United Nations
Economic Commission for Africa

ATPC African Trade Policy Centre

EUROPEAN UNION

# The Mauritian Strategy to Leverage Opportunities in the African Continental Free Trade Area (AfCFTA)

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Report

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# TABLE OF CONTENTS

## LIST OF FIGURES

## LIST OF TABLES

## Acronyms

**ACP** -------------------- African, Caribbean and Pacific
**AfCFTA** --------------- African Continental Free Trade Area
**AFD** ------------------- Agence Française de Développement
**AfDB**------------------- African Development Bank
**AHS** ------------------- Africa Health Strategy
**AIMS** ------------------ African Union Integrated Maritime Strategy
**AMM**------------------- Association of Mauritian Manufacturers
**AMRH** ----------------- African Medicines Regulatory Harmonisation
**ASEAN** ---------------- Association of South-East Asian Nations
**ATPC** ------------------ African Trade Policy Centre
**AU** --------------------- African Union
**AUC**-------------------- African Union Commission
**AUDA-NEPAD** ------- African Union Development Agency and New Partnership for Africa's Development
**AVE** -------------------- Ad Valorem Equivalent
**B2B** -------------------- Business-to-Business
**B2C** -------------------- Business-to-Consumer
**BITs** ------------------- Bilateral Investment Treaties
**BM** --------------------- Business Mauritius
**BRIC** ------------------- Brazil, Russia, India and China
**CAGR** ------------------ Compound Annual Growth Rate
**CBI** --------------------- Centre for the Promotion of Imports from developing countries
**CCM** ------------------- Competition Commission of Mauritius
**CECPA** ---------------- Comprehensive Economic Cooperation and Partnership Agreement
**CERT**------------------- Computer Emergency Response Team
**CFTA** ------------------ Continental Free Trade Area
**COMESA** ------------- Common Market for Eastern and Southern Africa
**COVID-19** ------------- Coronavirus-2019
**DAI** -------------------- Digital Adoption Index
**DTAAs** ---------------- Double Taxation Avoidance Agreements
**EAC** -------------------- East African Community
**E-commerce** --------- Electronic-commerce
**EDB** -------------------- Economic Development Board
**EM** --------------------- Enterprise Mauritius
**EP** ---------------------- European Parliament
**EPA** -------------------- Economic Partnership Agreement
**EPZ** -------------------- Export Processing Zone
**ESA** -------------------- Eastern and Southern Africa
**ESCAP** ---------------- Economic and Social Commission for Asia and the Pacific
**E-transactions** ------ Electronic-transactions
**EU** --------------------- European Union

| | |
|---|---|
| **EV** | Equivalent Variation |
| **FAO** | Food and Agriculture Organisation |
| **FAREI** | Food and Agricultural Research and Extension Institute |
| **FDI** | Foreign Direct Investment |
| **FTAs** | Free Trade Agreements |
| **GB** | Gigabyte |
| **GCI** | Global Connectivity Index |
| **GDP** | Gross Domestic Product |
| **GIZ** | Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH |
| **GoM** | Government of Mauritius |
| **GVA** | Gross Value Added |
| **GVCs** | Global Value Chains |
| **HACCP** | Hazard Analysis and Critical Control Point |
| **HEC** | Higher Education Commission |
| **HRISA** | Health Research and Innovation Strategy for Africa |
| **HS** | Harmonised System |
| **ICT** | Information and Communications Technology |
| **IDA** | Investment Promotion Agency |
| **IEC** | International Economics Consulting Ltd. |
| **iEPA** | Interim Economic Partnership Agreement |
| **IIAs** | International Investment Agreements |
| **IJSTR** | International Journal of Scientific & Technology Research |
| **IMDA** | Infocomm Media Development Authority |
| **IMF** | International Monetary Fund |
| **IMMEX** | Industria Manufacturera, Maquiladora y de Servicio de Exportación (Manufacturing Industry, Maquiladora, and Export Service) |
| **IP** | Intellectual Property |
| **IPA** | Investment Protection Agreement |
| **IPDP** | Intellectual Property Development Plan |
| **IPM** | Integrated Pest Management |
| **IPPA** | Investment Promotion and Protection Agreement |
| **IPRs** | Intellectual Property Rights |
| **ISO** | International Organisation for Standardization |
| **ITC** | International Trade Centre |
| **ITD** | International Trade Division |
| **ITU** | International Telecommunication Union |
| **KPIs** | Key Performance Indicators |
| **LDCs** | Least Developed Countries |
| **LSCI** | Liner Shipping Connectivity Index |
| **M&E** | Monitoring and Evaluation |
| **MAURITAS** | Mauritius Accreditation Service |

**Mbps** ------------------ Megabits per second
**MCCI** ------------------ Mauritius Chamber of Commerce and Industry
**MEXA** ----------------- Mauritius Export Association
**MICCP**----------------- Ministry of Industry, Commerce and Consumer Protection
**MLN** ------------------- Maize Lethal Necrosis
**MNCs**------------------ Multinational Companies
**MoBEC** ---------------- Ministry of Business, Enterprise and Cooperatives
**MOFARIT** ------------ Ministry of Foreign Affairs, Regional Integration and International Trade
**MOOCs** --------------- Massive Open Online Courses
**MoU** ------------------- Memorandum of Understanding
**MRA** ------------------- Mauritius Revenue Authority
**MRI** -------------------- Monitoring Regional Integration
**MSMEs** ---------------- Micro, Small, and Medium-sized Enterprises
**MTCI**------------------- Ministry of Information Technology, Communication and Innovation
**MTE**-------------------- Mid-Term Evaluation
**NAFTA** ---------------- North American Free Trade Agreement
**NES** -------------------- National Export Strategy
**NIC** -------------------- National Implementation Committee
**NTBs** ------------------ Non-Tariff Barriers
**NTMs** ----------------- Non-Tariff Measures
**OCC**-------------------- Offsite Consolidation Centre
**OECD**------------------ Organisation for Economic Co-operation and Development
**PMPA** ----------------- Pharmaceutical Manufacturing Plan for Africa
**PPI** --------------------- Private Participation in Infrastructure
**PPPs** ------------------ Private-Public-Partnerships
**R&D**-------------------- Research and Development
**RECs** ------------------ Regional Economic Communities
**REI** --------------------- Regional Economic Integration
**RIOs** ------------------- Regional Integration Organisations
**RTAs** ------------------ Regional Trade Agreements
**SAATM** --------------- Single African Air Transport Market
**SADC** ------------------ Southern African Development Community
**SEZs** ------------------- Special Economic Zones
**SIA** --------------------- Sustainable Impact Assessment
**SIDS** ------------------- Small Island Developing States
**SME**-------------------- Small and Medium-sized Enterprise
**SMS**-------------------- Short Messaging Service
**SPS**--------------------- Sanitary and Phyto-Sanitary
**SSA** -------------------- Sub-Saharan Africa
**STEM** ------------------ Science, Technology, Engineering, and Mathematics
**STRI**-------------------- Service Trade Restrictions Index

**TBT** -------------------- Technical Barriers to Trade
**TF** ---------------------- Trade Facilitation
**TISI**-------------------- Trade and Investment Support Institution
**TRIPS** ----------------- Trade-Related Aspects of Intellectual Property Rights
**TVET**------------------ Technical and Vocational Education and Training
**UAE** ------------------ United Arab Emirates
**UK** -------------------- United Kingdom
**UN** -------------------- United Nations
**UNCTAD** ------------- United Nations Conference on Trade and Development
**UNECA** -------------- United Nations Economic Commission for Africa
**UNECA-SRO SA** ----- UNECA Sub-Regional Office for Southern Africa
**USA** ------------------- United States of America
**USAID** ---------------- United States Agency for International Development
**USD**------------------- United States Dollar
**USDS** ----------------- United States Digital Service
**WB** -------------------- World Bank
**WDI** ------------------- World Development Indicators
**WIPO** ----------------- World Intellectual Property Organisation
**WTO** ------------------ World Trade Organisation
**3D** --------------------- Three-Dimensional
**4 As** ------------------ Access, Affordability, Ability and Appetite
**4G** -------------------- Fourth Generation
**5G** -------------------- Fifth Generation

## EXECUTIVE SUMMARY

Trade has been a centrepiece of the economic success of Mauritius, focusing predominantly on an export-led growth strategy. This success was based on effectively taking advantage of the country's preferential access to developed markets, particularly the EU, in sugar, and textile, clothing and apparel sectors, combined with a tariff-free policy on inputs, tax incentives, and relaxed labour regulations for the export-oriented sector located in its industrial zones. Additionally, trade in services has become a key driver of Mauritius' external trade in recent years. The country is a net exporter of services, with a positive balance of trade at USD 820 million in 2019.

However, Mauritius' trade pattern with the African continent has been insignificant. South Africa and Madagascar are the only African countries that account for a relevant share of Mauritius' merchandise exports, which mainly consist of consumer goods. Particularly, Mauritius is yet to exploit Africa's potential as a source of raw and intermediate materials. Similarly, Africa has the potential to be a large market for Mauritius' services exports, particularly on Business Services, which account for nearly a third of the continent's total imports of trade in services (USD 42.4 billion out of USD 153.1 billion).

Such a pattern is common across the African continent. In 2019, intra-continental trade stood at 12.4% and 16.4% for imports and exports, respectively. This is far behind the recorded 55% of intra-regional trade in European Union and 21% on intra-regional trade of the Association of South-East Asian Nations (ASEAN). Africa's trade potential is also underexploited: despite accounting for 16.7% of the world's population in 2019, the continent only represents 2.5% of the World's exports and 3% of the World's output. To remedy this situation, in June 2015, African States agreed to start negotiations for an African Continental Free Trade Area (AfCFTA), with the objective of doubling the level of intra-African trade by 2022.

The AfCFTA entered into force on May 30, 2019, and became operational on January 1, 2021. Its overarching goal is to create a liberalized continental market for goods and services, facilitated by free movement of persons with a view to better integrate African economies, in support of the continent's development agendas.

Despite being a member to some of the most active Regional Economic Communities (RECs) on the continent – such as the Common Market for Eastern and Southern Africa (COMESA) and Southern African Development Community (SADC), which represent over 68.5% of the African continent, Mauritius is yet to fully utilise its potential. Over the period 2017-2019, Mauritius' exports to COMESA only represented 12% of its total exports, or USD 237 million on average, whilst its exports to SADC represented 19.2%, or USD 381 million on average. Those exports are mainly made up of three sectors: textiles, sugar, and plastics.

Furthermore, Mauritius's economy has been seriously impacted by the COVID-19 pandemic. The International Monetary Fund (IMF) forecasts that the real GDP of Mauritius contracted by -14.2% in 2020 (-15.2% according to Statistics Mauritius) due to COVID-19. Forecasts estimated that the country would achieve partial recovery in 2021, with a 6.6% real GDP growth. The real outcome could be less optimistic, with the country having its borders de facto still closed due to the strict quarantine measures until in October 2021.

In this context, the AfCFTA represents a potential tool for trade and development for Mauritius. Early estimations show that the establishment of the AfCFTA would increase intra-African trade by 52.3%, or USD 34.6 billion. As highlighted by UNECA (2018), "[the] AfCFTA will be a game-changer for stimulating intra-African trade. It is projected to increase the value of intra-African trade by between 15% (or USD 50 billion) and 25% (or USD 70 billion), depending on liberalization efforts, in 2040, compared to a situation with no AfCFTA in place. With the sole removal of tariffs on goods, the share of intra-African trade would increase by nearly 40% to over 50%, depending on the ambition of the liberalization, between the start of the implementation of the reform (2020 was considered to be the tentative date for the modelling exercise) and 2040".

Nevertheless, Mauritius will only benefit from the AfCFTA if Non-Tariff Barriers (NTBs) are removed, and trade facilitation initiatives are adopted across the continent. The removal of tariffs will increase the country's income by 0.3%, whilst the removal of NTBs and the adoption of the WTO's Trade Facilitation Agreement would lead to a 3.8% and 6.9% increase, respectively.

