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Creating One African Market

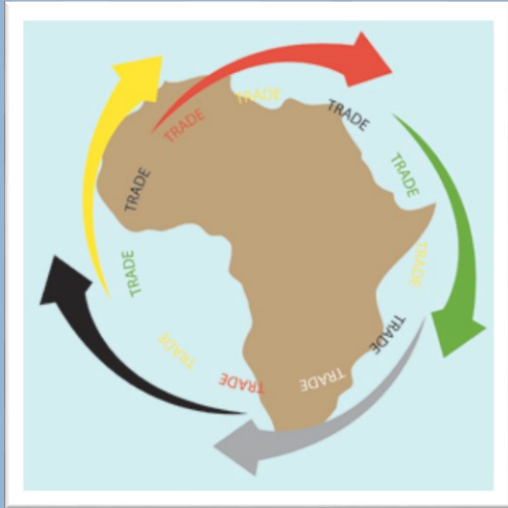
Analytical Paper on the African Continental Free Trade Area (AFCFTA)

(i) Introduction

The decision to establish an **African-wide free trade agreement** by eliminating tariffs and quotas on goods and services was taken by the African Trade Ministers in December 2010 and endorsed by the African Union

Summit of Heads of State and Government at its meeting held in January 2012. The African Continental Free Trade Area (AfCFTA) is the continent's most ambitious integration initiative. The main objectives of the AfCFTA are to:

- Create a single continental market for goods and services, with free movement of business persons and investments;
- Expand intra-africa trade; and
- Enhance Africa's competitiveness and support its economic transformation.



The AfCFTA is considered as the world's largest free trade area, which covers a market of 1.2 billion people and a combined GDP of US\$2.5-trillion.

Mauritius signed the Agreement establishing the AfCFTA in March 2018 along with 44 African Countries. The Agreement consists of three Protocols, namely:

- (i) Protocol on Trade in Goods;
- (ii) Protocol on Trade in Services; and
- (iii) Protocol on Rules and Procedures on the Settlement of Disputes.

The AfCFTA is considered as the world's largest free trade area, which covers a market of 1.2 billion people and a combined GDP of US\$2.5-trillion.

(ii) Status as at date

Negotiations on the AfCFTA is ongoing since 2015. As of now, modalities for both trade in goods and trade in services have been agreed. The AU Heads of State have endorsed the modalities for tariff negotiations as follows:

- 90% tariff lines for immediate liberalisation
- Remaining 10% will be divided into Sensitive products (7%) and Exclusion list (3%).

With regard to the trade in services, five priority Services sectors (Financial, Transport, Communication, Tourism and Business services) have been agreed on to be negotiated as starting point and a roadmap will be work out for the progressive liberalization for the remaining sectors.

As per Article 23 of the AfCFTA Agreement, the Agreement will enter into force thirty (30) days after the deposit of the twenty-two (22) instrument of ratification.

Having received the 22nd deposit of instrument on 29th April 2019, the AfCFTA will come into force on 30th May 2019.

The last two instruments of ratification were from Sierra Leone and Saharawi Republic. Other countries having ratified the AFCFTA includes Kenya; Ghana; Rwanda; Niger; e-Swatini; Chad; Guinea; Cote d'Ivoire; Uganda; South Africa; Mali; Namibia; Congo;

Mauritania; Ethiopia; Senegal; Djibouti; Zambia; and Gambia.



However, work still remains in term of finalizing supporting instruments to facilitate the launch of the operational phase of the AfCFTA. These include, amongst others, Rules of origins, Schedules of tariff concessions on trade in goods and the online non-tariff barriers monitoring and elimination mechanism.

(iii) Mauritius' trade with Africa

As per a study by Tralac, intra-African trade remains low and has not changed significantly overtime. For the period 2016-2017, intra-African

exports was 16% while intra-African imports was 13%.

