



# Trade News Digest

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## In This Issue

- Mauritius and China Conclude Negotiations on a Free Trade Agreement
- Update: Comprehensive Economic Cooperation and Partnership Agreement (CECPA)
- 3<sup>rd</sup> Technical Meeting: ESA-UK interim Economic Partnership Agreement (iEPA) Dialogue
- African Continental Free Trade Area (AfCFTA): Meetings of the 12<sup>th</sup> Negotiating Forum and the 8<sup>th</sup> Technical Working Group on Rules of Origin
- SADC 30<sup>th</sup> Committee of Ministers of Trade: July 2018, Pretoria, South Africa
- COMESA Trade and Customs Committee
- WTO Fisheries Subsidies Negotiations: WTO members complete first round of thematic meeting clusters
- Marked Shift in U.S. International Trade Policy
- Latest International Trade Update

## Mauritius and China Conclude Negotiations on a Free Trade Agreement



The 4<sup>th</sup> round of negotiations between Mauritius and China was held on 28 – 30 August 2018 in Beijing, China.

Both Parties reached agreement on all issues under the Free Trade Agreement (“FTA”), namely, Trade in Goods, Trade in Services, Investment, Economic Cooperation, E-Commerce, Competition policy, and Dispute Settlement, amongst others.

In terms of market access, Mauritius would have duty free access to more than 80% of tariff lines, which include products of export interest to Mauritius.

Mauritius has also managed to strike an exceptional deal on special sugar. China has always excluded sugar from all its FTAs. Exceptionally for Mauritius, a Tariff Rate Quota of 50,000 tons for Special Sugars has been provided.

An MOU confirming the conclusion of the negotiations was signed by the two countries in Beijing, on 2 September 2018. The signature took place in the presence of the Hon. Pravind Kumar Jugnauth.

Both countries will now have to go through the process of legal scrubbing of the texts and complete internal processes for the signing of the Agreement.

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## Update: Comprehensive Economic Cooperation and Partnership Agreement (CECPA)

Mauritius and India are currently negotiating a Comprehensive Economic Cooperation and Partnership Agreement (CECPA).



It is expected that the CECPA will provide a new dimension to the trading relationship between both countries. The aim is to complete the negotiations by the end of 2018 so that the Agreement becomes operational

mid-2019, with the possibility of having early harvest in areas where agreement has already been reached.

So far, there have been 5 rounds of negotiations.

Discussions are currently focused on:

- the finalisation of the Joint Study Report (JSR) which sets the parameters and accesses the opportunities arising from the Agreement. It is expected that the JSR will be signed at the next round;
- Regarding Trade in Goods, both sides have exchanged their initial request list of products for preferential access. Mauritius request covers around 576 products, including special sugar, rum, garments, pharmaceutical products amongst others. The lists would be further discussed at the forthcoming round to address any sensitivities and agree on a time frame for tariff reductions;
- As regards the Trade in Services, a draft Services text is currently under discussion. The objective is to reach commercially meaningful ‘GATS – plus’ outcomes. Both sides have also exchanged requests list, which will be discussed at the next round; and
- The text on Economic Cooperation has almost been finalised. The remaining outstanding issues will be addressed during the next round.

The 6<sup>th</sup> round of the CECTA negotiations will be held from 26 to 28 September 2018 in New Delhi, India.

## 3<sup>rd</sup> Technical Meeting: ESA-UK interim Economic Partnership Agreement (iEPA) Dialogue

The 3<sup>rd</sup> UK-ESA informal technical meeting was held on 06-07 September 2018 in Johannesburg, South Africa with a view to resolve outstanding issues in the transposition of the interim Economic Partnership Agreement (iEPA) into an UK-ESA Agreement.



Negotiations have now been concluded and a new Agreement is ready to come into force upon the UK leaving the EU. The Agreement will ensure predictability and continuity in the trade relations between the UK and ESA States on similar conditions as under the iEPA

Mauritius will continue to export all its products duty free on the UK market. It will allow Mauritius to source inputs from EU for processing and exports to the UK market. The Agreement also enables Mauritius to benefit from an automatic derogation for canned tuna on the UK market, in addition to the quota provided by the EU under the iEPA.

The UK has agreed to provide development support, including financial support to implement the chapter on development cooperation. Development aid by UK will be primarily based on internationally agreed principles.



The Agreement contains provisions for future engagement between ESA and UK to cover areas such as trade in services, investment, trade facilitation, competition policy, trade facilitation, amongst others.

The next step will be to complete internal processes to ensure that the Agreement can come into effect once the UK leaves the EU.

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## African Continental Free Trade Area (AfCFTA): Meetings of the 12<sup>th</sup> Negotiating Forum and the 8<sup>th</sup> Technical Working Group on Rules of Origin

The 12<sup>th</sup> Meeting of African Continental Free Trade Area (“AfCFTA”) Negotiation Forum will take place from 10 – 15 September 2018 in Lusaka, Zambia. The meeting will consider outstanding modalities on trade in goods such as the treatment of LDCs, the percentage of exception, sensitive products, amongst others.



