

INTERNATIONAL



TRADE

Trade News Digest

INTERNATIONAL TRADE DIVISION
MINISTRY OF FOREIGN AFFAIRS,
REGIONAL INTEGRATION AND
INTERNATIONAL
TRADE

Issue 69

April 2021

In This Issue

- Comprehensive Economic Cooperation and Partnership Agreement with India
- AfCFTA Meeting of the Sub-Committee on Specific Commitments
- Meeting of the COMESA Committee on Trade in Services
- Mauritius - China Free Trade Agreement: Honourable A Ganoo: "A new dawn for businesses in Mauritius"
- Steady progress in the negotiations for an investment facilitation agreement
- Talks on domestic regulation in services focus on disciplines in regional trade accords
- WTO negotiations on Fisheries Subsidies
- TRIPS temporary waiver request: WTO Members continue considering the proposal



Comprehensive Economic Cooperation and Partnership Agreement with India

The Comprehensive Economic Cooperation and Partnership Agreement (CECPA), between Mauritius and India, signed on 22nd February this year, entered into force on 01st April 2021.

The terms of the CECPA have been in negotiation since 2005. Now that it is signed, it is a pivotal milestone in the long-standing relationship between the two countries as it is the

very first trade agreement that India has signed with any country in Africa.

For Mauritius, this strategic alliance is in line with its position as a regional hub in the Asia-Africa corridor. The CECPA will have a tremendous economic impact, as it will cut or eliminate duties on majority of goods as well as liberalise norms to promote services trade and boost investments in the Island.

The Agreement has three key components namely: Trade in Goods, Trade in Services and General Economic Cooperation, the details of which are provided in the ensuing paragraphs.

KEY ELEMENT OF THE CECPA

(1) Trade in Goods

The CECPA contains a comprehensive chapter on Trade in Goods including Preferential Trade Agreement text and tariff elimination scheduled by both countries, Customs Cooperation, Trade Facilitation, Sanitary and Phyto-sanitary measures and Technical Barriers to Trade.

Following its entry in force, the CECPA provides preferential access to Mauritian exporters on a list of 615 products into the Indian market of over a billion people, which are as follows:

- Duty free access on 376 products
- Reduced duties on 127 products
- Tariff Rate Quotas on 112 products, including, inter-alia:
 - ❖ 40 000 tons of special sugar at 10% duty compared to 100% applicable to import from all sources
 - ❖ 2 million liters of beer at 25% duty, compared to 150% duty
 - ❖ 1.5 million liters of rum at 50% duty compared to existing duty of 150%

- ❖ 5000 liters of fruit wine at 50% duty compared to duty of 150%
- ❖ 7.5 million pieces of garments at zero duty
- ❖ 7000 tons of canned tuna at zero duty

As regards the Mauritius market access offer, preferential treatment is being provided to the Indian side on a list of 310 products, with Tariff Rate Quotas on 88 products which limit the volume or value of preferential imports from India to protect the domestic industry.

It is to be noted that Mauritius and India have agreed to negotiate an Automatic Trigger Safeguard Mechanism for a limited number of highly sensitive products within two years of signing the CECPA.



(2) Trade in Services

The CECPA contains a comprehensive Chapter on Services which is aimed at improving bilateral trade in services.

Both sides have taken commitments in some 31 sub sectors, including insurance and insurance related services, banking and other financial services, telecommunication, professional services such as accounting, auditing, market research, architectural, engineering, veterinary services, distribution services, tourism and travel related services, translation and interpretation services.

The Agreement also provides a framework for Professional Bodies of the two countries to negotiate mutual recognition of educational and professional qualifications, within one year from its entry into force in the fields of architecture, engineering, medical, dental, accounting and auditing,

nursing, veterinary and company secretariat. This will give a boost to Mauritius as an educational hub for Indian students.

(3) General Economic Cooperation

The CECPA also provides for the incorporation therein of a chapter on General Economic Cooperation on which negotiations have been completed. However, internal consultations by the Indian side are being pursued with Ministries concerned and are expected to be completed soon.