Mauritius can take advantage of preferential access to the African market under the AfCFTA with a number of sectors where the country currently possesses competitive strength. Specifically, such sectors are pharmaceutical products, agriculture and food processing, higher education services, ICT services, textiles and apparel, and jewellery:

- With regards to **pharmaceutical products**, Africa imported medical devices and pharmaceuticals worth USD 23.2 billion in 2019, with India, France, and Germany being Africa's top suppliers. Within this sector, Mauritius has the biggest potential in supplying "medicaments for therapeutic or prophylactic uses, packaged for retail sale" (HS 300490), which can amount to USD 248 million worth of export. Other potential products of interest include "medicaments; containing penicillin, streptomycin or their derivatives" (HS 300410); "dental cements and other dental fillings" (HS 300640); and "catherers" (HS 901839), amongst others. However, Mauritius needs to put in place a proper legal and regulatory framework aligning with international practices, as well as devote more extensive attention to keep up with high investment in R&D activities in this sector.

- Agriculture forms a significant segment of the economies of all African countries for its contribution towards major continental priorities and the realization of Sustainable Development Goals, such as eradicating poverty and hunger, achieving food security, boosting intra-Africa trade and investments. Overall, the African continent is an enormous market for the food processing industry. Refined sugar cane (HS 170199) is the product with the biggest potential for Mauritius, reaching USD 952 million in export potential. Other potential products of interest include tuna preparations (HS 160414), minced fish (HS 160420), raw sugar cane (HS 170114), and under-natured ethyl alcohol (HS 220710). To effectively exploit the continent's potential on agriculture, Mauritius should, amongst others, continue working with the Secretariat of SADC with the aim to establish a framework for enabling imported products to be sampled at the point of entry into SADC and analysed for compliance with food safety provisions[1], and work with the Sanitary and Phyto-Sanitary (SPS) accreditation bodies on the continent to enable the importation of raw materials for further processing, whilst working towards increasing the quantity and quality of the local production.

- In terms of **educational services**, the demand for tertiary education has expanded rapidly in Africa. The continent faces the challenge of integrating large youth populations into labour markets - 11 million young Africans under the age of 25 are expected to join the labour market annually until 2030, and university-age students in Africa are predicted to double from the current 200 million to 400 million by 2045. In 2019, the number of international students reached 2,579, which represents a four-fold increase in comparison to the 2010 level – 596 students. And whilst the number of international students in Mauritius has been increasing over the last decade, Mauritian universities are not taking advantage of the digitally-enabled education to offer their courses, while demand for such courses is increasing.

- The **textile and apparel** sector in Africa hold significant potential for Mauritian exporters. USD 744.3 billion worth of imports in 2019, the sector has been growing at an average 2.3% since 2010. Specifically for Mauritius, the main product potential is concentrated around, "Jerseys, pullovers, cardigans, waistcoats, and similar articles, of cotton, knitted or crocheted (excluding wadded waistcoats)" (HS 611020), with USD 146 millions of export potential, and men and women's trousers, with a combined USD 66 million of export potential. Africa also represents a big sourcing opportunity for Mauritius, which could be tackled through setting up a Yarn Bank on the continent, which could be created and managed through a public-private partnership, consisting in specific warehouses in the continent to deal with the purchase of the yarn. The Yarn Bank would allow the private sector operators to be competitive in their orders, due to the combined quantity, and enable the operators to comply with the double-transformation requirement in the AfCFTA rules of origin for clothing. Developing adequate human capital and increase the sectors' competitiveness remain top priorities for Mauritius, as suggested in the strategy's action plan.

- In Africa, imports of **ICT services** grew at a CAGR of 8.2% between 2010 and 2018, doubling the demand from USD 1.4 billion in 2010 to USD 2.9 billion in 2018. South Africa, being the biggest ICT hub in Africa, was the top importer of ICT services in the continent in 2018, accounting for USD 1.2 billion, or 41% of total African imports. Mauritius' exports worldwide are concentrated in fewer than 10 firms, demonstrating a limited integration in the overall export value chain. Current exports focus on custom development and Oracle solutions-based work, ignoring public procurement in the continent. Additionally, any contracts have emerged mainly through ad hoc, opportunistic efforts rather than through the implementation of a long-term strategy.

Finally, Africa is renowned for its resources in precious gemstones and metals, with the world's leading jewellery makers and retailers sourcing diamonds, gold, and other minerals from the continent. The jewellery sector in Mauritius has been slowly establishing itself. However, the country currently faces a number of challenges which need attention in order to keep with the fast pace of the world market. Shortage of skilled labour and limited

[1]See WTO (2018). SADC Secretariat Report on SPS Activities. World Trade Organisation, Committee on Sanitary and Phytosanitary Measures, G/SPS/GEN/1739.

access to modern technology remain the two main impediments. "Diamonds worked" (HS 710239) ranks first with USD 188 million untapped potential export in Africa. This product also aggregates the highest import demand from the continent, with total imports accounting for USD 550 million in 2019, and a CAGR of 18.5% between 2015 and 2019. The other product of interest is "Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other precious metal (excluding articles > 100 years old)" (HS 711311). Realising such potential will require the improvement of the marketability of the products and the SMEs' marketing skills, upgrading the overall productivity of the sector and boosting efforts to attract Foreign Direct Investment, as suggested in the strategy's action plan.

Considering all factors above, the Mauritian Strategy to Leverage the Opportunities in the AfCFTA is an element of the country's wider Africa Strategy that governs the country's relationship with the continent.

This Strategy aims to realise the vision of transforming Mauritius "to become the ideal and undisputed platform for doing business across Africa and promoting reforms, trade and investment across the region."

***To become the ideal and undisputed platform for doing business across Africa and promoting reforms, trade and investment across the region.***

This vision will be reached through the implementation of four strategic objectives, which create a framework for addressing the common constraints identified and highlighted by the different stakeholders as key impediments for realising the AfCFTA's untapped potential:

**Strategic Objective 1: Successfully implement the AfCFTA.** Negotiations are only half of the way with regard to trade agreements. It is implementation is crucial to ensure that the negotiated benefits are effectively passed to the private sector. In order for FTAs to be effective as domestic laws, most countries need to pass new legislation or amend existing laws to comply with their FTA commitments or to extend preferential treatment to traders from FTA countries.

**Strategic Objective 2: Facilitating the transmission of Trade Information across all business players, particularly SMEs.** The liberalisation of the trade landscape has been a defining characteristic of the domestic trade policy landscape in Mauritius. However, the additional competitiveness achieved through the network of FTAs can only be realised if the private sector has the right information and tools in its hands to materialise those opportunities. Some of the key elements for companies to successfully tap into all of their trade potential "consists of basing their strategic decisions on sound, comprehensive and reliable trade information, and counting on the appropriate tools for promotion" (ITC, 2019). The strategy's action plan proposes a number of activities to achieve this.

**Strategic Objective 3: Reinforcing the country's Trade Promotion and Economic Diplomacy efforts.** Linked to Strategic Objective 2, the main objective sought by the Strategic Objective 3 is to improve the performance of either a particular region or a specific sector. Such improvements can refer to an increase in absolute terms, relative to the country's imports. Specifically, investing in trade promotion is not only self-sufficient, but it is also beneficial for the overall economy. A 1% increase in export promotion budgets increases overall exports by 0.074%, meaning that USD 1 spent on export promotion generates on average USD 87 of additional exports (source:Authors' own). Similarly, investing in export promotion activities can lead to a 5%-6% increase in GDP per capita (ITC, 2017).

**Strategic Objective 4: Improving the country's Transport and Logistics Connectivity with the Continent.** The weak and limited transport and logistics connectivity of Mauritius with the continent is one of the most pressing concerns highlighted by the stakeholders. Whilst the country has recently implemented a series of innovative projects, the continent remains a distant destination, particularly given the high transportation costs. For example, it is more expensive to send a parcel from Mauritius to Africa than doing so from France, China, India or Brazil.

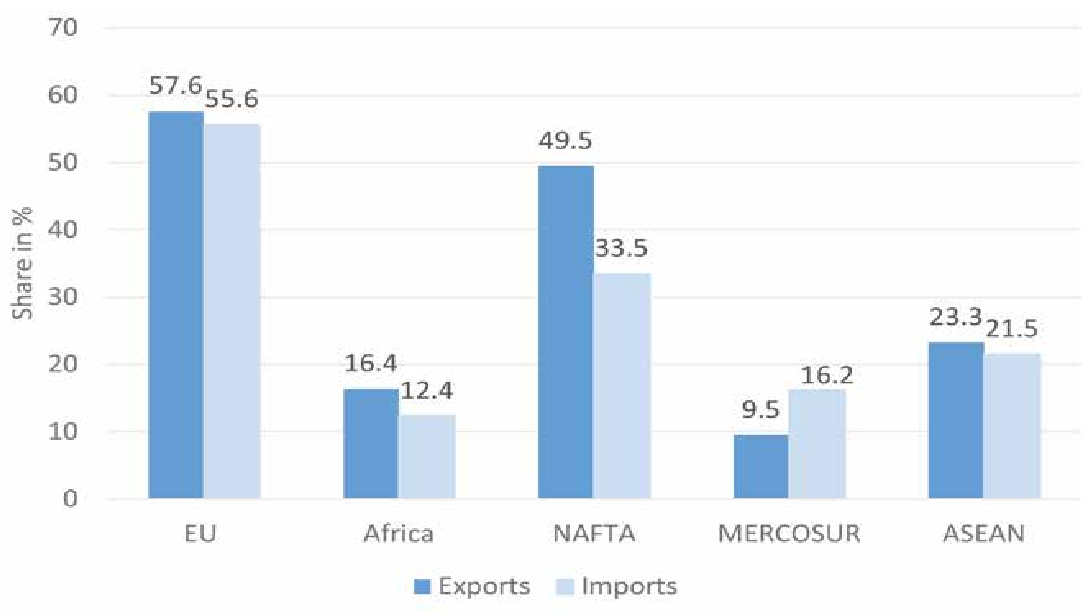
As part of the implementation of the Agreement, an AfCFTA National Implementation Committee (NIC) is proposed, in charge of ensuring the coordination and monitoring implementation of the AfCFTA. The implementation of this Strategy will be coordinated by the NIC, which will be established under the MOFARIT and managed by the ITD. The membership of the NIC will aim to be representative of the public and private sector of the country, including, but not limited to, all relevant business associations, private sector players, and line ministries. Furthermore, a 35-point Action Plan is further elaborated to serve as the indicative roadmap for Mauritius to realise the AfCFTA Integration Vision via ensuring the country's full compatibility with the continental rulebook, enhancing business capacity to capitalise the opportunities brought about by the AfCFTA.

# 1.0 INTRODUCTION

## 1.1 OVERVIEW OF THE AFCFTA

Traditionally, Africa has been a fragmented continent. Despite accounting for 16.7% of the world's population in 2019, Africa only represented 2.5% of global exports, and 3% of global Gross Domestic Product (GDP) (ITC Trade Map, 2021). Additionally, intra-continental trade stood at 12.4% and 16.4% for imports and exports, respectively in 2019. This is far behind other regions such as the European Union (EU), whose share of intra-regional trade stands at around 55%, and the Association of South-East Asian Nations (ASEAN), whose share of intra-regional trade accounts for over 21% (ITC Trade Map, 2021).

