

**REGIONAL MEETING ON PROMOTING SERVICES SECTOR DEVELOPMENT AND TRADE-LED GROWTH IN
AFRICA**

organized by UNCTAD in collaboration with the African Union Commission (AUC) and the UN Economic Commission for Africa (UNECA) and in partnership with the International Organisation of La Francophonie

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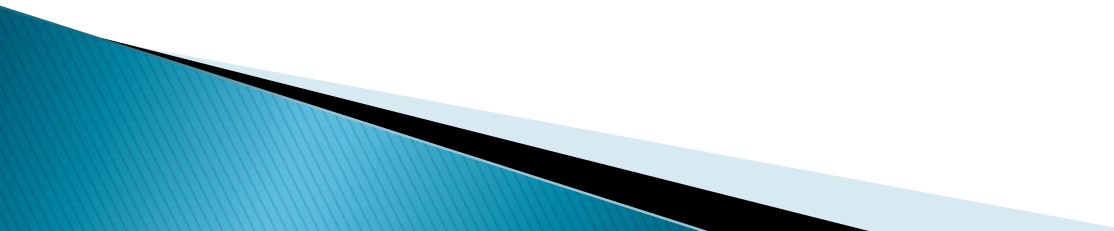
Mauritius' Experience on Promotion of Services Sector

By Mr. Assad Bhuglah–Director Trade Policy
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Early Experiment without Services Strategy

- ▶ 1970 – post-Independence deal with the private sector to invest the surplus income from sugar export into tourism – primary objective was to address mass unemployment problem.
 - ▶ 1994 – instigation of the WTO – submit a token commitment in services in order to become founder member of the WTO – commitments made in tourism and telecommunication. Exemption filed in Financial Services without making any commitment in this sector.
 - ▶ 1995 – first Trade Policy Review of Mauritius – call for rectifying the inconsistencies in the extended negotiations in telecommunications and financial services.
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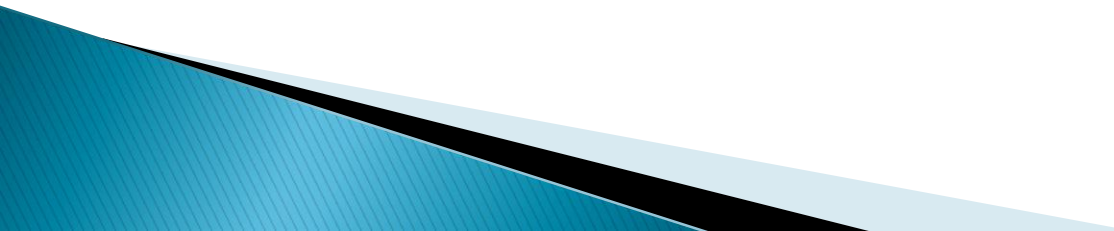
Hard Lessons from Economic Shocks

- ▶ Vulnerability of Mauritius due to mono-crop (sugar) and mono-manufacturing (textile and clothing) relying heavily on EU preferentials
 - ▶ Mid 2000 – the EU preferences challenged in the WTO – Multi-Fibre arrangements phased out and price depression for sugar.
 - ▶ Diversifying towards services.
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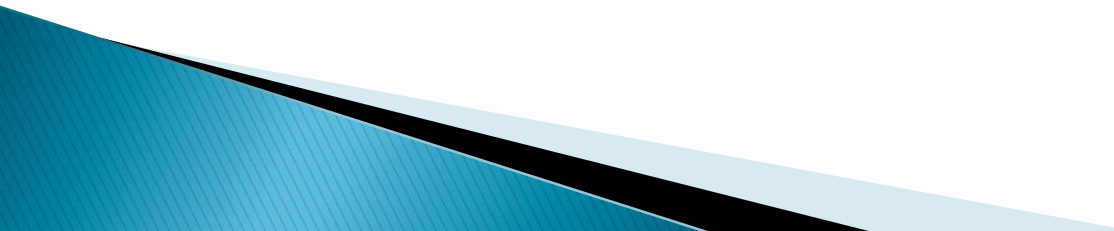
Moving towards a service-oriented economy

- ▶ Putting in place regulatory and institutional frameworks
 - Financial Services Commission
 - ICTA
 - Tourism Authority
 - ▶ Cyber-island concept – investment in IT infrastructure
 - ▶ Knowledge-based economy – massive investment in education
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Negotiating Market Outlets for Mauritian Service Providers

- ▶ Bilateral deals with France, Canada and Seychelles for circular migration
 - ▶ Regional initiative for trade in services agreement at SADC and COMESA level
 - ▶ A network of IPPAs and DTAs
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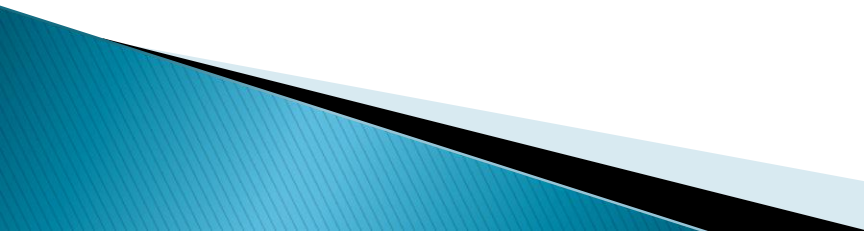
Building National Consensus