The chapter covers some 25 sectors in which both Parties have agreed to enhance their collaboration such as Pharmaceuticals, Agro-industry, SMEs, Manufacturing, Ocean economy, ICT, Financial services, amongst others.

The CECPA is seen as an informal framework to support Mauritius in developing new economic sectors such as Artificial Intelligence (AI) and Fintech.

Whilst there is no doubt that the trade pact will significantly boost trade between Mauritius and India and further strengthen the Indo-Mauritian relationship, the CECPA marks a new step in the partnership between India and the African continent. The agreement has a regional dimension providing a framework for Indian investors to use Mauritius as a gateway for production and subsequent exports to the African market. It equally provides for India-Mauritius joint partnership to explore business opportunities in the SEZs in a number of African countries.

TRADING UNDER THE CECPA

To benefit from the Agreement, potential importers and exporters will be required to meet the rules of origin



requirements and to submit the certificate of origin or origin declaration.

The certificate of origin shall be issued by the competent authorities of the Parties. In the case of Mauritius, the competent authority is the Customs Department of the Mauritius Revenue Authority (MRA).

The Agreement is available on the Ministry's Trade Portal (www.mauritiustrade.mu).

AfCFTA Meeting of the Sub-Committee on Specific Commitments

The second Meeting of the AfCFTA Sub-Committee on Specific Commitments took place by videoconference on 24 – 26 & 29-30 March, 2021. The objectives of the meeting were to:

- (i) take note of the outcome of the first meeting of the Sub-Committee on Specific Commitments;
- (ii) take note of the outcome of the training on scheduling of commitments; and
- (iii) engage in an exchange of views on the submitted offers.

(i) Outcome of the first Meeting of the Sub-Committee on Specific Commitments

The first meeting of the sub-committee on Specific Commitments met on 22-23 March to finalise the Terms of Reference (TOR) and recommended the following for consideration by the Committee on Trade in Services:

- a. A Discussion Note on non-conforming measures and restrictions affecting trade in services be developed by the AfCFTA Secretariat.

- b. The Sub-Committee on Specific Commitments to work in collaboration and cooperation with other relevant Sub-Committees to address overlapping issues relating to Trade in services;
- c. Develop a non-paper on the relationship between the principles of MFN and Reciprocity in the Protocol on Trade in Services.

(ii) Training on scheduling of commitments

The meeting also took note of the training provided to Member states on the scheduling of commitments. The training was facilitated by the European Union through the ALANet/Saana/Hydroment Consortium with the aim to enhance participants' knowledge on the scheduling of commitments and guide Member States through the process of organising national consultations, including the identification of both offensive and defensive interests.

The training also considered the need to make use of the latest version of UN Central Product Classification (CPC) in view of the new development in various sectors. It is to be recalled that as per the AfCFTA guidelines, offers should be as per the WTO Gats classification (W/120).

(iii) Exchange of views on Submitted offers

The second part of the meeting focused on an exchange of views of the existing offers to enable the delegates to have an improved understanding of the offers and make appropriate recommendations to the negotiators in the Committee on Trade in Services, to enable the negotiations to get underway. As at date a total of 32 offers had been received. These include submission from 12 State Parties/non-State Parties and 2 RECs, namely ECOWAS (15 Member States

+Mauritania) and EAC (4 Member States).

The State Parties with offers include: Burkina Faso, Cape Verde, Cote d'Ivoire, Egypt, Eswatini, The Gambia, Ghana, Guinea, Kenya, Lesotho, Madagascar, Mali, Mauritania, Mauritius, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Togo, Uganda, and Zambia. The Non-State Parties with offers include: Benin, Burundi, Comoros, DRC, Guinea Bissau, Liberia, and Seychelles.

