In This Issue

- What’s happening at the WTO:
  (A) Proposals for WTO Reform
  (B) WTO Joint initiatives / Plurilateral discussions
  (C) Fisheries Subsidies
- The Commonwealth Senior Trade Officials and Trade Ministers Meeting
- Trade Remedies: Anti-dumping, countervailing measures and safeguards
- SADC Trade Related Facility: Projects implemented for trade facilitation, trade promotion and trade development
- Annex VII of the SADC Protocol on Trade (concerning trade in sugar
- African Continental Free Trade Area (AfCFTA): First Meeting AfCFTA State Parties Council of Ministers, 24-25 October 2019, Ethiopia
- World Intellectual Property Report 2019
- Intellectual Property & Developing countries

What’s happening at the WTO

(A) Proposals for WTO Reform

In recent months, some members (including EU and Canada) have suggested a broad range of reforms at the WTO including a slate of new rules, even though existing mandates from the DDA remain unaddressed. In short, members proposed the following reforms:

- All WTO members should engage constructively to address the challenge of the ongoing impasse of the
appointment process of the Appellate Body members.

- Improving trade remedies rules (many members are putting the multilateral trading system at risk by taking unilateral and protectionist measures)

- Improving the notification obligations of the WTO. The obligations must consider the capacity constraints and implementation challenges faced by many developing members

- The Special and Differential Treatment rights of developing and least developing members must be preserved and strengthened in both current and future WTO agreements with priority attention to outstanding LDC issues

**United States reform proposals**

The United States proposed a reform of the WTO that would slash the number of countries that are eligible for “special and differential treatment”. The United States has long complained that WTO members can self-designate as “developing countries”, entitling them to a range of benefits and lenient treatment at the WTO.
Most of the WTO’s 164 members claim to be developing, including major trading powers like China and India. Special and differential treatment (S&D) entitles developing countries to longer time periods for implementing agreed commitments, measures to increase trading opportunities, and twice the amount of agricultural subsidies available to developed countries.

According to the US proposal, current and future trade negotiations should withhold such special treatment from countries classified as “high income” by the World Bank, OECD members or acceding members, G20 nations and any state accounting for 0.5 percent or more of world trade.

**China’s reform proposals**

The US is inclined to negotiate with China ‘as an equal’. The EU no longer recognises China as a developing country and has deemed China an ‘economic rival’. Japan has called on the Asian Development Bank to reduce low-interest loans to China. In recent times, Brazil had given up the S&D treatment rights of the WTO to obtain the support of the US in its accession to the WTO.
China submitted the WTO reform proposal where it inter-alia defends its rights as a developing country to enjoy S&DT. The Chinese proposal covers the following areas:

- Resolving the crucial and urgent issues threatening the existence of the WTO (Appointment of Appellate Body members, curbing abuse of national security exceptions)

- Increasing WTO's relevance in global economic governance (rectify disadvantages of developing countries regarding any agricultural subsidies, improving trade remedies rules, advancing negotiations on E-Commerce, investment facilitation and MSMEs)

- Improving the operational efficiency of the WTO (notification obligations)

- Strengthening the inclusiveness of the multilateral trading system (Special and Differential treatment for LDCs and developing countries)

**Views of the Africa Group and ACP Group**

It should be noted that both the Africa Group and the ACP Group is strongly committed towards the conclusion of the Doha Development Agenda. They emphasized the need to
give central focus to development issues in all negotiations. In addition, they are also not very favourable to the Joint Initiatives discussions on the various plurilateral issues.

(B) WTO Joint initiatives / Plurilateral discussions

At the 11th Ministerial Conference in Buenos Aires in December 2017, joint statements were issued by like-minded groups of WTO members on advancing discussions on e-commerce, investment facilitation for development, and micro, small and medium-sized enterprises (MSMEs). Joint initiatives are open to all members.

Joint initiative on Electronic Commerce

A second Joint Statement was issued in January 2019 and focused on reinvigorating the work programme on e-commerce and maintaining the current practice of not imposing customs duties on electronic transmissions. Discussions are currently ongoing at the level of the WTO for a plurilateral agreement on e-commerce in the form of focus groups namely: Facilitating Electronic Transactions, Flow of information, Non-discrimination and liability,
Privacy, Online consumer protection, Cybersecurity, Transparency, Domestic Regulation and Cooperation, and Telecommunications.