**Figure 1 Intra-regional Trade by Region, 2019**



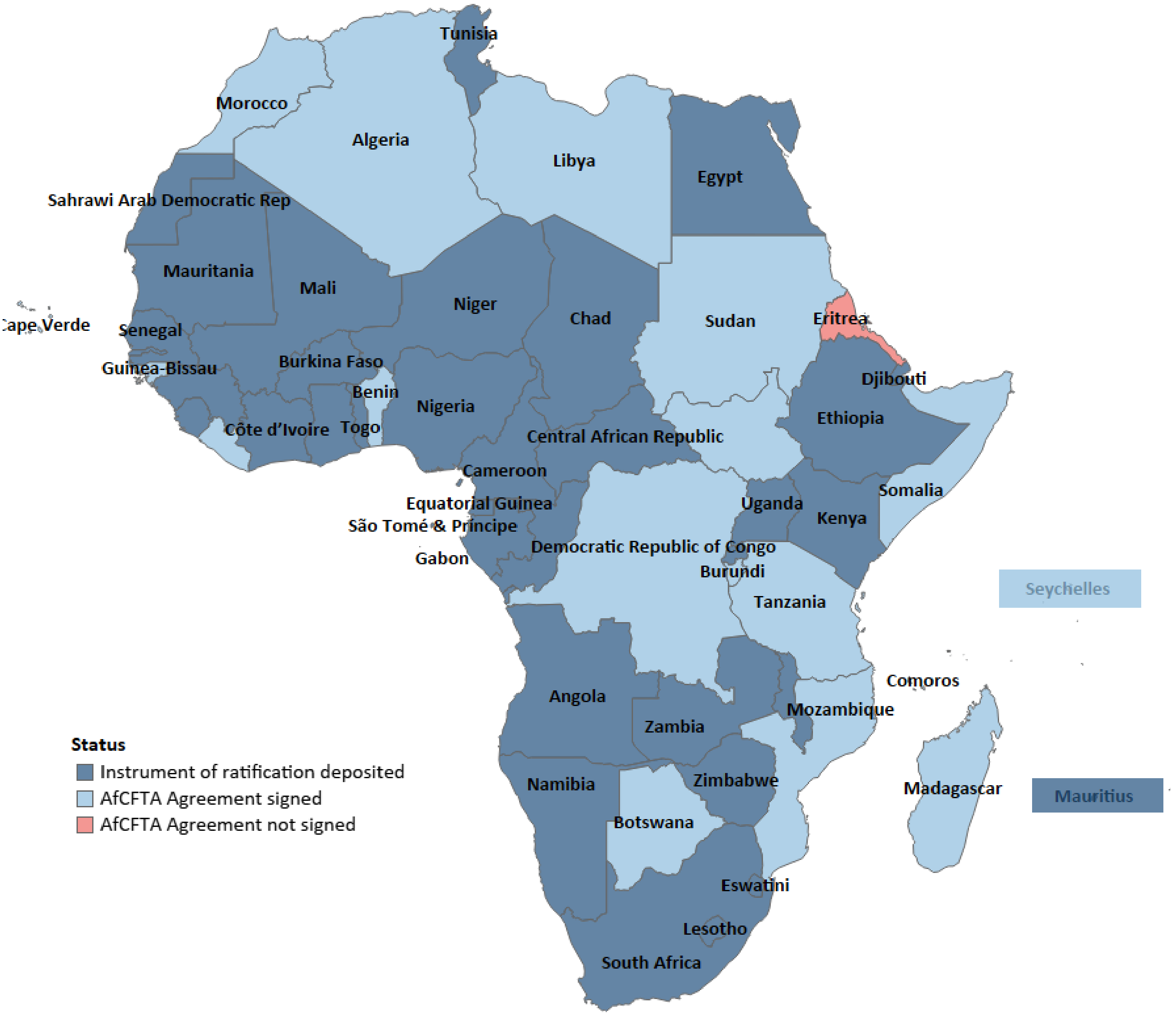

Source: IEC calculations based on ITC Trademap

**With a view to strengthening pan-African trade, at the 25th Summit of the African Union (AU) held in June 2015, African States agreed to start negotiations for an AfCFTA, with the objective of doubling the level of intra-African Trade by 2022.** The AfCFTA will transform the existing diverse and heterogeneous socio-economic spectrum of African countries, turning the current fragmented continental market into a more unified and connected market. The Agreement, with 54 Contracting Parties[2], creates a market of 1.2 billion people and a USD 2.6 trillion economy for goods and services that aims to remove tariff and non-tari ff barriers on substantially all trade in goods and services, liberalising the movement of people and invest ments (African Union, 2018).

**The AfCFTA, signed in March 2018, entered into force on 30 May 2019 after reaching a minimum threshold of 22 ratifications.** As of 6th February 2021, 36 countries had ratified the AfCFTA. The A greement was signed in parallel to two key continental initiatives: The Protocol on Free Movement of Per sons and the Single African Air Transport Market (SAATM), which complement the AfCFTA (see Box 1).

[2] To date, Eritrea is the only Member State of the African Union that is yet to sign the AfCFTA Agreement.

## Figure 2 Status of the AfCFTA Ratifications as of 6 May 2021




Source: TRALAC

## Box 1 Relevance of the Protocol on Free Movement of Persons and the SAATM for the AfCFTA

The Protocol on Free Movement of Persons is expected to be a critical component complementing the AfCFTA, as it aims to progressively allow the free movement of persons, rights of residence and right of establishment in Africa, further boosting the possibilities to trade and investment, especially through trade in services' Mode 4. The Protocol aims to enable the right to enter, stay, move freely and exit AU Member States for up to 90 days, removing the need for a visa. The Protocol also aims to remove any existing discrimination that might exist based on nationality (African Union, 1991).

In parallel, the SAATM initiative aims to create a single unified air transport market in Africa. This is expected to be achieved through the liberalisation of intra-African air transport services in terms of market access, removing restrictions on ownership, and liberalising frequencies, tariffs and capacity (AU, 2107). The liberalisation of Africa's air space will create new routes and greater connectivity on the continent, reducing travel times, travel and transport costs and lead to overall greater convenience (Quayle, Ince, & Blazquez-Lopez, 2019).

Source: Authors' own

The overarching goal of the AfCFTA is to create a liberalized continental market for goods and services, facilitated by movement of persons with a view to better integrate African economies, in support of the continent's development Agendas.

Table 1 provides an overview of the AfCFTA's general and specific objectives.

**Table 1 General and Specific Objectives of the AfCFTA**

| **General Objectives** | |
|---|---|
| 1 | Create a single market for goods and services, facilitated by movement of persons in order to deepen economic integration. |
| 2 | Create a liberalized market for goods and services through successive rounds of negotiations. |
| 3 | Contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs. |
| 4 | Lay the foundation for the establishment of a Continental Customs Union at a later stage. |
| 5 | Promote and attain sustainable and inclusive socioeconomic development, gender equality and structural transformation of state parties. |
| 6 | Enhance competitiveness of the economies of State Parties within the continent. |
| 7 | Promote industrial development through diversification and regional value chain development, agricultural development and food security. |
| 8 | Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration process. |
| **Specific Objectives** | |
| 1 | Progressively eliminate tariffs and NTBs to trade in goods. |
| 2 | Progressively liberalize trade in services. |
| 3 | Cooperate on investment, intellectual property rights and competition policy. |
| 4 | Cooperate on all trade related policies. |
| 5 | Cooperate on customs matters and the implementation of trade facilitation measures. |
| 6 | Establish a mechanism for the settlement of disputes. |
| 7 | Establish and maintain an institutional framework for the implementation and administration of the AfCFTA. |

Source: AfCFTA Agreement, Article 3 and Article 4

Phase 1 of the AfCFTA's negotiations is still underway, focusing on trade in goods and its annexes on rules of origin, schedules of concessions (trade in goods), schedules of commitments (trade in services) and dispute settlement. Phase 2 is dedicated to investment, competition policy and intellectual property rights matters, while phase 3 covering e-commerce is planned to be completed by December 2021 (see Table 2). Phases 2 and 3 are expected to be completed by December 2021.

**Table 2 AfCFTA Architecture and Key Features**

| | | | |
|---|---|---|---|
| Framework of the Agreement Establishing the African Continental Free Trade Area | Protocol on Trade in Goods | Annex 1: Schedules of Tariff Concessions<br>Annex 2: Rules of Origin<br>Annex 3: Customs Cooperation and Mutual Administrative Assistance<br>Annex 4: Trade Facilitation<br>Annex 5: Non-Tariff Barriers<br>Annex 6: technical Barriers to Trade<br>Annex 7: Sanitary and Phytosanitary Measures<br>Annex 8: Transit<br>Annex 9: Trade Remedies | • Elimination of duties and quantitative restrictions on imports<br>• Imports shall be treated no less favourably than domestic products<br>• Elimination of non-tariff barriers<br>• Cooperation of customs authorities<br>• Trade facilitation and transit<br>• Trade remedies, protections for infant industries and general exceptions<br>• Cooperation over product standards and regulations<br>• Technical assistance, capacity-building and cooperation |
| | Protocol on Trade in Services | Schedules of Specific Commitments<br>MFN Exemption<br>Annex on Air Transport | • Transparency of service regulations<br>• Mutual recognition of standards, licensing and certification of services suppliers<br>• Progressive liberalization of services sectors<br>• Service suppliers shall be treated no less favourably than domestic suppliers in liberalized sectors<br>• Provision for general and security exceptions |
| | Protocol on Dispute Settlement | Annex 1: Working Procedures of the Panel<br>Annex 2: Expert Review Groups<br>Annex 3: Code of conduct for Arbitrators and Panelists | • Rule-based avenue for the resolution of any disputes that may arise between State Parties in the application of the AfCFTA Agreement |
| | Protocol on Intellectual Property Rights (IPRs) | | To be concluded in 2021 |
| | Protocol on Competition Policy | | |
| | Protocol on Investment | | |
| | Protocol on e-commerce | | |

Source: UNECA (2020). ATPC (2020)

The agreement requires members to progressively remove tariffs on at least 97% of tariff lines that account for at least 90% of intra-Africa imports. The modalities of tariff reduction are highlighted in Table 3.

**Table 3 AfCFTA's Tariff Liberalisation Modality**

| | Developing Countries | Least Developed Countries (LDCs)[3] |
|---|---|---|
| Full Liberalisation | 90% of all tariff lines / 5-year period | 90% of all tariff lines / 10-year period |
| Sensitive List | 7% of all tariff lines / 5-year stand still, 5 years to liberalise | 7% of all tariff lines / 5-year stand still, 8 years to liberalise |
| Excluded List | 3% of all tariff lines | 3% of all tariff lines |

Source: African Union - 2020

Concerning trade in services, the Protocol on Trade in Services aims to create a liberalised market for services in Africa. Services sectors will be liberalised through the extension of national treatment and removal of barriers for foreign participation in domestic markets. The ultimate goal is to adopt harmonised regulatory frameworks to simplify and level the playing field for trade in services. Phase 1 of the negotiations covers tourism, transport, financial services, business services and communication as priority sectors (ECA, 2020). The scope of the Protocol on Trade in Services under the AfCFTA, distinguishes between 4-modes of supplying services (see Table 4).

**Table 4 Modes of supply of services**

| | | |
|---|---|---|
| Mode 1: Cross-border trade | Service flows that move from the territory of one State party to the Agreement into the territory of another state party | Example: Banking or accounting services provided from a country A via digital tools to residents in country B |
| Mode 2: Consumption abroad | Service consumer moves into another State party's territory to obtain a service | Example: Tourist from country A traveling to country B to enjoy hospitality services |
| Mode 3 : Commercial presence | Service supplier of one State party establishing territorial presence through ownership or lease of premises in another State party's territory to provide a service | Example: Service provided in country A by domestic subsidiary of foreign hotel chain headquartered in country B |
| Mode 4 : Presence of natural persons | Consists of a person of one State party entering the territory of another State party to supply a service | Example: Accountants, doctors or teachers from a country A entering to a country B to supply their services. |

Source: Adapted from WTO.

Despite the Agreement being operational since 1 January 2021, there are a number of key aspects to be finalised. Specifically, the schedules of concessions and commitments have not been finalised. However, the negotiations are still ongoing, as the different discussions and exchange of offers are currently taking place. Similarly, negotiations are still ongoing with regard to rules of origin. Such delays have been mainly attributed to:

- Difficulties in conducting the national stakeholder consultations due to COVID-19 imposed restrictions.
- Lack of capacity to prepare the trade in services offer. This challenge is being partly addressed by training provided by the AUC and the World Bank Group.
- Lack of understanding of the negotiator's domestic regulatory environment. The AUC, GIZ and the EU are currently supporting the countries to undertake their regulatory audits.