**Towards One African Market**

The 8<sup>th</sup> Meeting of Technical Working Group on Rules of Origin is also scheduled to take place from 10 – 22

September 2018 in Lusaka, Zambia, to continue discussions on the Rules of Origin text and Product Specific Rules.

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## SADC 30<sup>th</sup> Committee of Ministers of Trade: July 2018, Pretoria, South Africa

The 30th SADC Committee of Ministers of Trade (CMT) met in July 2018 to deliberate on a number of issues aimed at advancing the regional integration agenda under both the trade and industrialisation pillars.



With respect to the SADC Trade in Services pillar, the CMT adopted the 14 legally scrubbed Offers in the 4 priority sectors, including the Offer by Mauritius. The following Annexes were adopted: Annex on Tourism Services, Movement of Natural Persons, Interim Arrangements relating to Commitments on Subsidies;

Financial Services, Telecommunication Services and Substantial Business Operations. Nevertheless, negotiations on Construction and Energy-related services and the draft Annexes on Transport and Logistics and Postal and Courier Services would be finalised as part of the next phase of trade in services negotiation.

The CMT also considered several issues under the Trade in Goods pillar namely the analysis on the SADC Sugar Industry and a review of the SADC sugar regime, comprehensive review of the SADC Rules of Origin, SACU's list of products for single stage transformation process for textiles and clothing, amongst others.

CMT approved the recommendation made by the Expert Group on Rules of Origin to put on hold the comprehensive review of the SADC Rules of Origin pending the conclusions of the negotiations that are currently on-going in the Tripartite FTA.

Additionally, CMT mandated the Technical Committee on Sugar and the SADC Secretariat to make recommendations for the proposed review of the SADC sugar regime currently prescribed by Annex VII of the SADC Trade Protocol.

## COMESA Trade and Customs Committee



Mauritius attended a series of COMESA Trade meetings in Nairobi from 13 to 18 August 2018. The meetings included the Heads of Customs Sub-Committee, the Trade and Trade Facilitation Sub-Committee and the Trade and Customs Committee.

Mauritius raised a number of important issues, including the export of sugar to Kenya, Rules of Origin for some textiles products and trade in services within COMESA

### *Sugar Exports to Kenya*

Kenya has imposed a Safeguard on imports of sugar for more than 10 years. However, there is a Tariff Rate Quota system in place for COMESA and Mauritius has secured a quota of 42,000 tons for the year 2018.

It was noted that the 38<sup>th</sup> Meeting of the Council of Ministers, which was held in Lusaka on 14th-15th July 2018, agreed that the safeguard would be extended for another 2 years and that a Sub-Committee on the Kenya Sugar Safeguard would be established to undertake



monitoring and assessment of the implementation of the safeguard.

The first meeting of the Sub-Committee (to be held before the end of October 2018) is expected to look into the disaggregation of sugar and all other outstanding decisions taken by previous Council of Ministers.

### *Export of Textile to COMESA region*

The meeting held discussions on a proposal submitted by Mauritius to relax the rules of origin for products of HS 6302 & 6304 i.e. towels, table cloths, textile articles of interior furniture, among others. Mauritius explained that a single transformation process including cutting, sewing, labelling, printing and embroidery should be considered substantial enough for the products to qualify under the Change in Tariff Heading rule of the COMESA.



Mauritius also emphasized that it is very difficult for Mauritian manufacturers to source their raw materials from the region due to uncompetitive prices and exceedingly high freight costs. Additionally, it was noted that Mauritian companies are looking to target a niche market and that the country should not be seen as a threat to current COMESA exporters of these products.

The technical working group on rules of origin would be convened to consider the proposal made by Mauritius.

### *Trade in Services*

In 2009, the COMESA Council of Ministers adopted the COMESA Regulations on Trade in Services (based on the WTO General Agreement on Trade in Services) which set the framework for services liberalisation within COMESA.

In December 2014, COMESA member states concluded the first round of services negotiations in the following priority sectors: communications services, financial services, tourism services and transport. However, only 11 member states out of 19 COMESA member states have submitted market access commitments: Burundi, Djibouti, Egypt, Kenya, Malawi, Mauritius, Seychelles, Swaziland, Sudan, Zambia and Uganda.

COMESA members are now focused on the following three sectors for the second round of negotiations: Energy Services, Business Services, Construction, and Engineering Services.

Moreover, Mauritius emphasized the importance of COMESA to negotiate mutual recognition agreements and recognition of qualifications. It was proposed that the secretariat should convene a meeting in the 1<sup>st</sup> quarter of 2019 to pursue the discussions.

## WTO Fisheries Subsidies Negotiations: WTO Members complete first round of thematic meeting clusters



At the 2017 Buenos Aires Eleventh Ministerial Conference (MC11), WTO members agreed to continue to engage constructively in the negotiations, with a view to adopting by the next Ministerial Conference, an agreement on effective disciplines that prohibit certain forms of fisheries subsidies that contribute to overcapacity and overfishing, and eliminate subsidies that contribute to illegal, unreported and unregulated (“IUU”) fishing. The decision also recognized that appropriate and effective special and differential treatment for developing country members and least-developed country members should be an integral part of the negotiations.