- ▶ Setting up a special unit at Ministry of Trade to ensure coordination and policy coherence among multi-stakeholders.
 - ▶ Capacity-building of officials and education process of the stakeholders.
 - ▶ Joint public – private sector consultation mechanism.
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Overcoming Capacity Constraints

- ▶ Enlisting the support of UNCTAD and Commonwealth Secretariat for undertaking situational analysis and Needs Assessment
 - ▶ Mobilising expertise from professional bodies, services lobbies and private sector in preparation of Country Report on services – CAPAS exercise
 - ▶ Involvement of private sector experts in services negotiations
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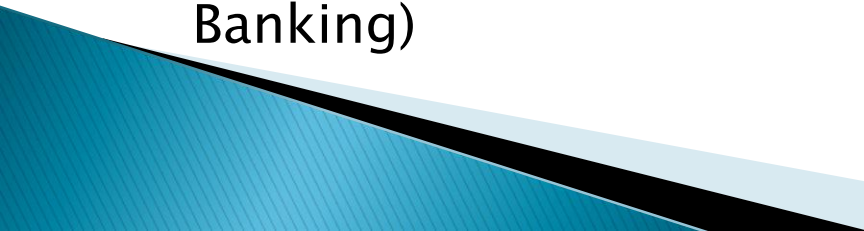
Smallness of Mauritius

- ▶ A small island, geographically isolated from the African mainland
 - ▶ Mauritius is absent from the land transport, energy and mining services.
 - ▶ Its national airline does not have the clout to compete with the mega airlines.
 - ▶ Its home-grown construction firms are too small to position themselves on the regional market.
 - ▶ Limited participation of Mauritius in infrastructure intensive services.
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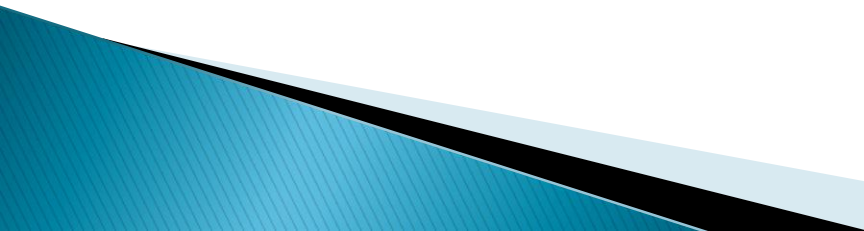
Mauritian Export Strategy

- ▶ Relaxing the pressure on endowment – intensive services (tourism) and moving towards knowledge-intensive services.
- ▶ Compensating the insignificant commercial presence of Mauritian firms abroad, by diversifying products of mode 2 (health-tourism, educational hub), intensifying the mode 1 delivery (call centres, Business Process Outsourcing backward office operations) and upgrading the mode 4 exports (circular migration of professionals and skilled persons)

Enabling Environment

- ▶ Connectivity – Easy submarine cable, modernisation of airport, gradual opening of the sky, relaxation of entry visa to most of the African nations
 - ▶ Regulatory Reforms
 - ▶ Special schemes to encourage new categories of tourists (honey-mooners, film-makers and foreign students)
 - ▶ Enlarging circle of opportunities for higher education and specialised training by encouraging reputed foreign universities to install branches in Mauritius.
 - ▶ Strategic partnership with foreign medical institutions in the field of heart-surgery, cancer treatment, cornea transplant and vitro-retinal operations.
 - ▶ Adding new products to financial services (e.g Islamic Banking)
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Regional Route

- ▶ Trade in Services at multilateral level will take a long time to generate the desired results due to the continued deadlock of the Doha Round talks
 - ▶ In the interim the regional route can serve as an important platform to provide training ground for developing countries to develop the services sectors.
 - ▶ Mauritius is an active player for the promotion of trade in services in the context of SADC and COMESA
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Variable Geometry

- ▶ Despite the conclusion of services agreement at regional level, there seems to exist lack of preparedness and capacity-deficit among African countries to embark on trade liberalisation programmes.
- ▶ Cognisant of this reality, Mauritius had been one of the proponents of variable geometry and multi-speed approach during the negotiations of SADC Trade Protocol.
- ▶ As such, two or more members of SADC, if they wish to move on fast-track, can negotiate to liberalise trade in services for specific sectors. Other members who would wish to join them at a later stage, can do so but on the basis of exchanging preferences on reciproca basis.
- ▶ The Protocol should not prevent a SADC member from entering into a new preferential agreement with third countries provided other member states would be afforded the opportunity to negotiate similar preferences in reciprocal basis.

Thank You