The Ministry of Technology, Communication and Innovation has been consulted on the proposals. Regarding telecommunications services, most of the proposals are acceptable to Mauritius. However, we are in favour of due consideration for SIDS in the form of economic needs tests for the granting of telecommunication licenses.

As far as E-Commerce infrastructure is concerned, Mauritius has the appropriate data centres for hosting servers, e-payment gateways, international bandwidth, and legislations among others. We also have the proper legal frameworks to protect online transactions such as the Electronic Transactions Act 2000 which caters for Public Key Infrastructure to secure e-commerce transactions and digital signature. In addition, the Data Protection Act 2017 is aligned with the EU General Data Protection Regulations. This legal instrument strengthens our Knowledge Process Outsourcing (KPO) sector and allows us to continue to service clients from the EU.

Furthermore, Mauritius is in the process of setting up a second Certification Authority for the issue of digital certificates.

It is also important to note that Mauritius is also agreeable to the provisions on cross border data flows as the latter is catered for in the Data Protection Act 2017.
Investment facilitation has been receiving increasing attention by WTO Members as a meaningful mean to promote cross-border investment flows and, therefore, strengthen the global economy. It has been recognized by many Members that there are dynamic links between investment, trade and development in today's global economy, as well as a need for closer international cooperation at the global level to create a more transparent, efficient, and predictable environment for facilitating cross border investment.

During the Eleventh WTO Ministerial Conference held in Buenos Aires in 2017, 70 Members co-sponsored the Joint Ministerial Statement on Investment Facilitation for Development, which called for structured discussions with the aim of developing a multilateral framework on investment facilitation in order to identify and develop the elements of such a framework for facilitating foreign direct investments, as well as to clarify the framework's relationship and interaction with existing WTO provisions, with current investment commitments among Members,
and with the investment facilitation work of other international organizations.

Building on the Buenos Aires Ministerial Statement, Structured Discussions on Investment Facilitation for Development were held since 13 March 2018, which focused on identifying possible elements of a multilateral framework and develop the identified elements. In doing so, discussions were based on text-based examples submitted by Members on these possible elements, drawing on the "Checklist of Issues raised by Members".

Since then, numerous contributions have been made at the open-ended meetings of the Structured Discussions, where countries have shared their views and ideas on a possible WTO framework on investment facilitation. Mauritius has been participating actively in the discussions and has made several proposals after consultations with key stakeholders, namely Ministry of Finance and Economic Development as well as Economic Development Board. Members have also agreed to continue outreach efforts to WTO Members, especially developing and least developed Members, to ensure that the framework helps to address their investment facilitation priorities and needs.

As a result, there is a current working document elaborated by the Coordinator built on the latest version of the compendium of text-based examples, with the aim of helping Members to further develop the elements of the multilateral framework. Members are constructively engaging in the Structured Discussions and aim towards achieving a concrete outcome on investment facilitation for
development at the Twelfth WTO Ministerial Conference (MC12) to be held in June 2020 in Nur-Sultan, Kazakhstan.

At a WTO mini-ministerial meeting held in Shanghai on 5 November 2019, 92 members co-sponsored a second joint statement. Furthermore, the number of African countries co-sponsoring the initiative has increased from 4 to 18 and some other ACP countries have also joined. In the November 2019 Joint statement, members agreed that facilitating greater developing and least-developed Members' participation in global investment flows should constitute a core objective of the framework. They also stated that the discussions shall not address market access, investment protection, and Investor-State Dispute Settlement. Moreover, in the last Joint Statement, members affirmed that the working document constitutes a sound basis for continued progress in the current discussions. Mauritius has not so far co-sponsored the Joint Statement and has proposed an amendment on the section on transparency.

**Joint initiative on Micro, small and medium-sized enterprises (MSMEs)**

Due to their weak participation in international trade, Micro Small Medium Enterprises (MSMEs) have rarely been consulted in the context of trade negotiations, including at the WTO. However, technological progress, e-
commerce and increasing global value chains (GVC) are opening up new opportunities for MSMEs. Consequently, there has been a rise in awareness for MSMEs in the last few years culminating in the establishment of the Informal Working Group on MSMEs at the 11th Ministerial Conference (MC11) on 13 December 2017. The Informal Working Group on MSMEs, launched in December 2017 by 88 WTO members, appointed Uruguay as its general coordinator for 2018 and established a coordinating committee composed of eight members: Bahrain; Côte d’Ivoire; El Salvador; Hong Kong, China; Nigeria; Pakistan; the Philippines; and Switzerland.