[3] Least Developed Countries (LDCs) are low-income countries characterized by their vulnerability to economic and environmental shocks and low levels of human index, all of which are key structural impediments to sustainable development. Further information about LDCs can be found here: UN – LDCs at a Glance. Available from: https://www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html

- Limited knowledge of sector-specific technical concepts.
- Limited human capacity of the negotiations team, with, usually, a single Chief Negotiator leading negotiations at the AU, regional, bilateral, and multilateral level.
- Security concerns around online negotiations.
- Limited understanding on the functioning of the delivery of services (modes of supply) (ECA, 2020).

Further negotiations are planned in Phase 2 covering the facilitation of intra-African investment, intellectual property, competition and e-commerce. These subject areas, whilst they are not directly linked to trade, do have a significant impact on trade, as they are basic pillars to build a competitive economic business environment. Rules on competition, for example, will focus on harmonising how African countries deal with anti-trust behaviours that aim to achieve an unfair competitive advantage, whilst those rules on intellectual property will ensure a coherent approach towards patents, copyright, and other non-tangible elements that are embodied in every single traded product.

The AfCFTA will allow the creation of larger economies of scale and enhance Africa's specialisation in agricultural, industrial goods, and services. The larger, seamless economic space, is expected to allow African markets to "increase their efficiency and promote competition, as well as resolve the challenge of multiple and overlapping Regional Economic Communities (RECs), helping thereby to boost inter-REC trade. Moreover, the sheer size of the single market would provide a more conducive environment for industrial diversification and regional complementarities than what is viable under existing individual country approaches to development" (Soininen, 2014).

## 1.2 IMPORTANCE OF A NATIONAL AFCFTA STRATEGY FOR MAURITIUS

The AfCFTA represents a potential tool for trade and development for Mauritius. Despite being a member to some of the most active RECs on the continent – i.e., COMESA and SADC, which represent over 68.5% of the African continent, Mauritius is yet to fully utilise its potential. Over the period 2017-2019, Mauritius' exports to COMESA only represented 12% of its total exports, or USD 237 million on average, whilst its exports to SADC represented 19.2%, or USD 381 million on average. Those exports are mainly made up of three sectors: textiles, sugar, and plastics.

**The AfCFTA offers significant potential to transform the economic landscape of the entire continent and is set to help countries achieve higher levels of industrialisation, employment creation, sustained economic growth and development.** Strategic sectors, such as pharmaceuticals, textiles, food, education, and financial services, amongst others, are being targeted to drive economic transformation through increasing levels of productivity, competitiveness, and innovation. This will require deliberate actions to be taken to promote private sector engagement to facilitate the development of productive capacities.

**The National AfCFTA Strategy will provide guidance and act as a roadmap to improve the country's overall development framework to promote industrial development via economic diversification and regional value-chains development.** Improving the country's export competitiveness is tied, among others to creating an enabling business environment for Mauritian firms to thrive and expand the current ties with the continent. Specifically, the National AfCFTA Strategy for Mauritius will:

1. **Provide a guide on how Mauritius may** enhance economic diversification, promote social-economic development, expand its trade in both goods and services, boost investment potential by capitalising on comparative advantages and contribute to value-chains both at regional and continental level.
2. **Mainstream cross-cutting issues including gender, environmental and** climate change mitigation, and digital technologies.
3. **Provide the essential institutional framework to navigate** through the AfCFTA and the distinct measures to be undertaken to ensure Mauritius reaps the maximum benefits of the AfCFTA.

## 1.3 THE AFCFTA AND MAURITIUS' DEVELOPMENT OBJECTIVES

**Traditionally, Mauritius has recognised trade as a powerful engine for growth and development.** With a highly outward oriented economy, Mauritius has taken advantage of the potential of trade to boost its economic development, moving from an agricultural-centric country in the 1960s, to a textile exporting hub in the 1990s to a fully-fledged services economy in the 2010s. Sectoral plans, such as the 10-Year Master Plan for the SME Sector in Mauritius, recognise the role that trade can have in strengthening the domestic economy and have increased trade as one of its key objectives. The aforementioned SME Master Plan aims, as one of its key objectives, to "[increase] market access and exports by providing SMEs with intelligence, market development supports and logistics to integrate the global supply chain" (MoBEC, 2010). The recent Industrial Policy and Strategic Plan for Mauritius 2020-2025 also highlight the importance of trade, both at the regional and global levels, to promote the growth of the country's industrial sector.

**The importance of the African market to Mauritius has always been recognised by policy documents.** The country's Vision 2030 already elevates trade as one of the key pillars supporting the country's economic transformation. The Three-Year Strategic Plan 2018/2019-2021/22 also envisages trade to be a promoter of growth and sets the objective of achieving a 5% average annual increase in exports of goods and services. The importance of international trade has also been recognised by the government through its National Export Strategy (2017), whose vision embodies in a simple and direct manner the ambition that trade could and should support a more competitive economy – "Mauritius – strategic hub for international trade".

Specifically, the AfCFTA is aligned to the country's Africa Strategy, which aims for the country "[to] *become the ideal and undisputed platform for doing business across Africa and promoting Reforms, Trade and Investment across the Region"* (EDB, 2020).

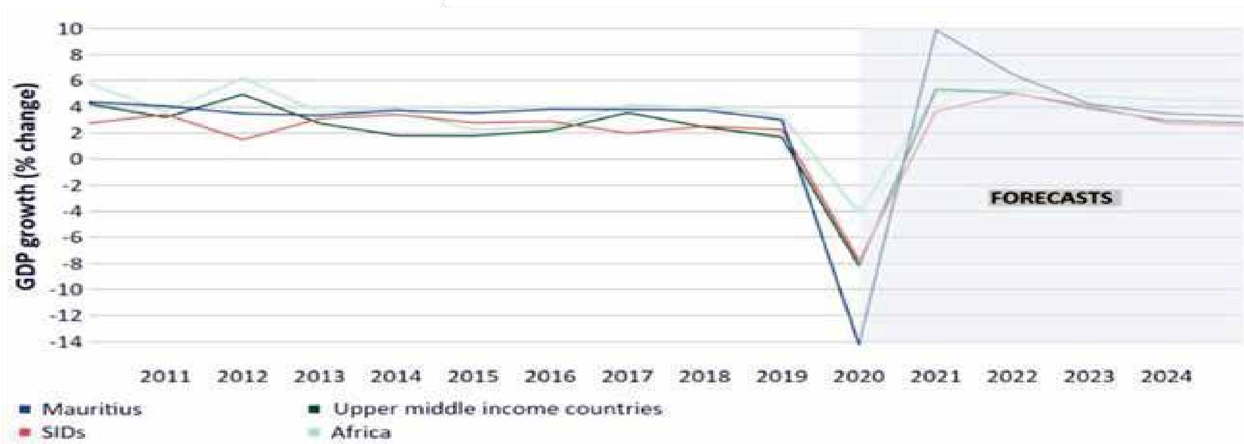
# 2.0 MACROECONOMIC FRAMEWORK, PRODUCTION AND TRADE ENVIRONMENT REVIEW

## 2.1 MACROECONOMIC TRENDS

**Mauritius has one of the most successful and competitive economies in Africa.** As a small island nation with a population of 1.3 million and a GDP of USD 14 billion (2019), the country has enjoyed a moderate, yet steady, GDP growth, averaging 3.8% from 2015 to 2019 (see Figure 3). This growth was fuelled mainly by the growth of financial services, retail and wholesale trade, and information and communications technology (ICT) sectors (AfDB, 2020). The country's GDP per capita at purchasing power parity (PPP) (current international USD) is one of the highest in the Africa, standing at USD 23,882 in 2019, second only to the Seychelles (USD 30,516 in 2019).

**However, COVID-19 has been particularly damaging for the island country, which is highly dependent on international trade.** The International Monetary Fund (IMF) forecasted that the real GDP of Mauritius contracted by -14.2% in 2020 (-15.2% according to Statistics Mauritius) due to the emergence of the COVID-19 pandemic in early 2020. The IMF expected a partial recovery in 2021, with a 6.6% growth in that year given the expected global economic recovery. However, this forecast appears to be overoptimistic, with the country having its borders de facto still closed due to the strict quarantine measures (IMF, 2020). Borders were re-opened in October 2021 as the government aimed to revive an ailing tourism industry.

**Figure 3 GDP growth; percent change, 2010-2025**

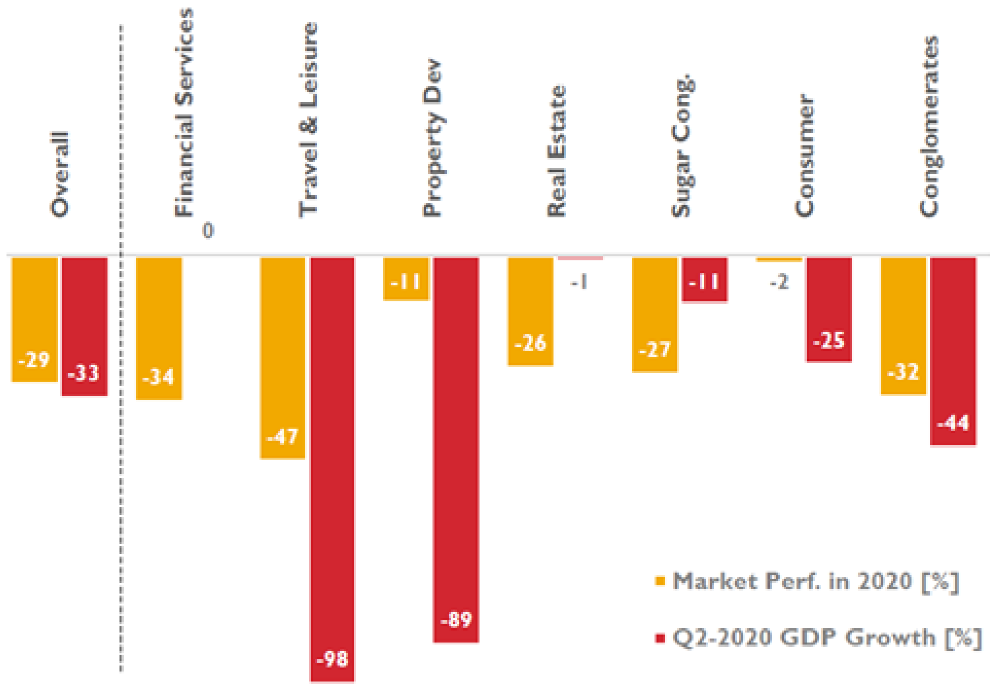



Source: IMF, World Economic Outlook, October 2020

> ***We believe that this crisis could bring us even closer to our consumers, who will be less overwhelmed by products that often cannot cope with unfair competition from production giants who are flooding the market with low-cost products without even worrying about the quality or preferences of Mauritians.***
>
> ---------------------
>
> ***Nous pensons que cette crise pourrait encore plus nous rapprocher de nos consommateurs, qui serons moins submerger par des produits qui n'arrivent souvent pas a faire face à la concurrence déloyale des géants de la production qui inondent le marcher avec des produits a bas prix sans même se soucier de la qualité ou des préférences des Mauriciens.***
>
> ***Mr. Lawrence Wong, Chief Executive Officer, La Trobe Co. Ltd***

**The country experienced a drastic fall in GDP, mainly attributed to the halt in tourism experienced as from April 2020.** Specifically, the country's GDP contracted by 33% during the second quarter of 2020, with travel and leisure and property development halting their activities and suffering, respectively, a 98% and 89% contraction in output during the aforementioned quarter (see Figure 4).