The following points were highlighted:

- a. Member States that have not yet submitted their initial services offers to do so as soon as possible before the June deadline for the conclusion of negotiations on the five priority sectors
- b. The combined services offers of the RECs should follow a specific format to make it easy to read and compare the offers of their member or partner states.
- c. Both State and non-State Parties should rectify their initial offers to reflect the correct W/120 or CPC classification codes for each sector or subsector before the start of negotiations in the Committee on Trade in Services.
- d. The AfCFTA Secretariat was requested to develop a common template for the combined offers for RECs to ensure consistency and comparability. Furthermore, an indepth analysis of the existing offers at a sectoral level should be carried out to determine whether or not they are GATS plus and comply with the approved Modalities and the Negotiating Guidelines. A Technical Note that elaborates on paragraph 32 of the Negotiating Guidelines with respect to scheduling ENTs, to provide guidance to States in using such limitations in their offers should also

be developed.



Meeting of the COMESA Committee on Trade in Services

The Ninth Meeting of the Committee on Trade in Services was held on 23-26 March 2021 virtually.

The objectives of the meeting were to:

- consider responses to requests made during the previous round to draft Schedules of Specific Commitments with a view to finalise those schedules;
- consider draft schedules of specific commitments on the four priority sectors submitted by member States, and
- consider draft schedules of specific commitments on the additional three sectors of energy, business and construction and related engineering services submitted by member States.

The meeting was attended by the following member States: Burundi, Comoros, Democratic Republic of the Congo, Egypt, Ethiopia, Kenya, Malawi, Mauritius, Madagascar, Rwanda Sudan, Tunisia, Uganda, Zambia and Zimbabwe. Mauritius was represented by Mrs S. Ramjanally-Nuthay and Mrs Z. Chaumon from the International Trade Division and Mr Tuhobol from the Financial Reporting Council attended

the meeting.

The Secretariat presented a Matrix indicating the status of submissions of the draft schedule of specific commitments by member States covering all the seven COMESA priority sectors namely: communication, finance, tourism, transport, business, construction and energy related services. The meeting noted that:

- a) Comoros, DRC, Eswatini, Madagascar and Zimbabwe have submitted their initial Schedules of Specific commitments for the first four priority sectors of communication, financial, tourism and transport services.
- b) Burundi, Comoros, DRC, Egypt, Eswatini, Kenya, Malawi, Mauritius, Sudan, Uganda, Zambia and Zimbabwe have submitted their initial Schedules of Specific commitments for the three additional priority sectors of business, energy and construction and related engineering services.
- c) Djibouti and Seychelles have not submitted their draft Schedule of Specific Commitments in the three additional priority sectors.
- d) Eritrea, Ethiopia, Libya, Rwanda, Somalia and Tunisia, are still yet to submitted their draft Schedules of Specific Commitments in all the seven COMESA priority sectors.

The meeting urged member States who have not submitted their Schedules of Specific Commitments for the four priority sectors and the additional three priority sectors to do so by 30th June 2021. It was also agreed that Tunisia and Ethiopia would submit their initial offers as soon as practicable.

Mauritius - China Free Trade Agreement: Honourable A Ganoo: “A new dawn for businesses in Mauritius”



A national sensitization workshop entitled “Shaping Future Economic Perspectives” was held from 01 – 02 March 2021 at Le Méridien Hotel in Pointe aux Piments. The workshop was organised by the Economic Development Board (EDB), under the aegis of the Ministry of Finance, Economic Planning and Development, in collaboration with the Ministry of Foreign Affairs, Regional Integration and International Trade and the Embassy of the People’s Republic of China.

Day One of the workshop focused on trade in goods and was officially launched by the Minister of Finance, Economic Planning and Development, Dr the Honourable Renganaden Padayachy. Minister Padayachy underlined the privileged cultural, political and economic ties that bond Mauritius and China.

Day Two of the workshop focussed on trade in services and was launched by the Minister of Foreign Affairs, Regional Integration and International Trade, Honourable Alan Ganoo. According to Minister Ganoo, the Mauritius-China FTA represents “a new dawn for businesses in Mauritius, especially in a world where economies and societies have been crippled by the adverse impacts of the Covid-19 pandemic”.

An agreement that brings predictability

“The FTA is a high-quality agreement which will bring many tangible benefits to enterprises both in Mauritius and China. In these volatile times, it provides Mauritian and Chinese businesses the predictability and certainty they need to find and access new growth opportunities”, explained the Minister for Foreign Affairs.