In terms of top exporters for the year 2017, 53% of intra-Africa exports were products exported from South Africa (34%), Nigeria (7%), Egypt (5%), Ivory Coast (4%) and Morocco (3%). South Africa is also the main destination market (17% of intra-Africa exports were imported by South Africa), followed by Botswana (7%), Zambia (7%), Namibia (6%), Mozambique (5%) and Zimbabwe (4%). Intra- African exports during the year 2017 were machinery, followed by chemical products; food, beverages and tobacco; and transport equipment and mineral products.

An analysis of Mauritius' trade with the African continent shows that both importation and exportation have been on the rise. Imports from Africa increased from Rs 20.1 billion in 2015 to Rs 26.1 billion in 2018, while exports to the continent increased from Rs 18.1 billion to Rs 18.2 billion for the same period.

(iv) Potential Benefits to Mauritius

With the continent's economy expected to grow to US\$29 trillion by 2050, the AfCFTA will represent a larger market than NAFTA today.

The creation of a Single Continental Market for goods and services, with free movement of business people and investments, will help bring closer the 55 single African economies into a more coherent and larger

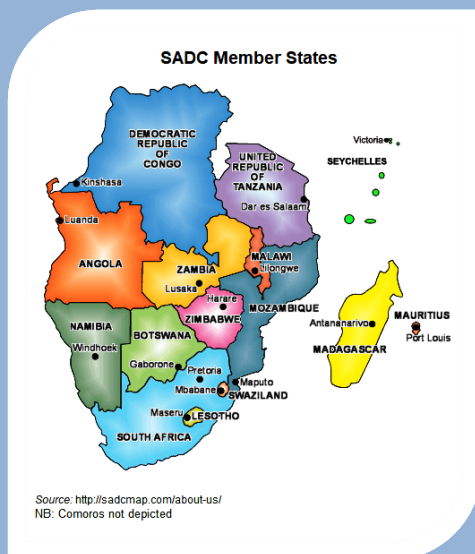


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market. The larger, more viable economic space would allow African markets to function better, promote competition, and resolve in the longer run the challenge of multiple and overlapping membership to Regional Economic Communities. An enlarged market would also provide better incentives both for foreign direct investment and for cross-border investment.

Being a member of the SADC and COMESA regional trade configurations, Mauritius already benefits from duty free access on these two regional markets.

Since the accession of Mauritius to the SADC FTA, there has been a constant progression in trade with the SADC Member States.



Exports to the SADC region from Mauritius stood at Rs 11.9 billion in 2013 and reached Rs 13.4 billion in 2018, an increase of 12.6 %. Imports on its part grew from Rs 14.2 billion in 2013 to Rs 22.8 billion in 2018, that is, an increase of 60.5 %.

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In the context of the COMESA, the trade balance between Mauritius and Kenya is slightly in favour of Mauritius. Mauritian exports to Kenya is mostly attributable to sugar exports (63% of exports) under COMESA preferences. On the other hand, 87% of imports from Kenya are attributed to tobacco.

However, currently Mauritius does not enjoy better market access on the western and Central African regions. It is expected that with the AfCFTA, Mauritius

will have additional market access and will enjoy duty free access on these markets.

In addition, the reduction and subsequent elimination to barriers in the services sector will promote cross-border trade from Mauritius to the African market. Cross-border investment from Mauritius in various services sector such as ICT, Financial Services, Health and educational services, amongst others will be further enhanced. Mauritian professionals too would be able to offer their services either as independent professionals or through commercial establishments in Africa.

Mutual Recognition Agreement Between the Competent Authorities for Professional Accountants and Auditors Under the Accelerated Program for Economic Integration (APEI) Initiative

Five like-minded and reform-oriented countries namely Malawi, Mauritius, Mozambique, Seychelles and Zambia launched the Accelerated Program for Economic Integration (APEI) to accelerate their economic integration process by harnessing foreign investment, creating enhanced employment opportunities and fostering higher economic growth including through the sharpening of their competitive edge.

In this respect, a Memorandum of Understanding (“MoU”) for the facilitation of Movement of Business Persons and Professionals between the APEI countries was signed on 16 September 2016 with the objective of facilitating the movement of Business Persons and Professionals.



