79. Chart 6.6 shows the trend of Mauritius trade with China. For the year 2020, exports to China amounted to MUR 934 million against MUR 27,573 million worth of imports, resulting in a deficit of

MUR 26,639 million for Mauritius. Between 2014 and 2020, exports from Mauritius to China increased by 101% and imports decreased by some 0.8%.

Entry int Force

6.80. FTA negotiations between Mauritius and China started in April 2018 and after four rounds, the negotiations were concluded in August 2018. The Free Trade Agreement was signed in October 2019 and implementation started on 1 January 2021.

6.81. The China-Mauritius Free Trade Agreement comprises 17 Chapters encompassing Trade in Goods, Rules of Origin, Sanitary and Phyto-sanitary Measures, Technical Barriers to Trade, Trade Remedies, Trade in Services, Investment, Competition, Intellectual Property, Electronic Commerce, Economic Cooperation, Dispute Settlement, amongst others.

6.82. The FTA also contains annexes on market access for Goods schedules for Mauritius and China and Services Market Access schedules for Mauritius and China.

6.83. Under the Free Trade Agreement, Mauritius benefits from duty-free access on the Chinese market on 8,547 products. This represents 96% of the Chinese tariff lines. Duties applicable on 88% of these tariff lines were eliminated with immediate effect while the remaining tariffs would be eliminated over a 5 to 7-year period. On the other hand, Mauritius would eliminate tariffs on 148 tariff lines over a period of 5 years. This represents 2.5% of its tariff lines. Furthermore, under the FTA, Mauritius has been granted a Tariff Rate Quota of 50,000 tonnes of special sugar at an in-quota rate of 15%.

6.4.2 Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India

6.84. Mauritius and India launched negotiations on a CECPA in 2004. These negotiations were however put on hold in 2006.

6.85. Talks on the CECPA resumed in 2016. After seven rounds of negotiations both sides concluded the agreement in 2020. The CECPA was signed on 22 February 2021 and implementation started on 1 April 2021. The CECPA currently covers two main chapters namely Trade in Goods, Trade in Services.

6.86. India is an important trading partner. In 2020, India accounted for 9.5% in Mauritius' total imports. Mauritius' exports to India on the other hand, accounted for 2.08% of its total exports.

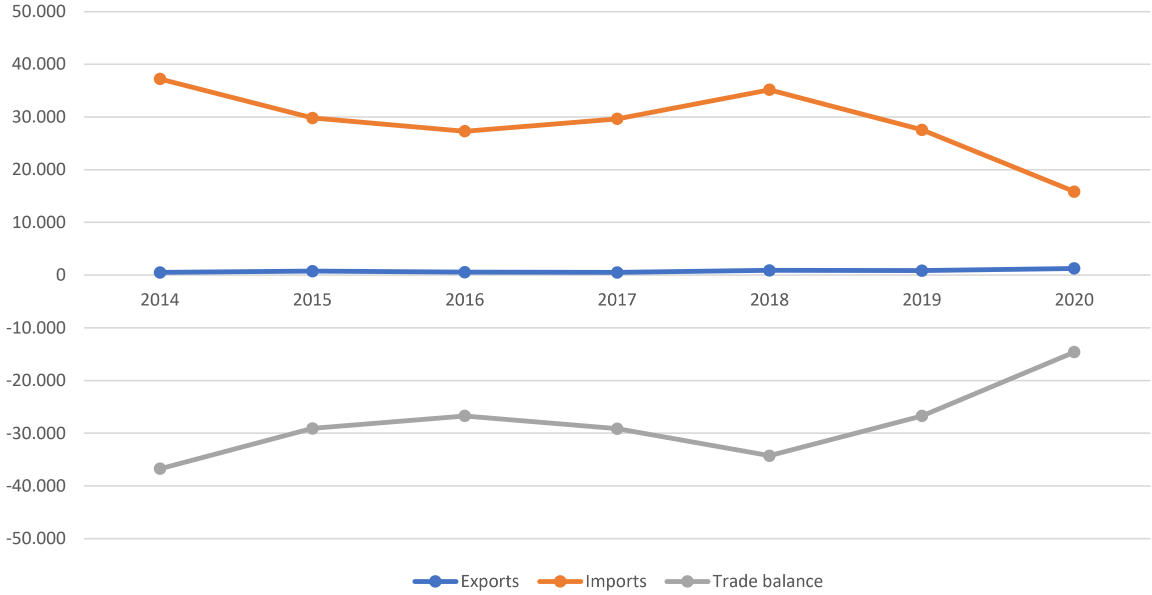
Table 6.9 Summary of trade flows between Mauritius and India, 2014-20