### Figure 4 Impact of COVID-19 on Mauritius




Source: AXYS (2020)

**While the different lockdowns adopted by the government have had wide ranging economic effects, the post-lockdown periods highlight multiple shocks to the economy, from both the supply and demand side.** As highlighted by UNDP (2021), the impact depends on the degree of integration with the world markets and the inter-industry linkages of the Mauritian economy. The main external shocks:

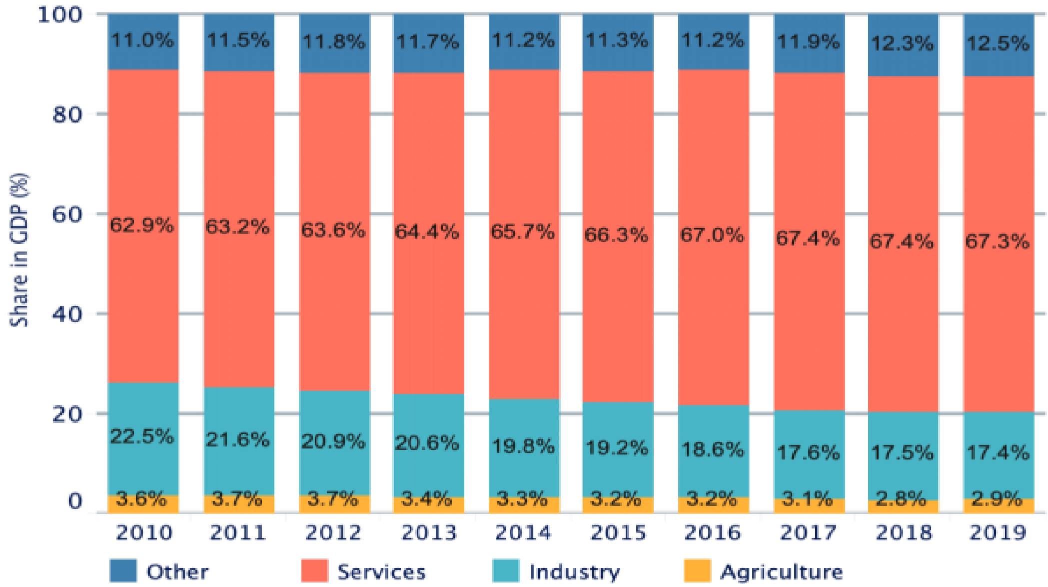
**The immediate impact on the tourism sector is very visible with a fall in tourist arrivals and earnings;**

**Mauritius, having strong trade and investment linkages, is likely to be affected significantly through a reduction in the production of export-oriented enterprises; and**

**A decline in FDI is an inevitable shock from pandemic.**

**Mauritius is a services-oriented economy, with tourism and financial services being the main drivers of growth.** The contribution of the services sector to GDP increased from 63% in 2010 to 67.3% in 2019. Manufacturing (or Industry) is the second largest sector of the economy, contributing to 17.4% of GDP in 2019, whilst agriculture appears to have a minimal role, contributing 2.9% of GDP (see Figure 5).

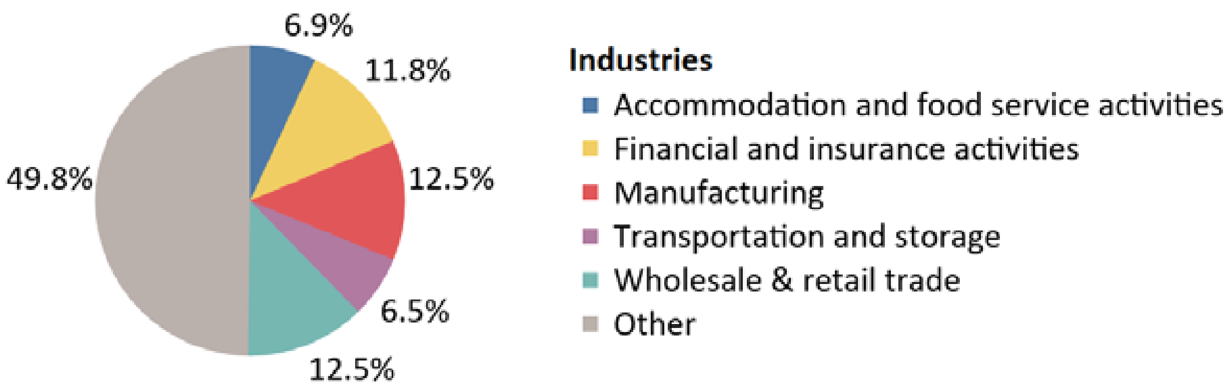
**Figure 5 Sectoral contribution to GDP, Mauritius, 2010-2019**




Source:Statista on the basis of the World Bank, 2020

Specifically, the textile sector, wholesale and retail trade, financial and business services, ICT, and tourism h ave the largest contributions to GDP (see Figure 6). `

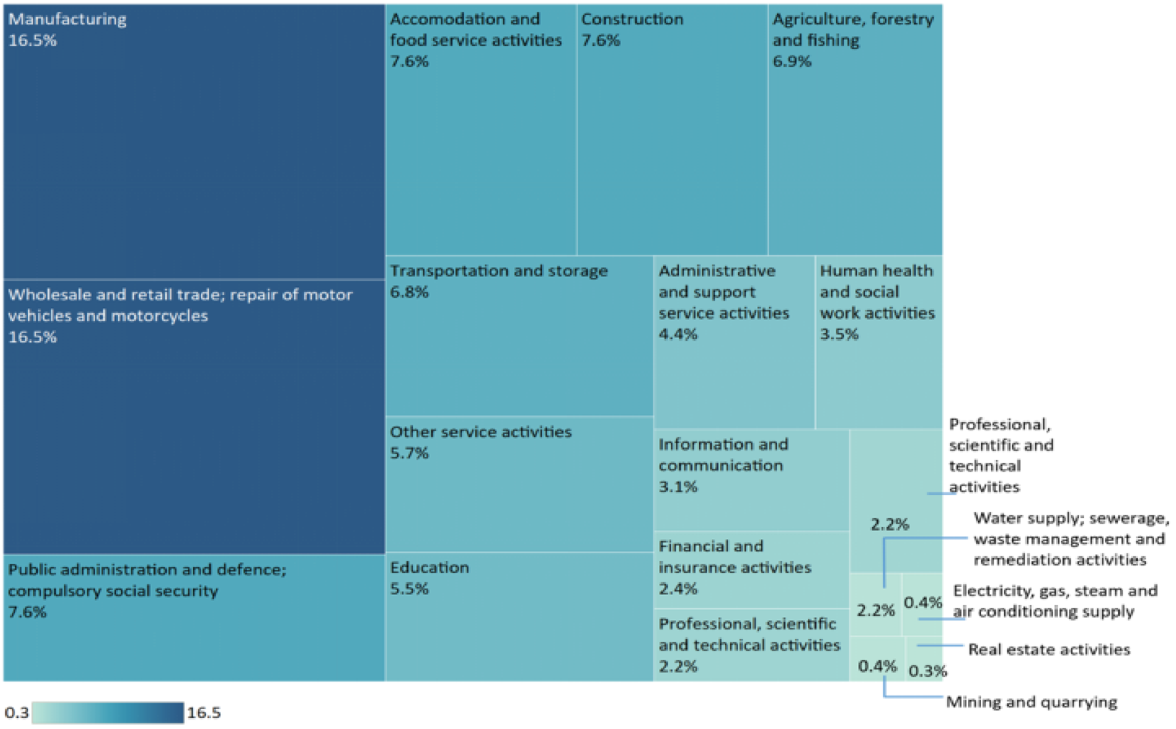
**Figure 6 Value added by industry, GDP composition, 2019**




Source: Statistics Mauritius, 2020

**The services sector employs most of the Mauritian workforce,** providing 69% of the country's jobs. The industrial sector represents 25% of the country's employment which includes the manufacturing sector, construction, and mining activities whilst the agricultural sector employs 6.9% of the workforce (see Figure 7). In this context, tradable sectors like manufacturing, accommodation, construction and transport can benefit immensely from the AfCFTA, using the ease in trading environment to expand and boost their activities.

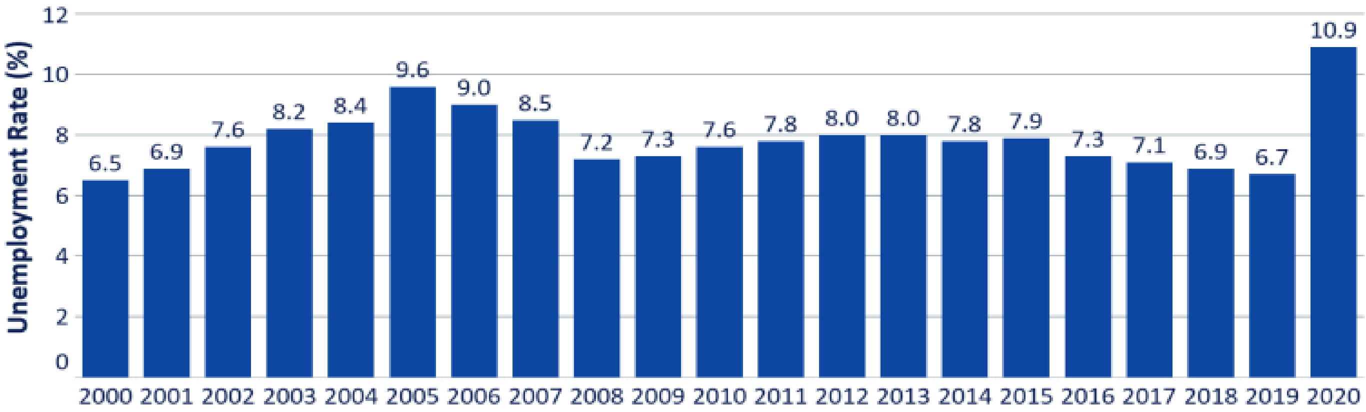
**Figure 7 Employment composition by industry, percent of workforce, 2019**




Source: Statistics Mauritius, 2020

**Unemployment in 2019 stood at 6.7%, one of the lowest levels in the past 20 years.** However, youth unemployment was high, at 22.5% (see Figure 8), a rare figure that is mainly attributed to a skills mismatch between university graduates and employers in the country (The Economist, 2018). The relatively high unemployment rate affecting women remains a challenge. From 2004 to 2018, the unemployment rate for women was higher than for men. In 2018, there were 23,400 unemployed women compared to 16,700 men. Female unemployment rate stood at 10.1%, much higher than the 4.7% rate for male unemployment. Young women are more likely to be unemployed than young men. In 2018, approximately 29% of young women aged 16 to 24 years were unemployed compared to 22% of young men; the difference was nearly 7 percentage points. Higher unemployment among young people, especially women, may be attributed to several factors, including lack of job experience and skills mismatch (Statistics Mauritius, 2020).