The working group is open to all WTO members and aims to address obstacles to MSME participation in international trade. Furthermore, the Chair of the Informal Group proposed a work programme for 2019 based on a standing agenda to discuss thematic work of interest to the Group, review outreach activities to expand MSME membership and review work relevant to MSMEs done in other WTO Committees to avoid duplication of effort amongst others.

In this objective, various thematic sessions were held in 2019 to discuss cross-cutting issues, including access to information, trade finance, trade costs and trade facilitation, technical assistance and capacity building, possible Helpdesk for MSMEs and the internet as a tool to access global markets.

At the final meeting in November, Uruguay expressed three key objectives for the group in 2019: achieve concrete deliverables, expand group membership and aim for a ministerial declaration in 2020.
Mauritius fully supports this initiative as it considers that MSMEs remain underrepresented and face a large number of obstacles when seeking to participate in international trade. Furthermore, this initiative will ensure better inclusion of MSMEs in global commerce.

**Joint initiative on Services Domestic Regulation (DR)**

The Joint Statement Initiative (JSI) on DR is aimed at streamlining procedures relating to the requirements which Foreign Service Providers have to meet to establish commercial presence. These procedures relate to the submission of applications, application timeframes, electronic applications, processing of applications, fees, assessment of qualifications, recognition, independence, publication and information available, enquiry points and opportunity to comment on measures.

On 23 May 2019, 59 WTO members issued a second Joint Statement on Services Domestic Regulation. In this statement, the signatories committed to continue work on outstanding issues, with a view to incorporating the outcome in their respective schedules of specific
commitments by the Twelfth Ministerial Conference, which is due in Nur-Sultan, Kazakhstan, in June 2020.

(C) Fisheries Subsidies

The negotiations on Fisheries Subsidies are based on the Doha Mandate (para. 28), the Hong Kong Mandate – Annex D and Goal 14.6 of the 2030 Agenda for Sustainable Development. They aim at eliminating certain forms of subsidies that contribute to overcapacity and overfishing, as well as illegal, unreported and unregulated (IUU) fishing, whilst providing for an effective and appropriate special and differential treatment (SDT) for developing countries and LDCs. The negotiations were particularly active during the period 2005-2011, and then entered a hiatus until late 2016, when a series of new proposals from members began to be submitted. All of these proposals explicitly aimed at achieving binding outcomes to be adopted at the 2017 Buenos Aires Ministerial Conference (MC11).

Despite this intensive work, members were not able to agree on binding disciplines in 2017. Consequently, the Ministerial decision taken in Buenos Aires reaffirms members’ commitment to continuing negotiations with a view to reaching an agreement on comprehensive and
effective rules at the WTO’s next Ministerial Conference in December 2019. In taking the subsequent decision to hold that Ministerial Conference in June 2020, members reaffirmed their commitment to complete the fisheries subsidies negotiations by the end of 2019.

**Current status of negotiations**

Post MC 11, members raised issues and exchanged information relating to prohibiting subsidies to illegal, unreported and unregulated (IUU) fishing and to fishing of overfished stocks, and subsidies contributing to overfishing and overcapacity, along with cross-cutting issues such as scope, definitions, institutional arrangements, and special and differential treatment for developing and least-developed country members. But there has been a lack of consensus on a number of issues and as such, negotiations are still on going on the proposals and the draft text is yet to be finalised.

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**The Commonwealth Senior Trade Officials and Trade Ministers Meeting**

The Commonwealth Senior Trade Officials and Trade Ministers Meeting took place at the Commonwealth Secretariat in London on 7-10 October 2019.

The main objective of the Commonwealth Trade Ministers’ Meeting was to explore how the Commonwealth can work collectively to deliver on the Leaders’ commitments and unlock the full economic potential of the Commonwealth.
The main issues discussed were the implementation of the Commonwealth Connectivity Agenda for Trade and Investment and the need to ensure free and fair rules-based multilateral trading system.