Year	Exports to India (MUR)	Imports from India (MUR)
2014	503,929,787	37,224,986,606
2015	744,613,001	29,822,404,814
2016	566,496,281	27,292,159,620
2017	511,539,871	29,646,240,736
2018	893,740,590	35,160,973,112
2019	848,170,875	27,578,537,861
2020 (prov.)	1,259,945,137	15,858,971,218

Source: Statistics Mauritius.

Chart 6.7 Mauritius' trade with India

(MUR million)



Source: Statistics Mauritius.

6.87. The (CECPA) will further open up market opportunities by eliminating tariff or providing a significant margin of preference on key products of export interest to both sides. It is expected that the CECPA will help narrow the substantial trade gap as can be evidence from the trade figures, and open up the Indian services market to Mauritian service providers.

6.4.3 Mauritius-Turkey Free Trade Agreement

6.88. A Free Trade Agreement (FTA) between Mauritius and Turkey was signed on 9 September 2011 and entered into force on 1 June 2013. It provides duty-free and quota-free access on all industrial products and preferential access in terms of tariff rate quotas on a list of 46 Agricultural products including tropical fruits, preserved vegetables, uncooked pasta, cake decoration, flowers, fish and fish products, animal feed, spirits and beer amongst others.

Table 6.10 Trade between Mauritius and Turkey

	2014	2015	2016	2017	2018	2019	2020 (Provisional)	CAGR (%)
Imports	1,458	1,488	1,415	1,915	2,609	3,160	3,103	13
Exports	145	123	68	65	25	66	46	-17
Trade Balance Deficit	-1,313	-1,365	-1,348	-1,849	-2,584	-3,095	-3,057	15

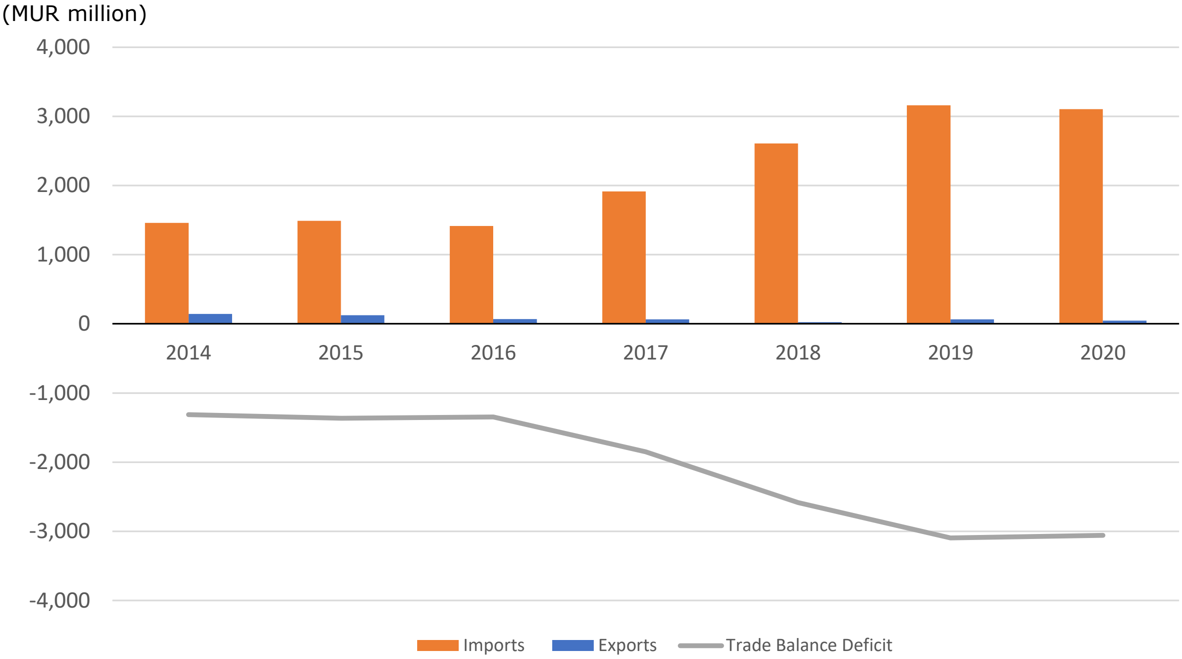
Source: Statistics Mauritius.

