



## TRADE POLICY AND SUSTAINABLE DEVELOPMENT MEETING

Geneva, 6 – 8 October 2015

### **MAURITIUS' EXPERIENCE IN TRADE POLICY FORMULATION AND IMPLEMENTATION**

Session-3

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*UNCTAD's Trade Policy and  
Sustainable Development Forum*

*Geneva  
Switzerland*

*6-8 October 2015*

A world map with a light blue background. The landmasses are shown in a darker blue. The island of Mauritius in the Indian Ocean is highlighted in a bright red color. A small red circle is placed on the island, and the word "Mauritius" is written in red text to its right.

# Mauritius' Experience in Trade Policy Formulation and Implementation

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**Mauritius**

# Star and Key of the Indian Ocean

## Key Indicators (Dec 13)

### GDP Growth :

- 3.4 %

### Unemployment

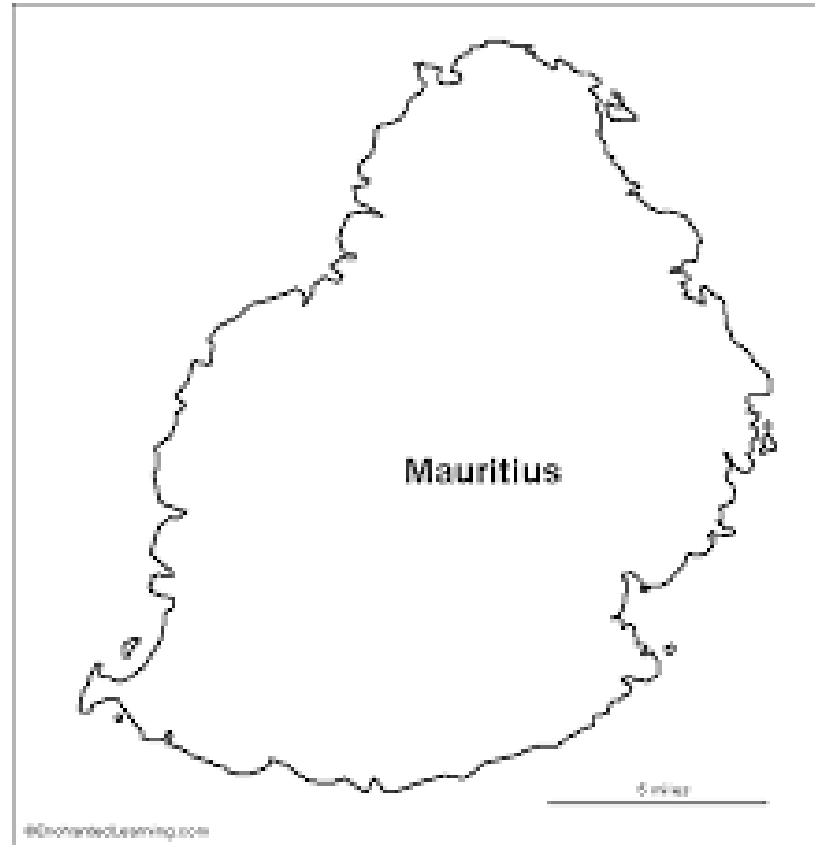
- 8.3%

### Inflation rate

- 3.5 %

### GDP Per capita

- \$16,100 (2013 est.)



### Exclusive Economic Zone:

1.9 million km<sup>2</sup>

+ 396,000 km<sup>2</sup> joint extended

shelf with Seychelles

## Key Facts

### Area:

- 2,040 Km<sup>2</sup> (788 miles<sup>2</sup>)

### Population:

- 1,260,934 (Dec 2014)