The Trade Ministers endorsed the following documents:

- Commonwealth Trade Ministers Communiqué on “Advancing Our Shared Prosperity”
- Commonwealth Statement on the Multilateral Trading System (Annexed to the Communique)

Mauritius has been actively pursuing efforts to ensure that Commonwealth adopts and implements a meaningful trade and economic agenda.

With Brexit, it would be possible to transform the Commonwealth into a Free Trade Area. However, some countries are opposed to this idea.

To move this idea forward, Mauritius proposed to include wordings in the Ministerial Communiqué that calls for the setting up of a working group to deliberate on a long term vision on trade and investment. Mauritius was supported by New Zealand on this issue.

The Senior Trade Officials Meeting agreed to include relevant reference to SIDS and SVEs in the paragraph on special and differential treatment in the context of fisheries subsidies negotiations (Statement on Multilateral Trading System). Previously, the paragraph referred to only developing countries and LDCs.
Trade Remedies

Anti-dumping, countervailing measures and safeguards

WTO Members aspire for free trade. However, free trade is not always fair trade. Free trade may give rise to different circumstances which may be causing material injury to a domestic industry. As a response, the world trading environment is witnessing rising protectionism and increasing use of trade remedies.

Trade remedies are trade policy tools that allow governments to take remedial action against imports which are causing material injury to a domestic industry. Such remedies are divided broadly into:

- anti-dumping action;
- countervailing duty measures; and
- safeguard action.

Anti-dumping

Anti-dumping action is undertaken in response to an application from industry concerning injurious dumped imports. An exporting company is said to be "dumping" when it exports its product at a price lower than its normal value (that is, the price at which that product is sold on the domestic market in the exporting country). When dumping
causes or threatens to cause material injury to a domestic industry, remedial action in the form of anti-dumping measures may be taken.

**Subsidies and Countervailing Measures**

The use of subsidies, which are generally permissible under GATT 1994 and the WTO Agreements, is disciplined by the WTO Subsidies and Countervailing Measures Agreement (the Subsidies Agreement). The Subsidies Agreement regulates the actions countries can take to counter the trade effects of subsidies. A country may remedy the trade effects of a subsidy multilaterally through dispute-settlement procedures and thereby seek the withdrawal of the subsidy or the removal of its adverse effects. Alternatively, a country may unilaterally launch its own investigation (known as a countervailing duty investigation) whereby an extra duty (“countervailing duty”) may be imposed on subsidized imports to offset the injury to domestic producers. Where an industry faces material injury from subsidised imports, the industry may lodge an application for the initiation of a countervailing investigation.

**Safeguards**

Safeguard action is an “emergency” action. Emergency safeguard action may be taken where a surge of imports causes or threatens to cause, serious injury to a domestic
industry. It allows a country to respond to unexpected and unforeseen increase in imports which have caused serious injury. Imports must be recent enough, sudden enough, sharp enough and significant enough.

Safeguard action may involve the restriction of imports of a product temporarily to help the domestic industry adjust. Safeguard measures are applied on a global basis (Most Favoured Nation basis) and may take the form of tariffs, tariff rate quotas, or quantitative restrictions (import quotas). These measures must be temporary, product-specific and they must be applied to all imports irrespective of the source.

**Trade (Anti-dumping and Countervailing Measures) Act 2010**

Mauritius enacted the Trade (Anti-dumping and Countervailing Measures) Act in 2010. The rationale behind the enactment of the Trade (Anti-dumping and Countervailing Measures) Act 2010 is to protect the domestic industry against the negative effects of dumping and subsidised imports. Mauritius has a liberal economic and trade policy, with a trade-to-GDP ratio of 98%. This trade remedy legislation is therefore crucial for Mauritius in order to safeguard its domestic industries from unfair trade practices, especially in the wake of increased trade liberalization both at regional and multilateral levels. A draft Safeguards legislation has also been drafted.

The Act makes provision for an Investigating Authority to conduct investigations in the event of a surge in imports. The imposition of a trade remedy measure requires thorough and well-structured investigations. Given the
complexity of trade remedy investigations, it is crucial that adequate training be provided to the investigators to ensure compliance with the law and the procedures as contained in the WTO and Regional Agreements on trade remedies.