6.89. Mauritius exports to Turkey has recorded a cumulative annual decline of 17% over the period of 2014-20, and in the same period imports from Turkey recorded an increase of 13%.

6.90. A trade deficit of approximately MUR 3 billion was recorded in 2020, which were MUR 1.31 billion in the year 2014.

6.91. It is to be noted that since the entry into force of the FTA in 2013, Mauritius' imports from Turkey have increased by 113%.

Chart 6.8 Mauritius' trade with Turkey



Source: Statistics Mauritius.

6.4.4 Mauritius-Pakistan Preferential Trade Agreement

Imposition of Regulatory Import Duties by Pakistan

6.92. In 2007, Mauritius and Pakistan signed a Preferential Trade Agreement (PTA) which entered into force in November 2007. The PTA eliminates duties on a list of some 232 agreed products. However, in 2017 following new internal regulations, Pakistan imposed regulatory import duties on more than 730 tariff lines, affecting tariff lines falling under the PTA which were already duty-free prior to the imposition of the import regulations.

6.93. Indeed, duty applicable to approximately 31 tariff lines out of 66 negotiated tariff lines for textiles and duty applicable to approximately 43 tariff lines out of 64 negotiated tariff lines for non-textiles products under the PTA have been modified and are now facing duties when exported from Mauritius.

6.94. Since 2017, exports from Mauritius to Pakistan have dropped significantly (by 91%). Furthermore, an import duty of 50% was introduced on soaps and detergents, which were the main export items of Mauritius.

6.95. Mauritius hopes that following numerous calls on the Pakistani Authorities, the regulatory import duties would be eliminated.

6.4.5 Mauritius – Indonesia Preferential Trade Agreement

6.96. Mauritius has initiated negotiations in 2019 on a Preferential Trade Agreement (PTA), with Indonesia. The Indonesia-Mauritius PTA will be the first trade agreement that Mauritius will sign with a Member of the Association of South East Asian Nations (ASEAN).

7 CONCLUSION

7.1. Mauritius is one of the most economically affected countries in the world due to the COVID-19 pandemic. Nonetheless, the country did not have recourse to any protectionist trade measures, but rather continued on the path of reform. The only restrictive measure taken as from the beginning of this year is a complete ban on the production, imports and exports of single use plastic products.

This measure justified under Article XX of the Marrakesh Agreement is a demonstration, in essence, of the commitment of Mauritius to the protection of the environment, and to the promotion of sustainable and eco-friendly development.

7.2. The impact of COVID-19 on Mauritius as a SIDS, bears testimony to the economic vulnerability of these countries and to their exposure to external shocks. It justifies the call for their recognition by the World Trade Organization as a distinct category of countries that require tailor made and specific special and differential treatment.

7.3. This call is further justified by the fact that most SIDS, which by virtue of the population have a relatively higher per capita GDP. In this regard, they are not eligible for certain vital benefits such as concessional financing, GSP preferences or even support to meet their category C obligations under the WTO Agreement on Trade Facilitation. Mauritius therefore relies on the support of WTO member States on this vital issue for the recognition of SIDS as a distinct category of countries.

7.4. The COVID-19 pandemic reinforces the need for collective actions to address both the health dimension and its economic fallout. Mauritius believes that the WTO has an important role to play in ensuring the accessibility of the COVID-19 vaccines to all on the basis of the principle of non-discrimination, and to ensure that trade flows continue seamlessly. Mauritius remains fully committed to the objectives of the WTO and will work with all member States to reinforce the multilateral trading system.