Honourable Alan Ganoo added that *“China has been amongst our staunchest allies in our development path”*.

New opportunities

Minister Ganoo covered some of the main sectors of the Schedule of Specific Commitments of China to Mauritius (i.e. China’s offer to Mauritius for trade in services). He highlighted that since 01 January 2021, Mauritian service providers can establish businesses in China as wholly owned entities or in joint partnership with Chinese operators in sectors such as architecture, engineering, integrated engineering, medical and dental, translation and travel agencies/tour operators.

On the other hand, His Excellency Mr Sun Gongyi, Ambassador of the People’s Republic of China stated that the

Mauritius-China FTA *“est le premier accord de libre échange entre la Chine et un pays africain. C’est un accord mutuellement bénéfique qui servira de plateforme pour la coopération économique Chine-Afrique”*.

EDB’s key role to make the FTA deliver

The national sensitization workshop on the Mauritius-China FTA included a series of presentations and panel discussions. Relevant subjects which were discussed are the new opportunities for businesses, the rules of origin under the FTA, the modes of supply of services and Mauritius as an Renminbi (Chinese currency) Clearing Hub.

The chief negotiator of the Mauritius-China FTA, Mr N Boodhoo – Director-Trade Policy – highlighted that *“no agreement delivers by itself”*. He laid emphasis on the *“key role” to be played by the EDB in collaboration with operators “to make the FTA deliver”*.

The Chief Executive Officer of the EDB, Mr K Poonoosamy pointed out that the EDB *“va tout mettre en place pour opérationnaliser l’accord de libre échange avec la Chine qui, avec l’African Continental FTA, le UK-ESA EPA et le CECPA avec l’Inde, permet à Maurice d’avoir un accès préférentiel à 70% du marché mondial”*.

It is to be noted that since the entry into force of the Mauritius-China FTA, garments, beer and rum have been exported from Mauritius to China under the agreement.

Steady progress in the

negotiations for an investment facilitation agreement



The participants in the negotiations for an agreement on investment facilitation for development held two sets of negotiating meetings on 8-9 March 2021 and 22 March 2021 respectively. These meetings saw steady progress and a high level of engagement in the discussions.

This progress laid the ground for the coordinator, Ambassador Mathias Francke of Chile, to reiterate his intention to circulate around Easter time a streamlined text compiling all the revised draft inputs put forward during the previous rounds of negotiations as well as the different proposals submitted by WTO members.

Updates on the negotiation process

Members continued the negotiations on the future agreement based on the latest version of the informal consolidated text, and discussed the new elements of the revised draft text circulated by the coordinator.

With respect to the informal consolidated text, issues discussed included:

- i. The establishment of a "business obstacle alert mechanism" to resolve problems faced by investors;
- ii. "Responsible Business Conduct";
- iii. Measures against Corruption;
- iv. Domestic supplier databases;
- v. General exceptions, security exceptions and financial exceptions.



With respect to the revised draft text prepared by the Coordinator, Members considered provisions on single information portal, authorization fees applying to financial services, and focal points.

Members also engaged in discussions on "firewall provisions" on the basis of the text contribution of the "Discussion group on scope". "Firewall provisions" in the discussions on Investment Facilitation for Development aim at the insulation of the future WTO Agreement from international investment agreements.

Finally, Members engaged in conceptual discussions on the concept of "Authorization" on the basis of guiding questions circulated by the Coordinator prior to the meeting.

Outreach activities

Virtual high-level round-table discussions were organized by the ITC, the German Development Institute, and the World Economic Forum, together with local and regional partner organizations, to discuss respectively the African and the Asia- Pacific perspectives.

A webinar was also organized with respect to transparency and streamlining of administrative procedures, with a focus

on practical issues including movement of personnel and digital tools.

These outreach activities aim at fostering better understanding of Members' interests and increase participation in the negotiations.

Way forward

The next negotiating meetings on Investment Facilitation for Development will be held on 19 and 23 April 2021.

The Coordinator also expressed the wish to organize on the margins of these meetings a debriefing session for relevant international organizations working in the field of investment facilitation.