### Capital:

- Port Louis

### Government:

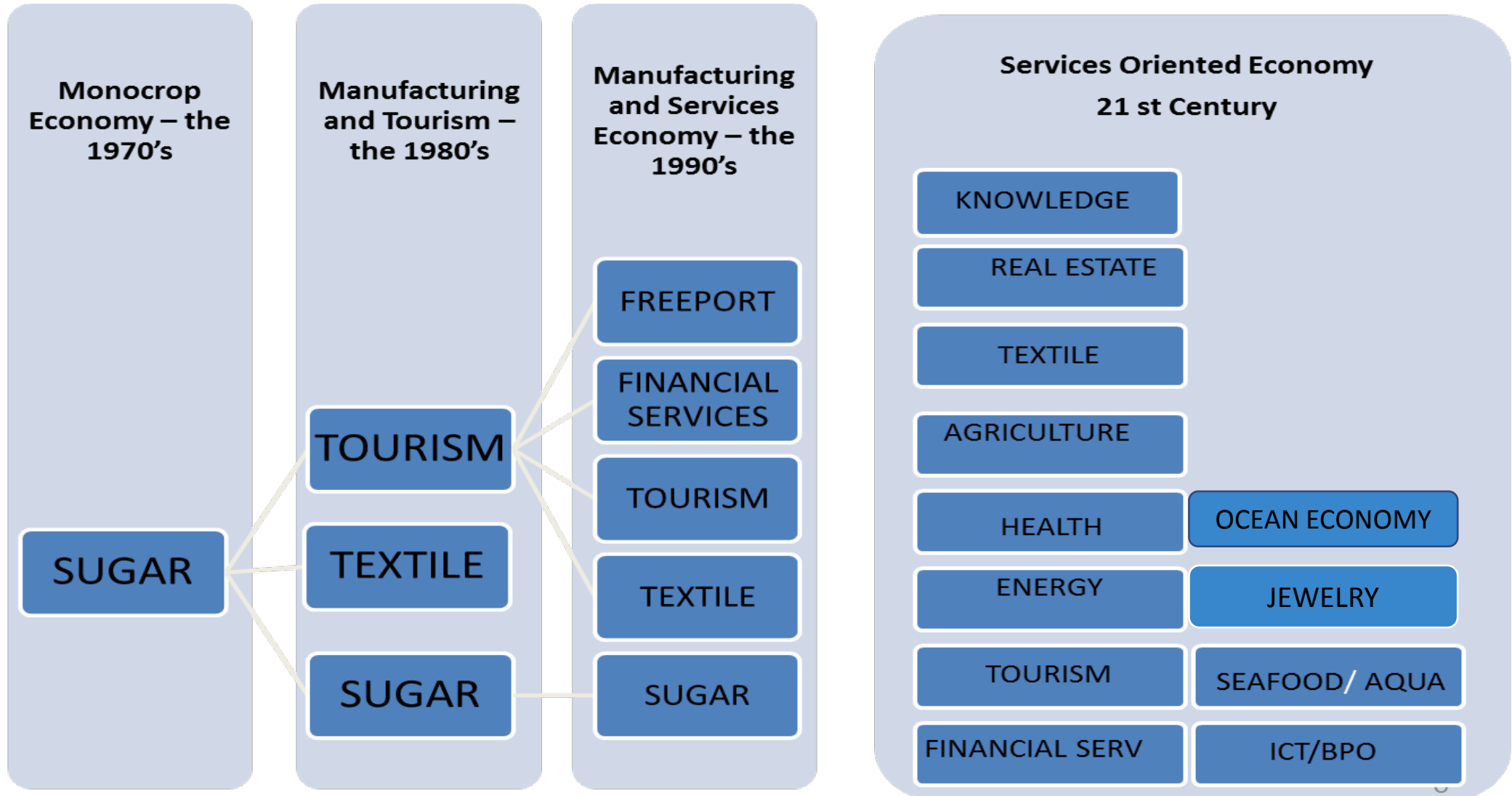
- Republic since 1992.

- Independent state in 1968.