With this decision, the WTO has made a multilateral commitment to fulfil Sustainable Development Goal 14.6, which calls for the prohibition and elimination, by 2020, of fisheries subsidies that contribute to IUU fishing and to overcapacity and overfishing, with special and differential treatment for developing and least-developed country WTO members to be an integral part of the negotiations.

In this context, WTO members in the Negotiating Group on Rules have agreed on a work programme comprising

multi-day thematic meeting clusters, over the months of May to July 2018. Each meeting cluster included technical sessions (members' exchange of information and experiences and/or workshops with outside experts), time for bilateral meetings among delegations, focused thematic discussions, and work to continue creating streamlined negotiating texts on issues not included in the vertical text prepared in the run up to MC11.

The May cluster of meetings focused on capacity-enhancing subsidies and subsidies contributing to overcapacity and overfishing.



Thematic discussions during the June cluster of meetings centred on disciplines which encourage fishing of overfished stocks, whilst discussions during the July cluster of meetings focused on issues surrounding subsidies to Illegal, Unregulated and Unreported (“IUU”) fishing.

With respect to the streamlining exercise, during the May – July meeting clusters, members have discussed proposals related to the scope of proposed disciplines; proposals with respect to definitions of terms and concepts in the negotiating texts; as well as proposals relating to

“transitional provisions” for the new disciplines and “institutional arrangements”.

Further work is expected to be carried out on resumption of activities in autumn 2018. After several negotiation sessions in the first part of 2018, WTO Members will shift gears in September 2018, including by engaging in a more informal idea-generating mode through the use of “incubator groups.” During the July cluster of meetings, members discussed how to organize the negotiating work in September-December 2018, with an expected mix of activities including technical sessions, brainstorming, text-based discussions and time for bilateral meetings among delegations.

*Source: World Trade Organisation*

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## Marked Shift in U.S. International Trade Policy

There has been a marked shift in U.S. international trade policy since the last Presidential elections.

### *Renegotiation of NAFTA*



The U.S. President complained of the U.S. trade deficit with Mexico and Canada. The U.S. Administration has secured a preliminary United States-Mexico trade



agreement in view of modernizing NAFTA (which is a 24 year old Agreement) and rebalancing trade relationships. If negotiation with Canada fail, President Trump has warned that he will push forward for a U.S.-Mexico bilateral deal.



## Latest International Trade Update

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### SADC

**SADC Secretariat discusses strategic areas with the Chair of SADC Ambassadors accredited to Beijing, People's Republic of China in the margins of the 2018 Summit of the Forum on China-Africa Cooperation (FOCAC) –** The objective of the meeting was to appraise the Chairperson of the SADC Ambassadors on SADC priorities with a view to enable the enhancement of collaboration between SADC and China for a win-win cooperation.

**Read more on:**  
<https://www.sadc.int/news-events/news/>

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### European Commission

**China –** The Commission decides not to extend trade defence measures on solar panels from China.

**EU – West Africa EPA –** The Gambia became the 14<sup>th</sup> West African country to have signed the region-to-region Economic Partnership Agreement (EPA) with the EU.

**Read more on:**  
<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1903>

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### WTO

**China initiates WTO dispute complaint against additional US tariffs on Chinese imports –** China has requested WTO dispute consultations with the United States concerning additional duties applied by the United States on imports of Chinese goods. The request was circulated to WTO members on 27 August.

**WTOI suggests trade momentum softening further in third quarter of 2018 -** Trade expansion will likely slow further in the third quarter of 2018 according to the WTO's latest World Trade Outlook Indicator (WTOI) released on 9 August. This loss of momentum reflects weakness in component indices including export orders and automobile production and sales, which may be responding to the ratcheting up of trade tensions.

**Read more on:**  
[https://www.wto.org/english/ews\\_e/news18\\_e/news18\\_e.htm](https://www.wto.org/english/ews_e/news18_e/news18_e.htm)

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### COMESA

**AU, RECs Coordination Underpins Successful Implementation of ACFTA –** Closer coordination between the African Union and the Regional Economic Communities underpins the successful implementation of both the Continental and the Tripartite Free Trade Area Agreements. Secretary General of COMESA Ms. Chileshe Kapwepwe and the Africa Union Commissioner of Trade and Industry Amb. Albert Muchanga noted there were many overlapping activities between the COMESA-EAC and SADC Tripartite FTA and the ACFTA that needed to be harmonized.

**COMESA ITC Launch implementation of the joint Cross Border Initiative Programme –** COMESA and the International Trade Center (ITC) have officially launched a Co-delegation agreement for the implementation of the Cross-Border Trade Initiative Programme funded under the European Union Development Fund (EDF 11).

**Read more on:**  
<http://www.comesa.int/>

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