It is therefore expected that the UN Conference on Trade and Development, the World Bank, ITC, the Organisation for Economic Cooperation and Development and the International Monetary Fund as well as regional organizations such as Asia-Pacific Economic Cooperation will be invited.

Talks on domestic regulation in services focus on disciplines in regional trade accords



Participants in the talks on domestic regulation in services explored at a virtual meeting on 4 March equivalent disciplines in regional trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP).

The disciplines under negotiation at the WTO and the RCEP regulatory disciplines share the same goal, speakers at the meeting emphasised — to lock in good regulatory practices, increase certainty and predictability for service suppliers, and thus improve economic efficiency overall.

Progress of discussions

Participants are developing disciplines concerning licensing and qualification requirements and procedures as well as technical standards for suppliers of services. A “far advanced” negotiating text capturing the progress made in 2020 was



circulated by the chair, Jaime Coghi Arias of Costa Rica, in December 2020. The chair said the talks are on track to be finalized at the Twelfth Ministerial Conference (MC12).

The negotiating text contains flexibilities to help governments implement the measures domestically while remaining free to pursue their national policy objectives. The group of participants comprises 63 WTO members (1) — both developing and developed countries — accounting for over 70 per cent of world services trade.

A total of 57 participants have submitted draft schedules indicating how the proposed disciplines would be incorporated in their WTO commitments. Kazakhstan, which will be chairing MC12, is the latest participant to have submitted its draft schedule, in January 2021.

Services Domestic Regulations in Regional Trade Agreements

RCEP negotiators from Australia and Thailand said that the draft disciplines negotiated at the WTO have strong similarities with those contained in the RCEP, which was signed by 15 economies in November 2020 and embraces approximately USD 2.4 billion worth of services trade.

The reach of the RCEP disciplines on domestic regulation are broader, they explained, because the RCEP signatories have covered more sectors under the agreement than in their commitments at the WTO under the General Agreement on Trade in Services.

Australia and Thailand reported additional similarities with domestic regulation issues in other free trade agreements (FTAs), such as those between Singapore and the European

Union, China and the Association of Southeast Asian Nations (ASEAN) and Indonesia and Australia.

Other Members also noted the disciplines' strong similarities with the FTA between the Republic of Korea and ASEAN, the United States-Mexico-Canada Agreement (USMCA), the Agreement for a Comprehensive Economic Partnership between the United Kingdom and Japan, and the non-binding Principles for Domestic Regulation of the Services Sector developed by the Asia-Pacific Economic Cooperation (APEC) forum.

Members considered that, given that more and more countries at different levels of development are adopting comparable domestic regulation disciplines in regional trade agreements, more WTO members should be encouraged to join the talks. The outcome secured within the WTO framework would be of great benefit for services suppliers across the world, they stressed. They also underlined the relevance of the disciplines in promoting economic recovery from the COVID-19 pandemic.

Outreach activities

A Webinar on "Addressing business challenges in services markets - The WTO Joint Initiative on Services Domestic Regulation" was organized by the International Chamber of Commerce (ICC) on 18 March 2021.

The Webinar focused on:

- i. The State of Play of discussions at the WTO;
- ii. Perspectives of business and industry experts on the practical value of the disciplines for facilitating and expanding their operations; and
- iii. Perspectives of participating WTO Members on the

importance of the disciplines in developing a domestic policy framework that facilitates business engagement with national procedures, in view of increasing trade competitiveness.

Representatives from business, industry, government and NGOs participated in the webinar. The webinar provided a good opportunity to brief and engage with the global business community and other interested stakeholders. It fostered exchanges between the different actors in services domestic regulations.

Way forward

The next meeting will be held virtually on 14 April 2021 and continue discussions on the draft Reference Paper.

In addition, as proposed by Australia at the February meeting, an information sharing exercise on the implementation of domestic regulation disciplines at national level will also be carried.

The objective of this information sharing exercise would be to cover a range of disciplines of the draft Reference Paper and cover different aspects of national implementation. To date, seven delegations had already confirmed their readiness to contribute to the exercise.