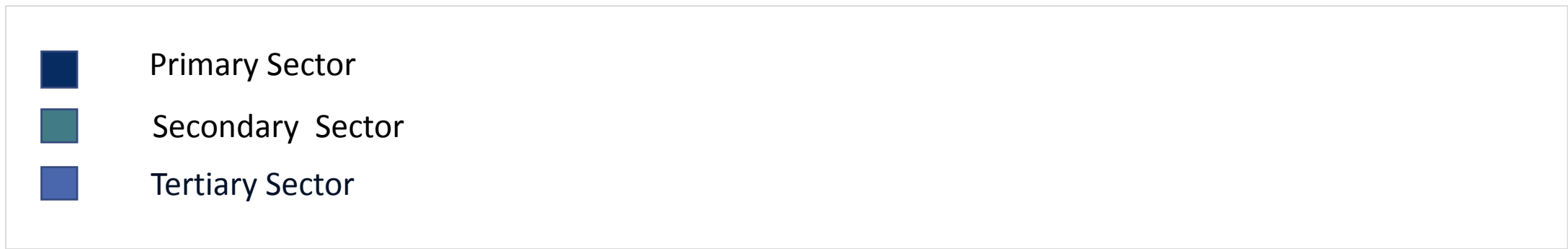
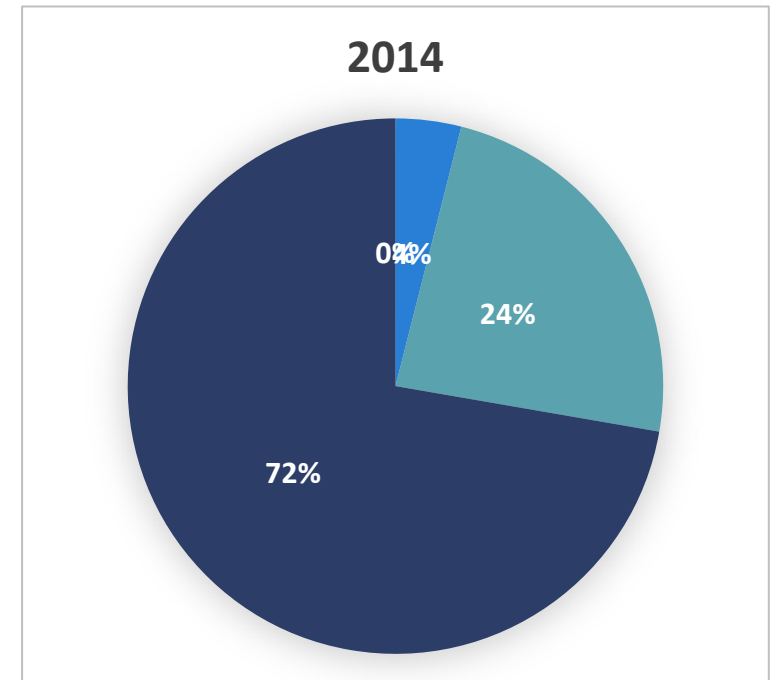
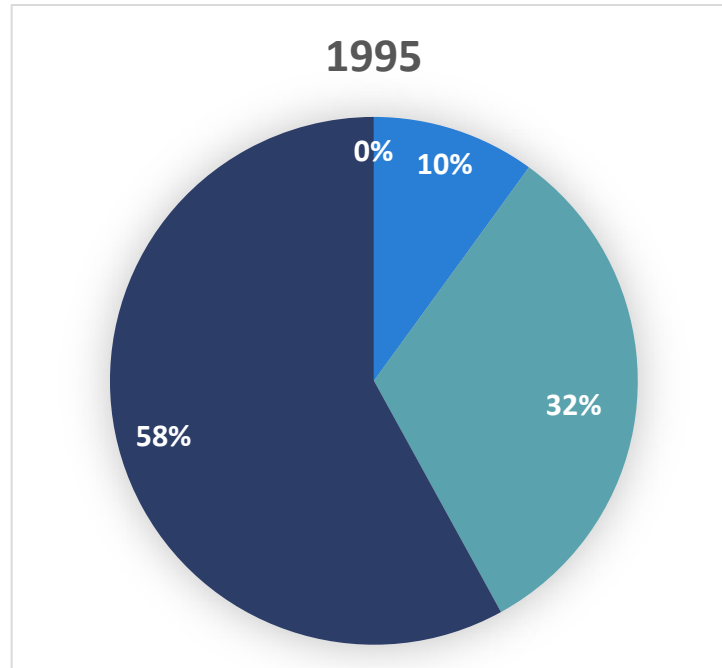
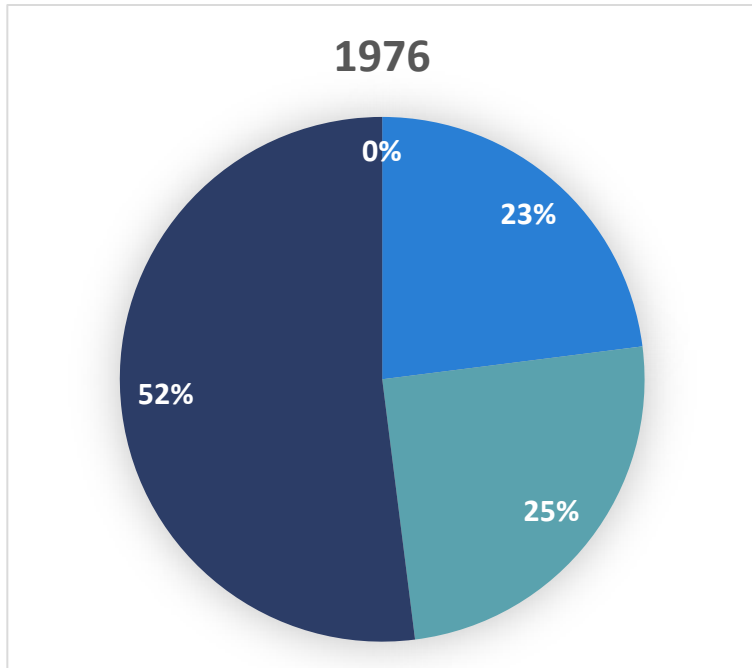
### Official Language:

- English

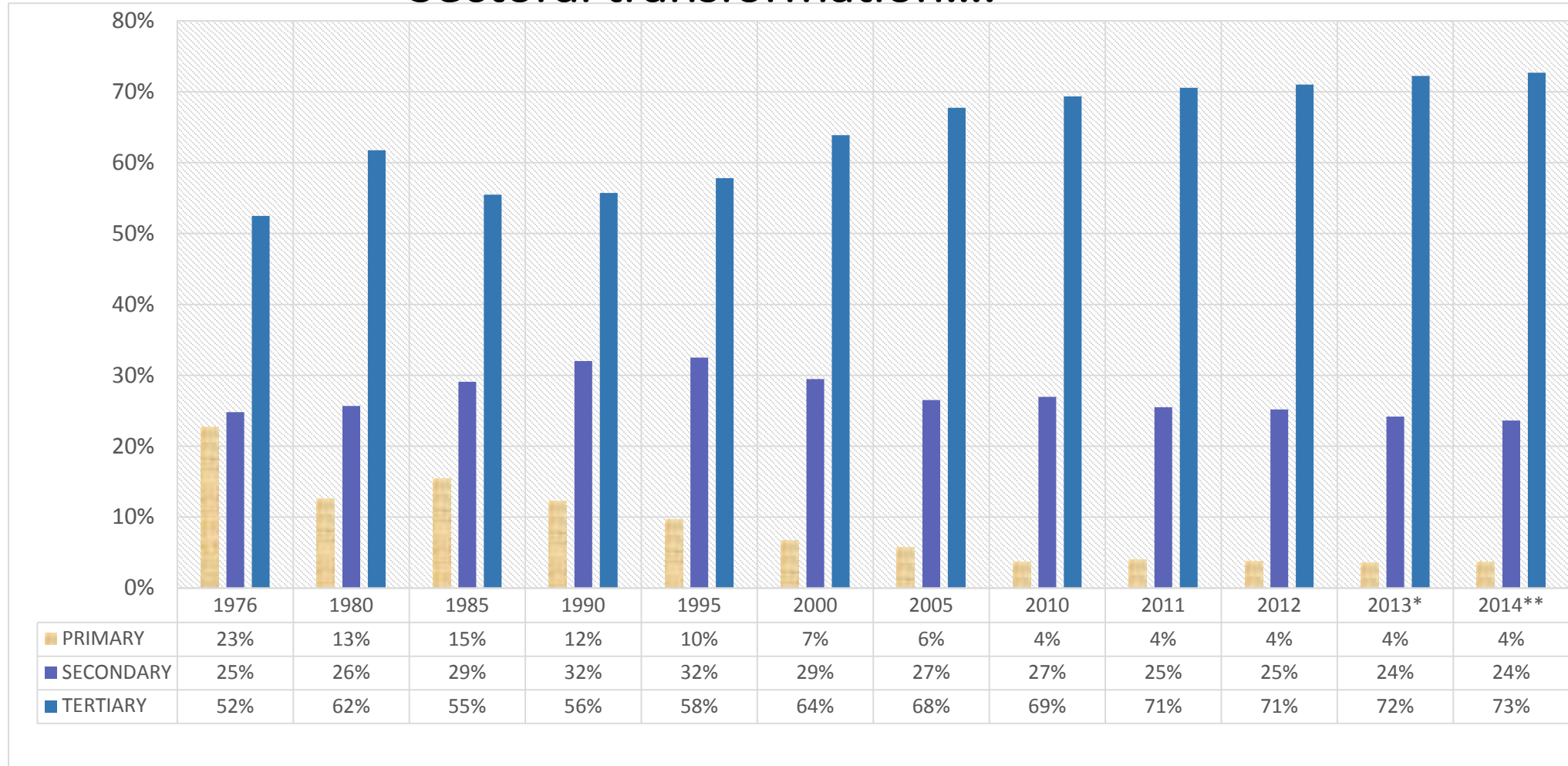
# MAURITIUS ECONOMIC TRAJECTORY



# Evolution of the Mauritian Economy

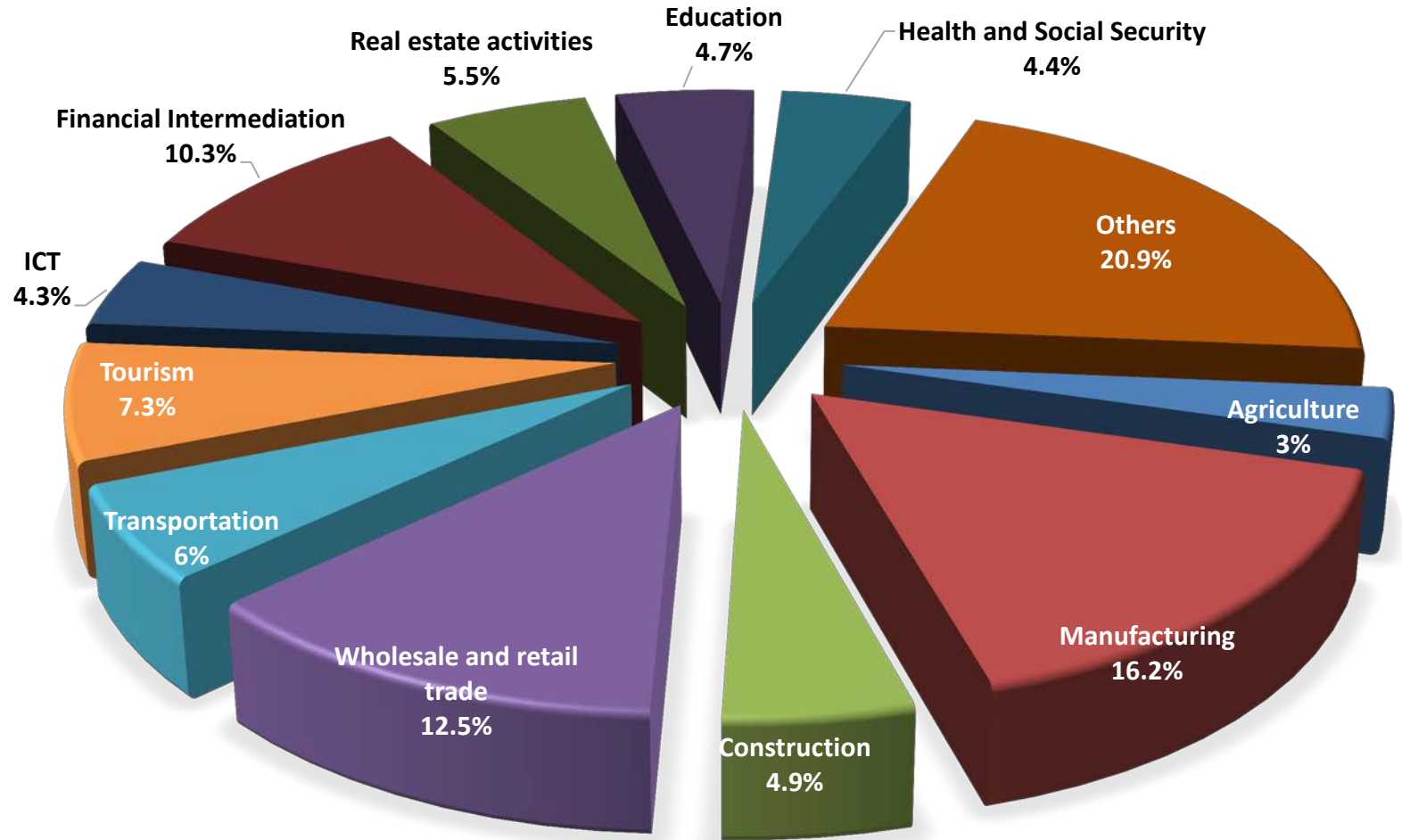


# Sectoral transformation....



- Primary Sector (Agriculture, forestry and fishing) ↓
- Secondary Sector (Manufacturing, Construction)
- Tertiary Sector (Tourism, ICT, Financial Intermediation, Real estate, Education, Health, Retail trade) ↑