In this context, a trade remedy expert has been recruited to ensure full compliance of the legal framework on trade remedies in Mauritius with our Multilateral, Regional and Bi-lateral Commitments, and the full and effective operation of the Investigating Authority. The commencement of his services has been scheduled for January 2020.

SADC Trade Related Facility

Projects implemented for trade facilitation, trade promotion and trade development

Mauritius is benefitting from a financial support of EUR 1.4 million under the SADC Trade Related Facility (SADC TRF) as from March 2017. The SADC TRF is a mechanism established through a Contribution Agreement between the European Union and SADC for financial and technical support to SADC Member States to assist them implement commitments made under the SADC Trade Protocol and the SADC-EU Economic Partnership Agreement (EPA).
The Ministry of Foreign Affairs, Regional Integration and International Trade, the SADC TRF Focal Point in Mauritius, has worked on the conceptualization of the project activities under the SADC TRF with the respective beneficiaries namely, with the Economic Development Board, Customs Department, Ministry of Agro-Industry, Mauritius Standards Bureau, NPCC, Ministry of Industry, MCCI and MEXA.

The project activities to be implemented under the SADC TRF programme are covered under the thematic areas of Trade Facilitation and Trade Promotion and Development. Some of the project activities which have already been completed are: Training of customs officials on illicit drug detection and investigative surveillance techniques, specifications for establishment of a Humidity Metrology Laboratory and the specifications for upgrading the Temperature Laboratory at Mauritius Standards Bureau; Economic Development Board’s study regarding SADC export market intelligence analysis for Mauritius in seven countries and training on export procedures as well as the feasibility study for the establishment of an e-commerce platform in Mauritius.

The MRA Customs have reported that the training on illicit drug detection and investigative surveillance techniques is showing positive results in terms of improved prevention of fraud and illicit trade. Moreover, it is anticipated that the establishment of a central scanning room at MRA Customs to be funded by the SADC TRF will enhance the use of non-intrusive technologies to ensure security and expedite compliant trade.
The market intelligence analysis conducted by the EDB was also successfully completed and an awareness raising workshop was organized for enterprises on export opportunities in the regional market. They were also trained on export procedures including, inter alia, inco terms, compliance with SADC rules of origin, SPS and TBT measures.

A number of other projects are in the pipeline. These include the establishment of a central scanning room at the Customs, the design and development of a Sanitary and Phytosanitary Information Management System, procurement of equipment for the Humidity Metrology Laboratory and Temperature laboratory of MSB, a productivity improvement programme for manufacturing companies, amongst others.

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**Annex VII of the SADC Protocol on Trade (concerning trade in sugar)**

At the time of the finalization of the SADC Trade Protocol whose objective was to promote regional integration through trade liberalization, sugar was recognized as a product requiring special dispensation within the framework of the Protocol on Trade due to the distorted world sugar market. A number of SADC sugar producing countries were enjoying preferential access on the EU and
US markets, where price levels were much more remunerative compared to other destinations. There was fear that such suppliers would cross-subsidise their exports to the regional market with a negative impact on market price levels. It was against this background that Annex VII Concerning Trade in Sugar was developed. A formula was devised to allocate quotas to non-SACU sugar producing countries based on their net surplus availability to limit their exports into the SACU market.

However, nearly two decades after implementation of the SADC Trade Protocol, there have been drastic changes in market conditions. For instance, in July 2003, the EU Sugar regime was challenged at the WTO and the EU was requested to reform its sugar regime which resulted in the elimination of the sugar protocol and internal EU sugar quotas. SADC countries which benefitted from the sugar protocol are now facing tough challenges.

With global changes in the market conditions for sugar, it is therefore time to review the SADC Annex VII which restricts access of sugar into the SACU market. Mauritius has been on the fore on this issue which resulted in the SADC Trade Ministers directing SADC Member States to work towards a review of Annex VII (Trade in Sugar) of the SADC Protocol.

Negotiations on the review of Annex VII of the SADC Protocol on Trade is ongoing.
The First Meeting of African Continental Free Trade Area (AfCFTA) State Parties Council of Ministers responsible for trade took place from 24 to 25 October 2019, in Addis Ababa, Ethiopia.

The objective of the meeting was to start the process of implementing the Agreement establishing the AfCFTA.