Members have highlighted that the exchange of information would be helpful to demonstrate to all Members, including current non-participants, that the disciplines were designed to allow for varied and flexible implementation.

The information exchange exercise would start at the

upcoming April meeting of the Initiative. In this context, the delegation of the United States will present on US practice of facilitating licensing by electronically administering certain professional services examination.

WTO negotiations on Fisheries Subsidies



Cluster of meetings of the Negotiating Group on Rules were held from 15 to 19 March 2021 to discuss the scope of new fisheries subsidies disciplines, provisions on subsidies contributing to overfishing and overcapacity and suggestions on enhancing the transparency of fisheries subsidy programmes.

During the meetings, Members considered proposals on whether and how to address subsidies to artisanal or low-income fishing in the subsidies disciplines, including based on geographical area and/or certain characteristics. Discussions also involved options for reflecting sustainability in the draft disciplines on subsidies that contribute to overcapacity and overfishing as well as the kinds of information that members should notify relating to the operation of the fisheries

subsidies disciplines.

The chair of the negotiations, Ambassador Santiago Wills of Colombia, reported to heads of delegation at the close of the week that while meeting in different configurations had seen useful engagement and some new ideas, progress had been limited. Several members echoed the chair's assessment.

Some members asked the chair to provide more details on how negotiating work would be taken forward. The chair said he would reflect on the recent discussions and on how to structure the next steps in the negotiations, given the target to conclude negotiations as soon as possible this year.

The next cluster of fisheries subsidies meetings will be held during the week of 12 April.

TRIPS temporary waiver request: WTO Members continue considering the proposal



At the last TRIPS (Trade-Related Aspects of Intellectual

Property Rights) Council meeting held in March 2021, arrangements have been made to hold additional meetings of the Council in April 2021. The aim is to continue considering the Joint proposal made by India and South Africa for a waiver from certain provisions of the World Trade Organization (WTO) TRIPS Agreement; for the prevention, containment and treatment of Covid-19.

His Excellency Mr Dagfinn Sorli who chairs the Council for TRIPS explained that following first contacts with delegations, his intention is now to hold informal consultations in various formats before reporting to the wider WTO membership and continuing discussions in open-ended formal meetings.

Finding a common ground?

The purpose of these meetings is to allow WTO Members' continued consideration of the proposal with a view to finding common ground, and to consider the TRIPS Council's reporting to the General Council.

It is to be pointed out that as at date, WTO Members could not also reach consensus on whether it is appropriate to move to text-based negotiations on the waiver request.

Request that the waiver should continue until widespread vaccination

It must be highlighted that the main components of the Joint Proposal covers Sections 1, 4, 5 and 7 of Part II of TRIPS i.e sections titled Copyright and Related Rights; Industrial Designs; Patents and Protection of Undisclosed Information, respectively.

Under the proposal, India and South Africa suggests that the waiver should continue until widespread vaccination is in place globally, and the majority of the world's population has developed immunity i.e. “an initial duration of [x] years from the date of the adoption of the waiver”.

Mauritius' full support

The TRIPS temporary waiver request is fully supported by Mauritius at the level of the WTO.

A few examples of other WTO Members supporting the waiver proposal include Argentina; Mali; Mozambique; Nepal; Nicaragua; Pakistan; Sri Lanka; and Venezuela.

On the other hand, EU; Japan; Norway; Switzerland; UK; US and Australia do not support the proposal.

A means to address IP barriers

According to the proponents of the Joint Proposal, if granted, the temporary waiver from Sections 1, 4, 5 and 7 of Part II of TRIPS would enable to address intellectual property barriers in the treatment of Covid-19 and in the prevention of severe consequences of contamination on the health of Covid-patients.

During the TRIPS Council and under other forums, India, South Africa and other countries co-sponsoring/supporting the proposal focused on the importance of such a waiver to remove 'patent' monopolies on Covid-related medicine and vaccination.



International Trade Division

MINISTRY OF FOREIGN AFFAIRS, REGIONAL INTEGRATION AND
INTERNATIONAL
TRADE

CONTACT DETAILS: motas@intnet.mu

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.