# 2014 GDP COMPOSITION BY INDUSTRY SECTOR





# Trade Statistics of Mauritius

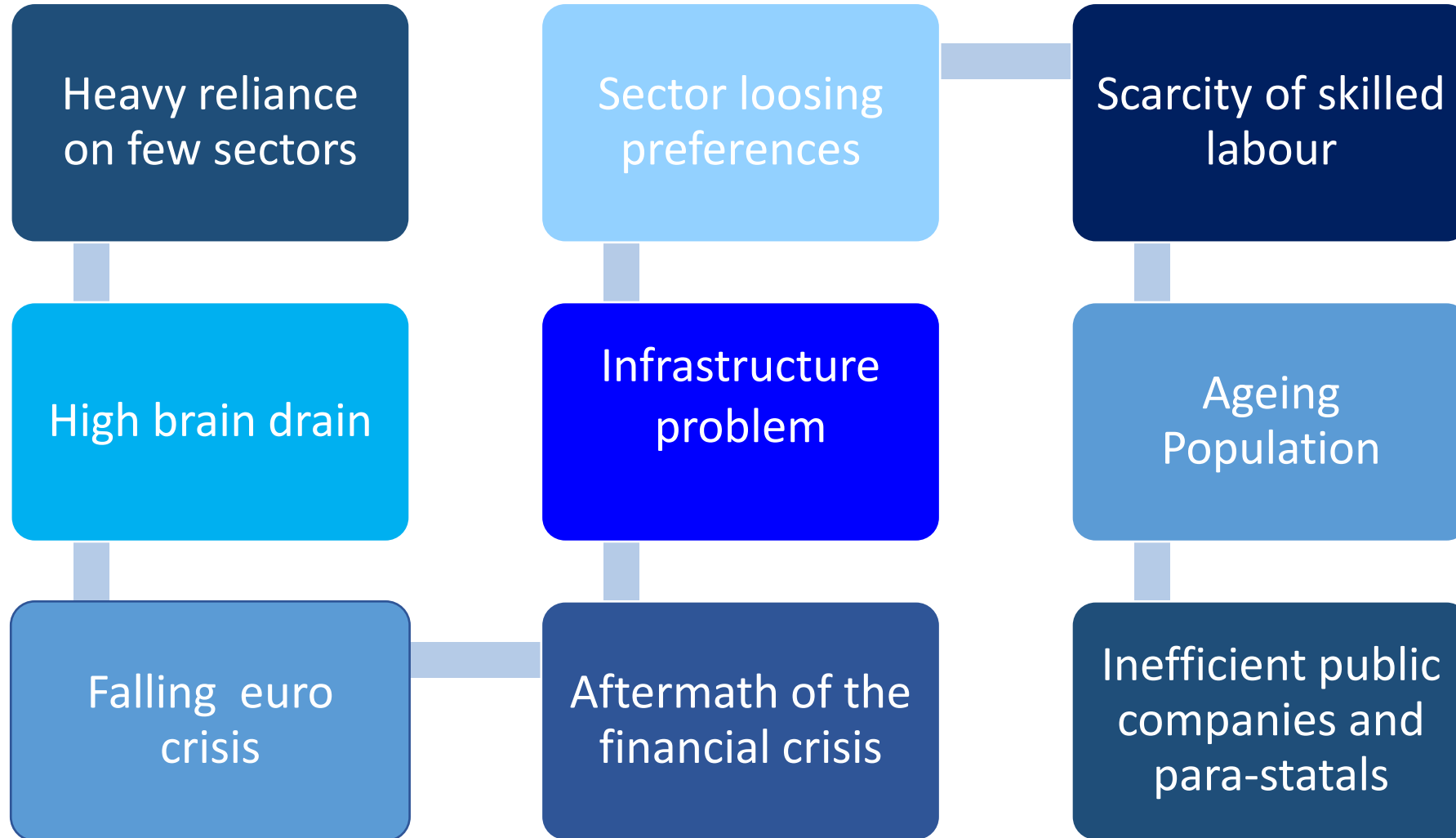
## Imports

- Total Imports (2014): Rs 172 B
- Main sources: India 20.3%, France 10.6% , China 10.3% 24.3%, South Africa 9.7%
- Main products: Fuel and related: 21.4%; Machinery 19.8%, Manufacturing products 18.9% and Food 18%