The APEI Technical meeting held in February 2017 further agreed on a two-phased approach as follows:

- Phase I would consider issues on a sectoral basis.
- Phase II would focus a specific sector such as Accountancy.

The first meeting of the Regulators on a Mutual Recognition Agreement for Accountancy Services (MRA) took place in Mauritius in March 2017. A Draft MRA for accountancy was prepared.

The mobility of Mauritian Accountants and Auditors to APEI countries is expected to create employment for



The mobility of Mauritian Accountants and Auditors to APEI countries is expected to create employment for Professional Accountants and Auditors.

Professional Accountants and Auditors. Given the increasing number of qualified Accountants and Auditors in Mauritius, it is also important to seek opportunities in other markets. The MRA will enable Mauritians to provide accounting, auditing and related services in APEI countries, the more so that there is a scarcity of Professional Accountants and Auditors in many African countries.

Subsequent to the meeting of the Regulators in March 2017, two rounds of negotiations were held in Mauritius. The Agreement was finalised and legally scrubbed thereafter.

The MRA was signed by the Competent Authorities of Malawi, Mozambique and Zambia on 28 February 2019, in Lusaka, Zambia. The Agreement will be signed by Mauritius after consultations with stakeholders.

A second meeting of the APEI Professional Accountants and Auditors Committee (APAAC) is scheduled for 29th – 30th May 2019 in Maputo, Mozambique.

Intellectual Property and Branding Strategy: National workshop to launch the project for dodo handicrafts

A national workshop to launch the project for the development of an Intellectual Property (IP) and

Branding Strategy for dodo handicrafts in Mauritius was held on 22 May 2019 at Le Labourdonnais Waterfront Hotel in Port Louis.

The workshop was organized by the Ministry of Foreign Affairs, Regional Affairs and International Trade with the support of the World Intellectual Property Organization (WIPO) and the Japan Patent Office, under the Japan Funds-in-Trust.



Honorable Soomilduth Bholah, Minister of Business, Enterprise and Cooperatives proceeded to the official opening of the workshop. He explained that “***being part of our coat of arms, the dodo bird is emblematic of Mauritius***”.

The aim of the IP & Branding strategy project is to develop and implement an intellectual property and branding strategy to capture intangible values associated with the distinctive characteristics of locally manufactured dodo handicrafts.



Honorable Soomilduth Bholah,
Minister of Business, Enterprise and
Cooperatives: *"Being part of our
coat of arms, the dodo bird is
emblematic of Mauritius".*

Meetings between IP expert and dodo artisans: Gathering of information and examination of value chains

Mr Getachew Alemu, intellectual property (IP) expert has been appointed by the World Intellectual Property Organization (WIPO) to design and plan the implementation of an IP and Branding strategy for dodo handicrafts in Mauritius. He will have a series of meetings with local arts and crafts producers who manufacture dodo handicrafts. The aim is to collect information and take cognizance of the value production chain of Mauritian artisans in view of preparing the branding strategy for local dodo crafts.

Commonwealth Connectivity Agenda: 1st Regulatory Connectivity Cluster Meeting



The first meeting of the Commonwealth Connectivity Agenda's (CCA) **Working Group on Regulatory**

Connectivity was held on 15-16 May in London, United Kingdom. The Mauritian delegation was represented by officers from the Ministry of Foreign Affairs, Regional Integration and International Trade and the Economic Development Board.

At CHOGM 2018, Heads of States adopted the Declaration on the Commonwealth Connectivity Trade and Investment and launched the Commonwealth Connectivity Agenda (CCA). All the five connectivity pillars/clusters identified in the Declaration are crucial for trade and investment to prosper. In pursuing the Agenda, member countries will structure dialogue around the following clusters.