**Figure 8 Unemployment rate in Mauritius**

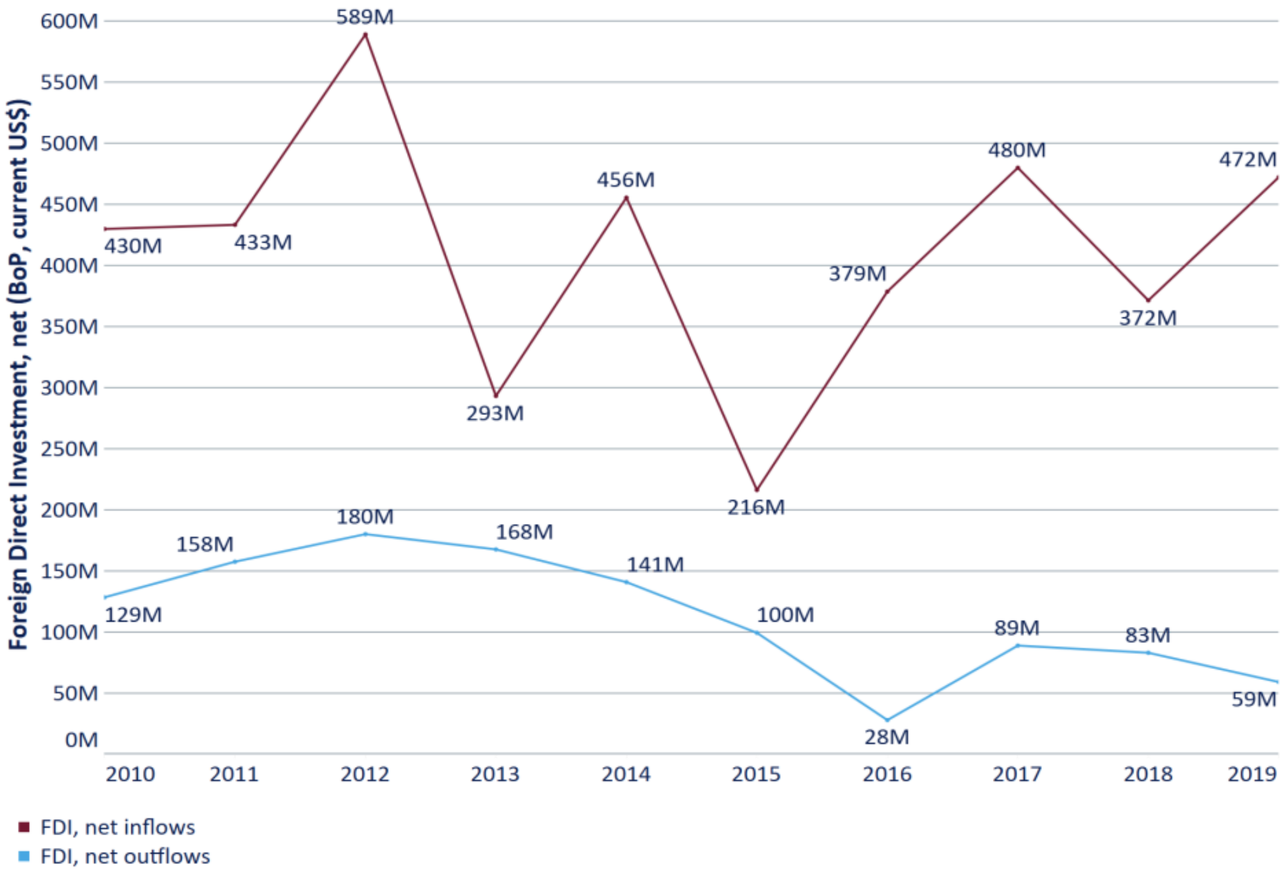



Source: Statistics Mauritius, 2020

The highest levels of unemployment in the last 20 years were recorded in 2020 as a result of COVID-19. The pandemic impacted the workforce negatively, with the unemployment rate in September 2020 estimated at 10.9%. The number of "inactive workforce" increased to 336,900 in May 2020 from 205,100 in the first quarter of 2020 resulting in an increase of over 64% (Statistics Mauritius, 2020). The employment situation, is marked by persistent gender and age disparities in employment and earnings. Emerging evidence on the impact of the pandemic suggests that more women than men have slipped out of the labour force. Between Q1-20 and July 20, there was a net change of (-12,500) in the labour force in contrast to men (-8,300) over the same period. The number of inactive employees has also increased by 9,400 for women in contrast to 1,300 for men. Disruptions in the labour market have expanded due to the impact of the pandemic on productive sectors of the economy. It is worth noting that export-oriented output declined by 54.2% compared to 39.1% for non-export-oriented output. Export-oriented enterprises employed 42,651 workers in June 2020; 47.8% of those employed were women (UNDP, 2021).

**The Government policy in Mauritius has promoted a conducive business and investment environment to attract FDI inflows.** In recent years, Mauritius has been attracting a large share of foreign direct investment (FDI) from economies like China and India and has gained popularity in countries like the United Kingdom, France, and the United States of America (USA) (USDS, 2020). FDI flows to Mauritius reached USD 472 million in 2019, increasing from USD 372 million in the previous year, with the total stock of FDI standing at USD 5.8 billion. The largest investors for Mauritius were the USA, India, the United Kingdom (UK), the Cayman Islands, and Hong Kong, China. China, which was the largest investor in Mauritius in 2016, reduced its FDI inflows by almost half in 2019. These large inflows of investments into Mauritius are also redirected towards India, where Mauritius accounts for 21.8% of inward FDI flows (UNCTAD, 2020). The level of investment inflows into Mauritius is consistently driven by the Multinational Enterprises and represented 3.2% of GDP in 2019. Investments in the export-oriented sectors have also increased due to cheap semi-skilled labour and flexible labour laws (IJSTR, 2017). Additionally, the tourism industry is also one of the main attractions for investors due to the Integrated Resort Scheme which allows non-citizens to purchase property on the island (Satander, 2020). As highlighted by the NES, foreign investment in Mauritius is driven by investment in real estate (44% of the total), followed by accommodation and food services (34%) and financial services (13%), rather than productive investment (ITC, 2017).

**Figure 9 Mauritius FDI inflows vs outflows, 2010 to 2019**




Source: World Bank

### Box 2 Investment Policy in Mauritius

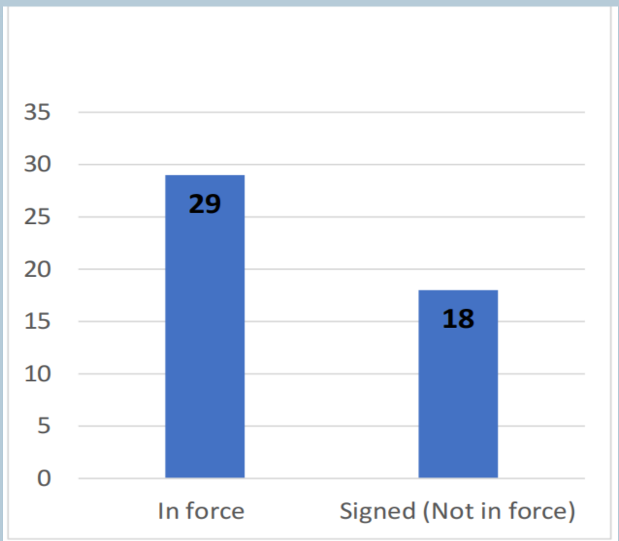
In terms of investment, according to Beebeejaun, *“[the] main gist for concluding [international investment agreements] is to provide assurance to foreign investors that their investments in developing countries are legally protected under international law and such treaties address investment issues in a significant manner for instance by including dispute resolution mechanisms.”* (Beebeejaun, 2018). Mauritius has signed several International Investment Agreements (IIAs) in the form of Bilateral Investment Treaties (BITs) with countries like Madagascar, Zimbabwe, Turkey, India and Egypt, amongst others.

Investment treaties along with laws and policies of the host state in which an investment is made is a part of the legal regime governing foreign investment. These BITs include provisions on:

1. low level duties or non-reciprocal duty exemptions on certain specific products; and
2. free restrictions on certain trade activities and quality standards procedures.

Mauritius has a total of 46 IIAs of which 29 are signed and in-force and 18 are signed but due to be ratified (see Figure 10). Over the past two decades, the country’s network of IIAs and double taxation avoidance agreements (DTAAs) has helped Mauritius establish itself as a regional offshore financial centre (UNCTAD, 2017).

**Figure 10 International Investments Agreements of Mauritius**




Source: Authors’ own

On an intra-regional perspective within Africa, Mauritius has BITs with Cabo Verde, Zambia, Egypt, Congo, Tanzania, Burundi, Senegal, Madagascar, Mozambique, and South Africa, all of which are in force as of January 2021. Mauritius’ BITs with other African countries such as Eswatini, Zimbabwe, Guinea, Ghana, Comoros, Chad, Benin, Rwanda, Cameroon, Botswana, Kenya, Gabon, Côte d’Ivoire, Sao Tome and Principe, and Gambia are signed but have not been ratified, indicating a reluctance from regional governments to embark on such agreements.

As part of investment facilitation, the Government of Mauritius has signed Investment Protection Agreements (IPAs) with 44 countries, of which 28 have been ratified and are in-force whereas, 16 IPPAs have been signed but await ratification. Mauritius has also signed DTAAs with 46 countries.

Source: UNCATD
Note: Status as of January 2021

## 2.2 TRADE POLICY, REGULATORY AND INSTITUTIONAL FRAMEWORKS

**Mauritius’ trade policies are governed by its national economic strategy, reflected in the Three-Year Strategic Plan 2018/2019-2021/22.** There is no formal trade policy document in Mauritius, but the Strategic Plans provide the road map to drive Mauritius’ socio-economic transformation, with the aim of sustaining the country’s high-income economy status, become an inclusive society with a high quality of life and sustainability, as stated in the country's Vision 2030. It should be noted that Mauritius attained high-income status in July 2020, but due to COVID, is likely to slip back into upper-middle income status (Serajuddin & Hamadeh, 2020).

**Mauritius' trade policy approach is based on trade openness and active engagement at multilateral and bilateral levels.** The current policy stance focuses upon the diversification of its markets, with a growing focus on regional African markets; and product diversification, with a special focus on the blue economy. Additionally, Mauritius is aiming to become a hub for trade and investment into Africa and a regional maritime hub through major infrastructure of its port, linked to an overall infrastructure modernisation effort (e.g., the setting up of smart cities and modern transportation system), smart agriculture development, fostering of technology intensive manufacturing, etc.

**The country has a wide network of FTAs that cover around 71% of the country's exports and 54.2% of its imports.** Mauritius enjoys preferential market access to the EU (27) under the interim Economic Partnership Agreement with the Eastern and Southern African group of countries (ESA-iEPA). Also, following the departure of the UK from the EU, Mauritius signed an extension agreement – UK-ESA EPA – safeguarding the existing trade preferences of the ESA group under the iEPA. Additionally, the country is member of SADC and COMESA, which grants Mauritius preferential market access to 25 African countries. Finally, Mauritius recently signed an FTA with China, which entered into force on January 1, 2021 (Ministry of Foreign Affairs, 2020), and signed an India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA), which entered into force on April 1, 2021 (Mauritius Trade Easy, 2021).

**Overall, signing the AfCFTA is aligned to the country's trade policy objectives.** Mauritius is a very open economy, with 93.7% of its tariff lines being duty-free, and an average tariff of 1.19%. Therefore, pursuing further market access opportunities through the AfCFTA is a positive development for the country's private sector and the Mauritian economy.

### 2.3 COMPETITION POLICY AND INTELLECTUAL PROPERTY RIGHTS

**Competition is at the heart of making market economies functional.** A competitive business environment enables businesses to effectively compete in both domestic and global market, while at the same time promote consumer welfare (UNCTAD, 2020). As businesses aim to maximise profit, countries might face various practices that might be considered anti-competitive, such as cartels, vertical restraints, mergers and acquisitions, merger regulation and abuses of dominance. Such anti-competitive practices, as highlighted by UNECA (2019) "reduce choice and increase prices, thus denying consumers and excluding producers the benefits of trade liberalisation. Anti-competitive practices are, therefore, a cancer in the bone marrow of free and fair trade, owing to their known abilities to restrict competition and deteriorate consumer welfare" (ECA, 2019).

The Competition Act of 2007 governs the competition policy in Mauritius. The Act aims to improve Mauritius' competitiveness and facilitate integration into the global economy. The Competition Commission, established through the Competition Act, is an independent statutory body that enforces the Act and investigates whether restrictive practices are being adopted and impose directions and/or fines to remedy the situation (CCM, 2009). The Competition Act considers unlawful the following actions:

### Table 5 Scope of the Competition Commission

| Main forbidden actions | Other actions under review of the CCMM |
|---|---|
| (1) Horizontal agreements,<br>(2) Bid rigging, or<br>(3) Vertical agreements involving resale price maintenance.<br>Remedy: Financial penalty and/or behavioural or structural remedies. | (1) Non-collusive horizontal agreements where the parties together supply 30%> of goods and services.<br>(2) Vertical agreements that do not involve resale price maintenance.<br>(3) Completed and proposed merger where:<br>(a) The parties to the merger supply or acquire 30% or more of all those goods or services on the market; or<br>(b) A party to the merger supplies or acquires, prior to the merger, 30% or more of the goods or services of any market; and<br>(c) The creation of the merger has resulted or will result in a substantial lessening of competition.<br>Remedy: Behavioural or structural remedies. |

Source: Competition Commission of Mauritius.

The Competition Commission has signed a number of Memoranda of Understanding (MoU) to boost its cooperation efforts with local and international regulators. At the regional level, the Commission collaborates with the competition commissions of the Republic of Seychelles, South Africa, SADC and COMESA on regional merger transactions and potential anti-competitive agreements (CCM, 2009).