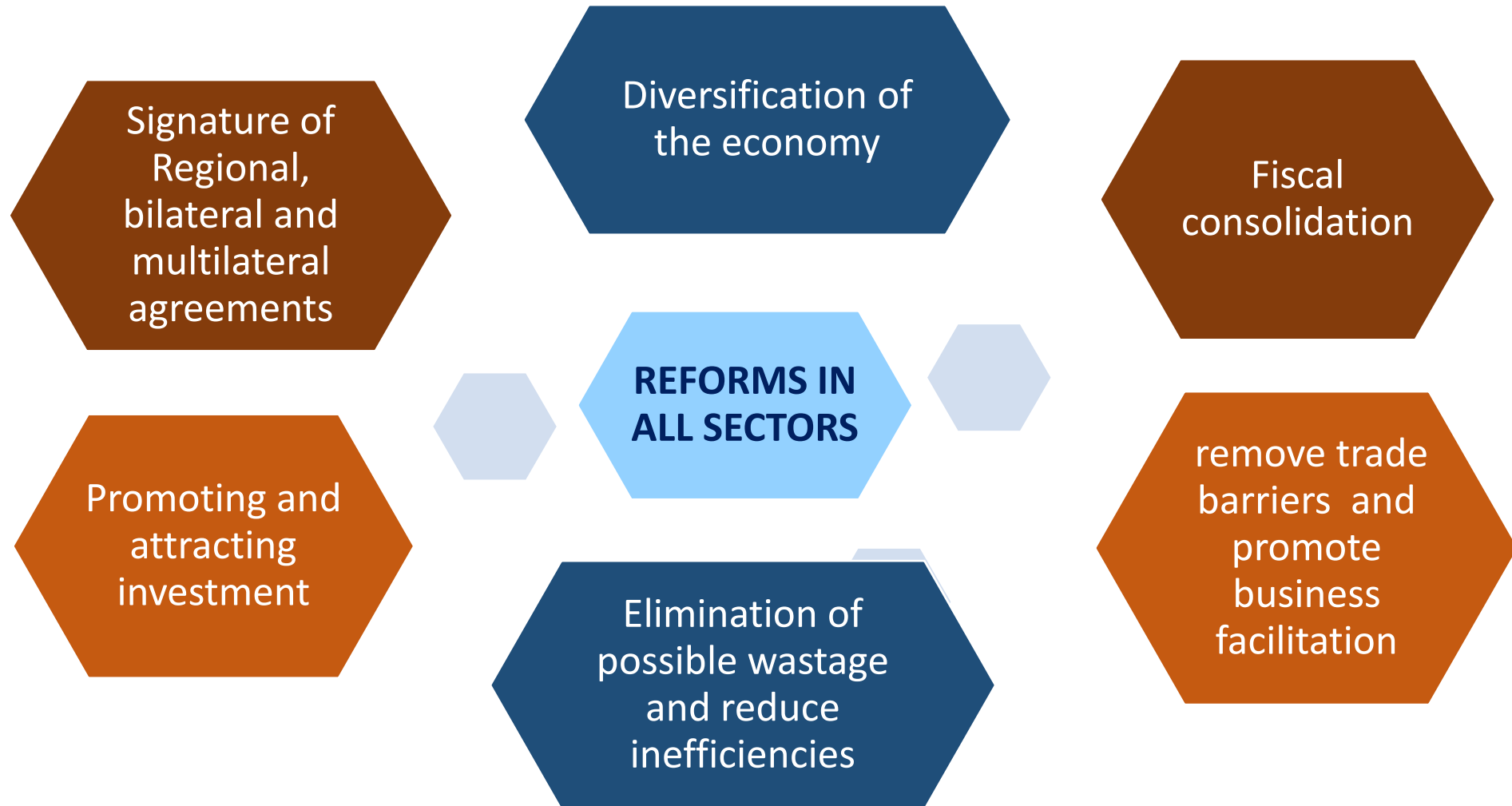
## Exports

- Exports (2013): Rs Rs 81 B
- Main Sources: EU 67.9%, US 11%, Madagascar 8.4%, South Africa
- Main products: Textile and apparel, Sugar ,Fish and cut flowers

# Challenges faced by Mauritius



# Remedial measures



# Vision 2030



Vision 2030 aiming to provide a new strategic direction to the island was announced by the Mauritius Government in August 2015

Four key focus areas identified are:

- Unemployment
- Alleviating poverty
- Opening up the country and new air access policies
- Sustainable development and innovation.

The economic model chosen for the development of the country, is centered on a number of core areas. These include:

- A revamped and dynamic manufacturing base for the country
- Leveraging on the Exclusive Maritime Economic Zone to develop the Ocean industry
- Revisiting the services sector
- Renovating the Innovation, Technology and Communication sector

# Trade Policy Formulation Challenges and Constraints

- A small island with limited administrative capacity for trade formulation
- A small team of trade experts covering a multitude of complex negotiations at multilateral, regional and bilateral levels.
- Lack of research and analytical backup from Universities.
- Brain-drain of experienced trade experts.