The agreement, which is slated to take effect in June 2020, is intended to boost intraregional trade by reducing tariffs, thereby allowing companies to expand and enter new markets.

During the meeting, the need to have complete alignment in the implementation process at national, regional and continental levels was highlighted. The AU Commissioner, A.Muchanga, emphasized the need for State Parties to provide adequate human and financial resources for the process; and that good national implementation structures are established to oversee the daily implementation of the AfCFTA agreement.
The following decisions, among others, were taken during the meeting:

- establishment of the Committees on Trade in Goods and Trade in Services;
- setting up of the Interim Secretariat of the AfCFTA;
- fast-tracking the recruitment of the Secretary-General of the AfCFTA Secretariat;
- engaging Customs administrations and other relevant stakeholders on the national implementation strategies with regard to the preparation to trade by 01 July 2020;
- negotiations on Trade in Services to be expedited and Member States to submit their Schedule of Commitments on Trade in Services by December 2019.

Member States were also urged to submit their market access offer for goods covering 90% of the tariff lines by November 2019. So far Egypt, Mauritius, Seychelles and the Central Economic and Monetary Community (CEMAC) consisting of: Gabon, Cameroon, Central African Republic, Chad, Republic of Congo and Equatorial Guinea have submitted their offers. SACU Member States are at an advantage stage in preparing their market access offer.

The African Ministers of Trade will be meeting on 13 December 2019 in Accra to consider the outstanding issues on the ongoing negotiations on Rules of Origin and market access offer.

Furthermore, the second meeting of the Council of Ministers will be held on 14-15 December 2019 in order to
consider budget for the interim AfCFTA Secretariat and the Permanent Secretariat.

**World Intellectual Property Report 2019: Innovation grows collaborative**

The 2019 edition of WIPO’s World Intellectual Property Report has just been released.

The report analyses patent and scientific publication records across several decades and concludes that innovative activities have grown increasingly collaborative and transnational, while originating in a few large clusters located in a small number of countries. For example, 30 places of significant activity alone accounted for 69% of patents and 48% of scientific activity during the 2015-2017 period.

The hotspots are mostly located in China, Germany, Japan, the Republic of Korea and the United States.

“Today’s innovation landscape is highly globally interlinked. Increasingly complex technological solutions for shared global challenges need ever larger and more-specialized teams of researchers, which rely on international collaboration. It is imperative that economies
remain open in the pursuit of innovation,” said WIPO Director General Francis Gurry.

The 2019 edition of WIPO’s World Intellectual Property Report delves into the global innovation landscape of two industries undergoing profound change i.e. the automotive sector and agricultural biotechnology.

Source: WIPO

Intellectual Property & Developing countries

For the development of rules on biodiversity access and benefit-sharing

A major concern for developing countries is that intellectual property (IP) rights can be acquired by private parties from other countries over inventions that utilize their biological and genetic resources and the traditional knowledge about their use, through improperly obtaining such resources and knowledge, without any benefit of the same coming to them i.e. developing countries.

To address the above mentioned apprehension, developing countries are seeking the development of coherent and progressive multilateral rules on biodiversity conservation, access and benefit-sharing, and their relationship with the protection of IP.
The major interest of developing countries in this regard is to establish a mandatory international legal requirement for IP applicants to disclose the source or origin of the genetic resources and traditional knowledge utilized in the development of inventions over which IP protection is claimed.

**Discussions at the multilateral level**

Discussions on this issue are being pursued at the multilateral level in different fora. In the World Intellectual Property Organization (WIPO), developing countries are pursuing the negotiation of an international legal instrument on intellectual property and genetic resources.

WIPO is the most active forum for negotiations on intellectual property rights. Consensus was reached in WIPO Intergovernmental Committee to recommend renewal of the mandate for text-based negotiations for the 2020-21 biennium.

In parallel, developing countries have also proposed for amendments to the World Trade Organization’s (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) calling for introduction of a mandatory disclosure requirement and also for prohibition of patenting on life forms.

However, there has been no progress in achieving consensus towards an international understanding in WIPO and the WTO due to the fundamental opposition to the need for a mandatory disclosure requirement by certain developed countries.

*Source: South Centre*
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The views reflected in the Trade News Digest are those of the staff of the International Trade Division and should under no circumstances be considered as binding upon the Ministry.