**The Competition Commission has been an active institution protecting the competition environment in Mauritius, having conducted numerous pre-investigations and investigations across the different sectors of Mauritius, such as media and ICT, food and beverages, insurance, banking and finance, and construction and property development.** To date, the Competition Commission has launched around 266 pre-investigations and 54 investigations inclusive of merger, abuse of monopoly and cartel cases with a total of 242 pre-investigation cases and 44 investigations completed (Kowlessur, 2020). A review of the competition law is also underway, which will be a good opportunity to adapt the law to the outcome of the AfCFTA negotiations.

**Intellectual Property Rights (IPRs)[4] have become an increasingly important part of trade.** Specifically, the rise of global value-chains (GVCs) has grown in parallel to the importance of intangible assets in economic activity. GVCs, and in particular the offshoring of labour-intensive manufacturing, are linked to the transfer of technological and business know-how from one country to another. In addition, the technology, design, and branding behind each GVC contributes to the success of the final product in the marketplace, and therefore impact how value is distributed within GVCs. All the technology, knowledge, branding, etc., are often subject to different IPR regime, such as patents, industrial designs, copyright, and trade secrets (WIPO, 2017).

IPRs regulations can be utilised as a policy tool aimed to promote private investment, entrepreneurship, competition and innovation. An IP regime that provides private sector incentives, on the one hand, while maintaining public policy objectives, on the other hand, is key to achieving the objectives of the AU's Agenda 2063 (ECA, 2019).

**As economic assets, IPRs are expected to propel Mauritius towards a knowledge-based economy that embraces, amongst others, digital technology, internet, information technology and communication (MTE, n.d.).** In 2009, Mauritius' national Intellectual Property Development Plan (IPDP) was created to help reform the domestic IP laws with a view to foster creativity and innovation and integrate IP into its economic and social development (Mengistie & Hardowar, 2017). As of date, Mauritius has a comprehensive set of IPR-related laws:

[4] Intellectual property **(IP)** refers to the creations of the mind, such as technological inventions, literary and artistic works and symbols, names, images used in commerce. In principle, IP rights confer the right to prevent others from using, making and selling the subject of the protection. Although the term IP rights appears to identify certain common characteristics, such as exclusivity and transferability, each category of IP rights has its own distinct legal approach and specific industrial and commercial application.

- Patent, Industrial Designs and Trademarks Act 2002;
- Protection Against Unfair Practices, Industrial Property Rights Act 2002; and
- Copyrights Act 2014; amended by the Copyright (Amendment) Act 2017.

In addition, the Layout Designs (Topographies) of integrated Circuits Act 2002 and the Geographical Indications Act 2002 have been adopted but are yet to be proclaimed (MTE, n.d.). The Industrial Property Act 2019 was enacted in 2019 with an aim to update and strengthen protection of IPR in a way that is harmonised to meet the challenges of a globalised industry (Barthia & Koenig, 2019). Upon its proclamation, it will repeal and replace the three acts (the Geographical Indications Act; the Layout Designs (Topographies) of Integrated Circuits Act; and the Patents, Industrial Designs and Trademarks Act), while the Protection against Unfair Practices (Industrial Property Rights) Act will be amended.[5]

**However, the country's IPR system is not complete.** Mauritius is not signatory to key international conventions, such as the Madrid System (which allows business to register, manage and protect their trademarks across 92 contracting parties), the Hague Agreement (which allows industrial designs to be protected in multiple countries or regions with minimal formalities), and the Patent Cooperation Treaty (which enables business to simultaneously seek patent protection in multiple jurisdiction). However, this is expected to be solved with the implementation of the Industrial Property Act 2019. The AfCFTA represents a good opportunity to boost the country's efforts to strengthen its intellectual property regime.

### Box 3 Regional Initiatives to Strengthen IPRs

At the regional level, COMESA adopted its Policy on Intellectual Property Rights and Cultural Industries in 2011, which identifies a series of recommendations to strengthen the role of IPR across a series of areas, such as development, trade, cultural industries, traditional knowledge, cultural expressions and ICT. The Policy also calls its Members to "exploit to the full the flexibilities provided in IP international treaties such as the Doha Declaration on the TRIPS Agreement and Public Health so to facilitate access to medicines for all people particularly the marginalised of society". SADC, through its Protocol on Trade, requires its Member States to enact legislation and implement policies to protect IPRs, in accordance with the TRIPS Agreement, and although there is no region-wide policy, it is in the process of developing a regional framework and guidelines on IPR.

Source: Authors' own

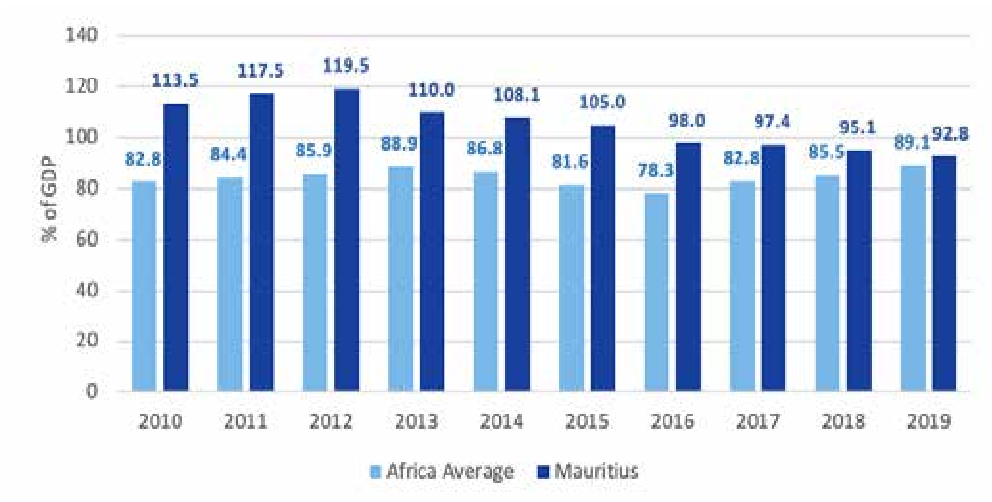
[5]See Article 142 and 143 of the Industrial Property Act 2019. Available at http://www.mauritiustrade.mu/ressources/pdf/industrial-property-act-2019.pdf

# 3.0 MAURITIUS' TRADE PERFORMANCE

## 3.1 TRADE IN GOODS

**While Mauritius is a highly open economy dependent on international trade, with a trade-to-GDP ratio of 92.8% in 2019, the share of trade as a percentage of GDP has been decreasing over the last decade, moving from 113.5% in 2010 to 92.8% in 2019.** Despite this, Mauritius continues to have a more open economy than the African average, although Africa's average trade-to-GDP ratio increased from 82.8% to 89.1% in the same period (see Figure 11). This reducing trade openness can be attributed to a combination of the country's significantly rising GDP and stagnant trade since 2010.

### Figure 11 Trade as a share of GDP, Mauritius & Africa




Source: World Bank WDI 2020

> "Openness is an indispensable enabler of growth, job creation, and poverty reduction. Trade provides new market opportunities for domestic firms, stronger productivity, and innovation through competition. It contributes to poverty reduction, stronger wages, geopolitical benefits derived from deeper economic integration, and even on the personal level—increased individual choice and freedom."
>
> World Economic Forum (2015)

**For a traditionally agriculture-based economy, Mauritius has achieved robust economic growth given the country's efforts of transforming into a more diversified manufacturing and services-oriented economy.** In 2019, Mauritius scored 0.04 out of 1 on the Hirschman-Herfindahl (HH) Product Concentration Index[6] for exports, indicating a highly diversified economy. Mauritius fares better than most African peers, for example Senegal (0.07), Zimbabwe (0.14), Seychelles (0.26), Zambia (0.32) and Botswana (0.58). A comparison of the index values during the 2010-2019 period shows a slight increase in the country's diversification by Mauritius in 2019 (0.05 to 0.04). This is attributed to Mauritius' traditional export-oriented sectors, such as agriculture, textiles, and financial services, and emerging sectors, such as medical devices.

**Additionally, Mauritius also showcased improvement in the level of economic complexity, as illustrated by the Economic Complexity Index (ECI).** [7] The goods and services that constitute the majority of the exports (i.e., agriculture, textiles, travel, tourism, and transport) range in the low to moderate complexity product scale. Climbing up three places over the past ten years, Mauritius ranks 69th out of 133 economies on the ECI, with a score of -0.17 in 2018, thereby indicating a medium complex production. South Africa, Egypt, Eswatini and Tanzania fared better than Mauritius with ranks 63rd, 66th, 67th and 68th, respectively. Conversely, Kenya, Namibia, Botswana, and Mali stood behind Mauritius, ranking 77th, 81st, 84th and 85th, respectively.

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[6] Hirschman-Herfindahl (HH) Product Concentration Index measures the degree of export concetration at the country level (i.e, if the export of country A are concetrated on some products). This index ranges from zero to one, with a score closer to zero indiacating greater diversification, and a lager value denoting a higher concetration of exports.

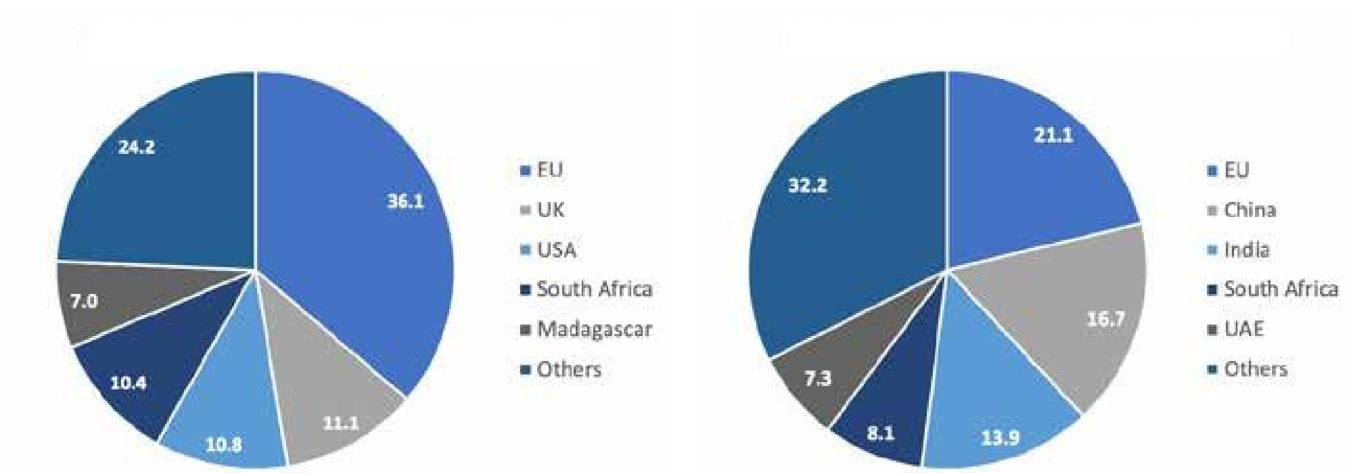
[7] The Economic Complexity Index (ECI) ranks countries based on how diversified and complex their export basket is. Countries that are home to a great diversity of productive know-how, particularly complex specialized know-how, are able to produce a great diversity of sophisticated products. As such, the economic complexity is closely linked to export sophistication.

Trade has been a centrepiece of the island country's economic success, focusing predominantly on an export-led growth strategy. This success was based on taking advantage of the country's preferential access to developed markets, particularly the EU, in sugar, and textile, clothing and apparel sectors, combined with a tariff-free policy on inputs, tax incentives and subsidies, and relaxed labour regulations for the export-oriented sector located in its industrial zones (Baker, Deleplancque, Kiran, Quiles, & Vanzetti, 2017).