- **Physical Connectivity** (led by the Gambia, focussing on digital infrastructure)
- **Digital Connectivity** (co-led by South Africa and the United Kingdom, focussing on digital transformation)
- **Regulatory Connectivity** (led by Barbados, focussing on Improving the Business environment for MSMEs)
- **Business to Business Connectivity** (led by Bangladesh, focussing on supporting greater public private dialogue on trade and investment)
- **Supply-side Connectivity** (led by Vanuatu, focusing on MSME participation in value chains focussing on agriculture)



At CHOGM 2018, Heads of States adopted the Declaration on the Commonwealth Connectivity Trade and Investment and launched the Commonwealth Connectivity Agenda (CCA).

and fisheries with an initial focus on coconut, palm oil and soya).

The Working Group on Regulatory Connectivity, chaired by Barbados, is one of five “clusters” driving the various focus areas of the CCA, a flagship initiative aimed at boosting trade amongst Commonwealth countries to at least \$2 trillion by 2030.

The cluster meeting discussed good regulatory practices, creating enabling environments for micro, small and medium enterprises (MSMEs), and enhancing the ease of doing business in Commonwealth countries. The meeting comprised of presentations by member countries, panel discussions and breakout sessions.



As a way forward, the meeting agreed for the Commonwealth Secretariat to compile a collection of member submitted case studies of best practices on a sectoral basis of how to embed and institutionalise Good Regulatory Practices into government processes. It was also

agreed to develop guidelines for regulatory impact assessments.

“But what happens next is up to you, the members” declares DG Azevêdo at the Informal WTO Ministerial Meeting in New Delhi, India



Participating in an **Informal WTO Ministerial Meeting organized by the Indian government in New Delhi on 13 May**, Director-General Roberto Azevêdo outlined the current discussions regarding WTO reform and told those attending that ***“this is your organization... make your voices heard in this debate.”***

The meeting was hosted by Mr Suresh Prabhu, Commerce and Industry Minister of India, and was attended by a number of developing country ministers.

After giving an overview of members' discussions in all three pillars of the WTO's work – monitoring,

dispute settlement and negotiations – DG Azevêdo said:

“This is an important moment. The decisions members take on the issues I’ve raised today will determine the future of the global trading system. Equally, a failure to confront these issues would also determine the path forward in what could be a very negative way. I personally don’t believe that the status quo is an option. But what happens next is up to you, the members. This is your organisation. I think we have an opportunity now to make it stronger and to set it on a positive path for the future. So I urge you to make your voices heard in this debate.”



Director-General Roberto Azevêdo at the Informal WTO Ministerial Meeting organised by the Indian government in New Delhi on 13 May 2019: ***“I personally don’t believe that the status quo is an option. But what happens next is up to you, the members. This is your organisation. I think we have an opportunity now to make it stronger and to set it on a positive path for the future. So I urge you to make your voices heard in this debate.”***

In his overview, DG Azevêdo addressed the impact of rising trade tensions on trade expansion and global economic growth. He emphasized the fact that all will feel the effects and that developing countries and least-developed countries would be the most negatively affected.

He outlined the key areas in which reform is being discussed and underscored the importance of engagement on all areas. He also observed that apparently not all issues are on the table yet, and the debate is in its early stages. He said that members seemed to prefer not to attempt to create a package of reforms as it would be better to work to change and adjust progressively, ***“harvesting what we can when we can”***.

The DG observed that the informal meeting comprised a representative group that can contribute significantly to the process of understanding where we are, and considering where to go. He stressed that the WTO has to be better, work faster, and be more responsive to today's challenges. He noted that no one is talking about trashing the system that we have and "starting from scratch", adding that **the main focus is on preserving the system and building on what we have.**

Outcome of the WTO Ministerial Meeting of developing countries working collectively to strengthening the WTO to promote development and inclusivity



- 1. We, the Ministers and high-level officials from Arab Republic of Egypt, Barbados, Central African Republic, Federal Republic of Nigeria, Jamaica, Kingdom of Saudi Arabia, Malaysia, People's Republic of Bangladesh, People's Republic of China, Republic of Benin, Republic*



An inclusive multilateral trading system based on equality and mutual respect should ensure that all WTO Members abide by WTO rules and abjure any form of protectionism.