## Some Mitigating Measures

- Creation of International Trade Division under the Ministry of Foreign Affairs which acts as specialized agency for trade policy formulation.
- With a limited staff of hardly 10 trade specialists, the ITD has to rely on resources and relevant expertise of other Ministries and private sector agencies.
- Continuous coordination and consultation with all stakeholders, including the private sector in the trade policy formulation process.
- Consistency and continuity in the membership of trade negotiating team.

# Colonial Heritage

- Mauritius did not have trade policy of its own until 1995.
- Inherited the trade regime designed by the British.
- Became GATT by way of Declaration and not by negotiations.
- The trade Ministry's role was like a trade licensing agency for the implementation of trade preferences under Lome Convention and management of quota under the Multi Fibre Arrangement and Sugar Protocol.

# Policy Focus in Trade

- Mauritius became a founder-member of the WTO in 1995 without participating in the Uruguay Round.
- The outcome of the Uruguay Round, which established the WTO, had a profound implications on Mauritian economy. The trade preferences under Lome/Cotonou were challenged, Multi Fibre Arrangement was set to phase out, certain subsidy program/incentives were categorized as prohibited and the compatibility of Sugar Protocol was questioned.
- The first-ever Trade Policy Review of Mauritius in 1995 – Highlight on trade policy inconsistencies of Mauritius.
- These trade shocks alerted the Mauritian government to take a proactive approach trade policy formulation and trade negotiations.



# Influencing WTO Negotiations

- Creation of the Trade Policy Unit in 1996 to keep a watching brief on WTO negotiations. This Unit eventually evolved into a full-fledged International Trade Division.
- Active participation of Mauritius in the WTO Negotiations.
- Advocacy role for Small Economies.
- Leading the constituency of G-90 and G-120.
- Involved in the caucus groups and Green Room process.

# Pragmatism in Trade Policy

- Delicate balance between collective initiative and national interests.
- Carried out substantial tariff liberalization ahead of the conclusion of Doha Round.
- Mauritius was among the first to ratify the Trade Facilitation Agreement.
- The sole country from Africa to join the TISA.

# Regional Trade Policy

- Overcoming its smallness by joining the regional blocs.
- Founder-Member of the COMESA
- Deliberate policy-decision to join SADC in 1996.
- Navigating with the issue of Customs Union in a situation of overlapping membership.
- Pro-active role in the establishment of the Tripartite COMESA-EAC-SADC Free Trade Area to overcome the problem of overlapping membership situation.

# Bilateral Initiatives

- While consolidating the trade relations with traditional partners, Mauritius is multiplying efforts to conclude bilateral trade agreement with a number of emerging economies as well as some Africa states.
- The objective is not only to diversify its export markets but also to secure regularity in supply and sourcing of vital commodities and raw materials for its manufacturing industries.
- Concluded a PTA with Pakistan; signed a FTA with Turkey; finalized a PTA with India, but awaiting signature.
- Initiated bilateral talks with Tunisia, Gabon, Russia, China, Australia.

# Managing Complex Policy Areas

- Addressing the NTBs, a cumbersome and protracted coordination.
- Trade Defense Mechanism – Difficult to get it started – Recourse to a light model on secondment basis.
- IP Policies – difficulty in bringing different agencies on the same platform.
- Trade in Services: a challenge of synchronisation of policies and educating the stakeholders.

# Loss of Institutional Memory

- A lot of time and resources are spent in developing knowledge and capability and most of it reside in the heads and hearts of trade experts.
- Much of this institutional memory moves away or gets lost as people take on new jobs, relocate or retire – taking with them a wealth of knowledge and know-how gained from decades of working on the same subject.
- For a small economy, it is indeed a challenge on how to overcome the loss of institutional memory.
- Organisations like UNCTAD can put in place a type of the program for the transmission of the institutional memory about hard-learned lessons and the practices perfected by trade experts over the years.

# UNCTAD's Technical Assistance to Mauritius

- National Brainstorming on WTO's Doha Development Agenda
- Advocacy of SIDS agenda
- Assisted Mauritius in drafting to National Plan for the implementation of WTO's Agreement on Trade Facilitation
- Assessment of offers in the context of services negotiations
- Enhancing the capacity of the University of Mauritius, through UNCTAD's Virtual Institute, in the areas of trade and development-related teaching and research.