WTO Members to engage constructively to address this challenge without any delay in filling the vacancies in the Appellate Body, while continuing discussions on other issues relating to the functioning of the dispute settlement mechanism.

4. *An inclusive multilateral trading system based on equality and mutual respect should ensure that all WTO Members abide by WTO rules and abjure any form of protectionism. The core value and basic principles of the multilateral trading system must be preserved and strengthened, particularly with a view to building trust among Members. To this end, we urge WTO Members to adopt measures that are compatible with WTO rules to avoid putting the multilateral trading system at risk.*

5. *Multilateral avenues, based on consensus, remain the most effective means to achieve inclusive development-oriented outcomes. Members may need to explore different options to address the challenges of contemporary trade realities in a balanced manner. We note that in the post-MC 11 phase, many Members have evinced interest in pursuing outcomes in some areas through joint initiatives approach. The outcomes of these initiatives should be conducive to*



Members stressed the importance of technical assistance and capacity building provided to developing Members, in particular LDCs, including through the Enhanced Integrated Framework, Aid for Trade and other tools.

strengthening the multilateral trading system and be consistent with WTO rules.

6. *We recall that international trade is not an end in itself but a means of contributing to certain objectives, including raising standards of living. Special and Differential Treatment is one of the main defining features of the multilateral trading system and is essential to integrating developing Members into global trade. **Special and Differential Treatment provisions are rights of developing Members that must be preserved and strengthened in both current and future WTO agreements, with priority attention to outstanding LDC issues.***
7. *We stress the importance of technical assistance and capacity building provided to developing Members, in particular LDCs, including through the Enhanced Integrated Framework, Aid for Trade and other tools. We urge Members to continue doing so.*
8. *The process of WTO reform must keep development at its core, promote inclusive growth, and fully take into account the interests and concerns of developing Members, including the specific challenges of graduating LDCs. The way forward must be decided through a process that is open, transparent and inclusive. We agree to work*

Net Food Importing Developing Countries. It is really time that cotton receives concrete and appropriate responses it deserves.

*11. We agree to consult on various issues of common interest to developing Members, including **comprehensive and effective disciplines on fisheries subsidies with appropriate and effective Special & Differential Treatment provisions for developing Members.***

12. We urge WTO Members to expedite the process of accession of new Members.

13. We reiterate our commitment to work towards strengthening WTO by promoting development and inclusivity for the benefit of all Members.

Source: <https://www.tralac.org>

World Intellectual Property Organization (WIPO): International conference on IP and Development

An international conference on intellectual property (IP) and development, organized by WIPO at its headquarters in Geneva, was held on 20 May 2019. Stakeholders from government, civil society, inter-governmental organizations, non-governmental





organizations, industry and other sectors met to share insights in different domains of IP and development.

Participants explored national, regional and international knowledge and experience on recent IP and development issues and strategized on how to benefit from the IP system.

Source: WIPO

European Union's initiative: Consultation on intellectual property in non-EU countries

The European Union (EU) has launched a public consultation to gather information on intellectual property (IP) protection and enforcement in non-EU countries. The objective of this consultation is to identify non-EU countries where intellectual property rights (IPR) protection and enforcement is a high concern, and to update the list of the 'priority countries.'

The consultation will be one of the tools used to help improve the IPR systems in non-EU countries. It will help the European Commission focus its efforts and resources on the priority countries and on the areas of concern to improve IPR protection and enforcement worldwide.





The results will also let IP right holders to be aware of potential risks to their IP when doing business in the priority countries and thus allow them to design business strategies and operations to protect their IP rights.


Source: EU

China to increase cooperation with Japan and South Korea: Proposed free trade deal

According to economic analysts, China should increase its cooperation with Japan and South Korea to offset the economic impact of its trade war with the United States.

That would require the finalization of a three-way free trade agreement and more regional integration through the Regional Comprehensive Economic Partnership, a proposed free trade deal between 10 members of the Association of Southeast Asian





Nations and China, Japan, South Korea, India, Australia and New Zealand.

Key economic players are also urging China to consider joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Source: Embassy of Mauritius, Beijing

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