**Nevertheless, Mauritius' trade pattern has been under a constraint recently.** Total merchandise exports dropped from USD 2.4 billion in 2015 to USD 1.8 billion in 2019, mainly due to a reduction in textile exports. Export of textiles to the USA, one of Mauritius' main merchandise export markets, fell by around USD 80 million between 2015 and 2019. Moreover, exports to the United Arab Emirates have nearly disappeared, moving from USD 306 million in 2015 to USD 6 million in 2019, due to a stop in the re-exportation of mobile phones to the Arab country.

**Mauritius' main export partners lie outside of Africa – such as the EU, which absorbs 36.1% of total exports (mainly France), the UK (11.1%) and the USA (10.8%) (see Figure 12).** Overall, exports to Mauritius' key traditional market, the EU, has been under a strain despite the existence of the iEPA. Such a reduction in exports is led by the textile and apparel sector, which faces acute competition from low-cost production in emerging economies such as China, India, and Bangladesh. In terms of imports, Mauritius imports mainly from the EU, China, and India, with whom the country also has strong investment ties.

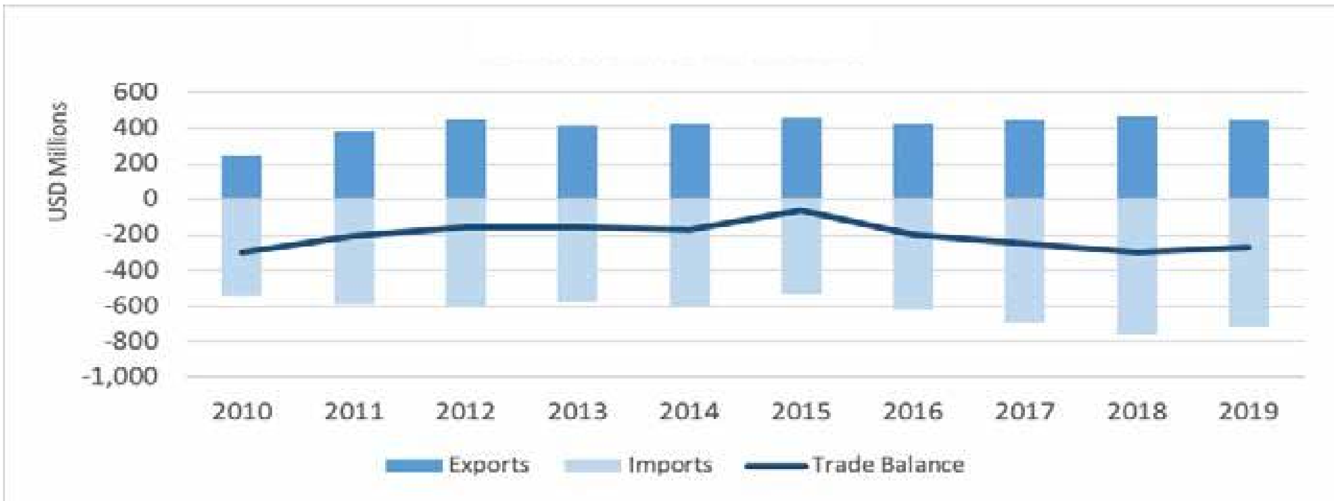
**Figure 12 Main export destinations (left) and supplying markets (right), 2019(%)**




Source: IEC calculations on the basis of UN Comtrade, 2020

Africa represents 23.7% of Mauritius' total exports and 12.7% total imports. Exports to Africa experienced a significant growth between 2007 and 2012, when they nearly doubled, increasing from USD 241 million to USD 451 million. Since 2012 to date, however, exports have stagnated.

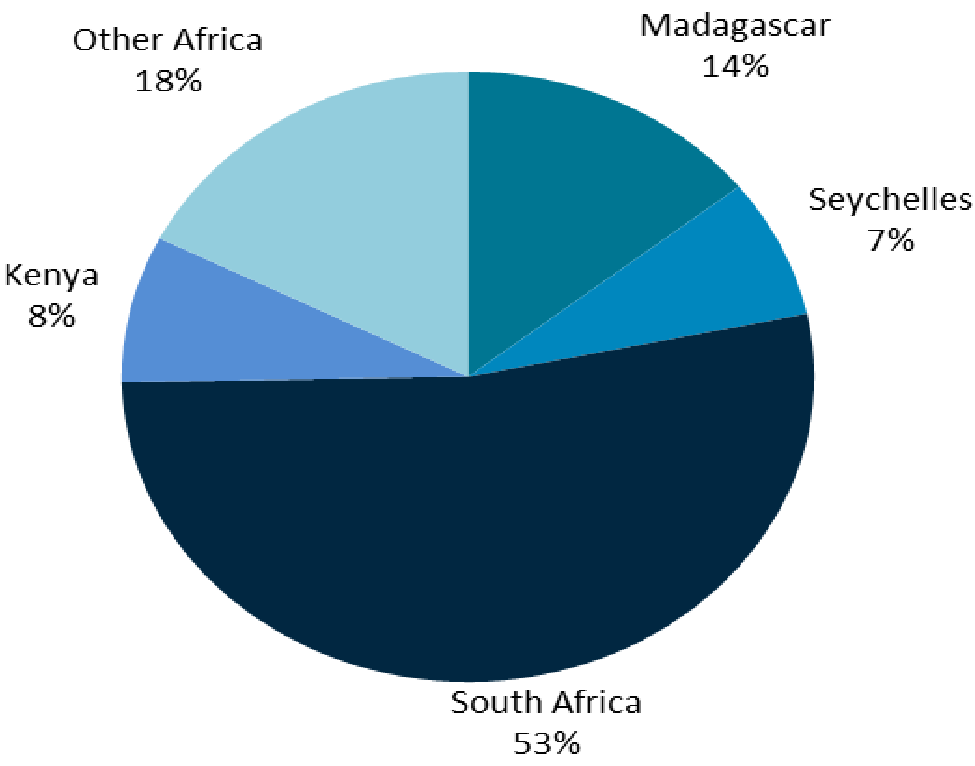
### Figure 13 Mauritius' Import, Export and Balance of Trade in Goods with Africa in goods (2010-2019)




Source: IEC calculations on the basis of ITC Trademap

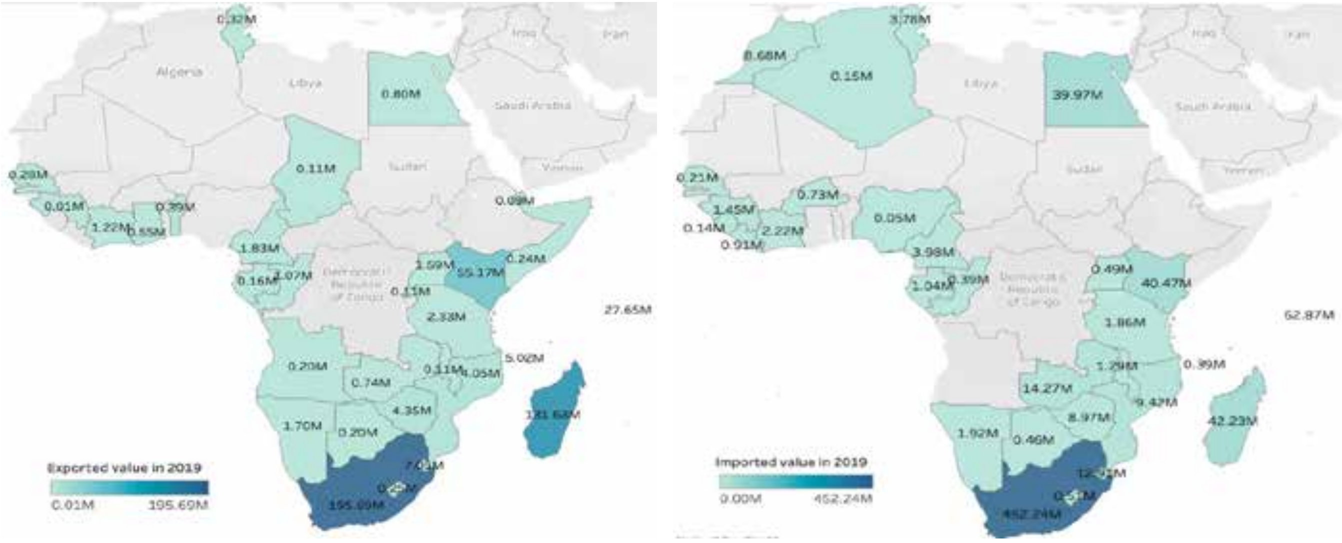
**South Africa and Madagascar are the only African countries that account for a relevant shar e of Mauritius' merchandise exports.** M auritius' exports of trade in goods to the continent stood at USD 450 million in 2019, in comparison to USD 240 million in 2010, which represents an average annual growth rate of 6.1%. Such growth has been driven by textile exports, particularly clothing, where exports grew at a Compound Annual Growth Rate (CAGR) of around 10% between 2010 and 2019. In 2019, over half of the country's exports to African markets are destined to South Africa (53%), followed by Madagascar (14%), Kenya (8 %) and Seychelles (7%). At the regional level, most of Mauritius' exports are directed towards Southern and Eastern Africa, which account for 20% and 12% of exports, respectively. This is partly explained by the limited connectivity route between Mauritius and Africa and the margins of preference granted through SADC and COMESA.

### Figure 14 Mauritius trade with Africa, 2019, percentage




Source: IEC calculations on the basis of ITC Trademap

## Figure 15 Mauritius' Exports to Africa (left) and Mauritius' Imports to Africa (right) 2019




Source: IEC calculations on the basis of ITC Trademap. Note: Countries in grey (in Africa) represent "0" trade with Mauritius.

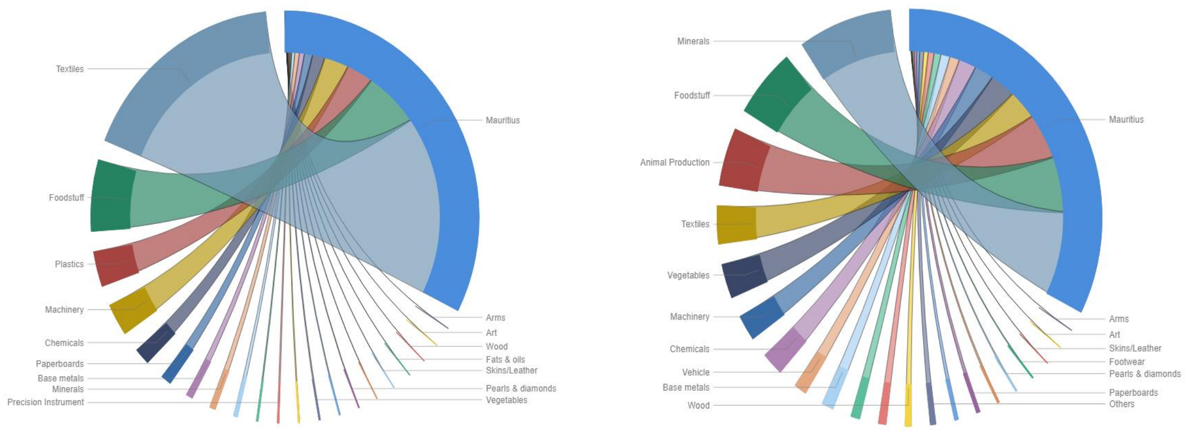
**Mauritius is yet to exploit Africa's potential as source of raw and intermediate materials.** Mauritius' imports reached USD 714 million in 2019 – 12.8% of Mauritius' total import bill, compared to USD 543 million in 2010. Mauritius, being a net importer, has a structural trade deficit with Africa ranging from USD 230 to 260 million over the last decade. The country's main import markets within Africa were similar to its export markets with South Africa, Seychelles, Madagascar, and Kenya being the top import sources. South Africa was the largest import source, accounting for approximately 60% of Mauritius' imports from Africa in 2019 (USD 453 million). However, on a global level, South Africa represented only 9.2% of Mauritius' total imports. The second-largest import source within the continent was Seychelles with imports amounting to USD 63 million, or 1.1% of Mauritius' total imports from the world.

**Mauritius' exports to Africa are dominated by clothing and textiles.** Of the top 10 intra-Africa export products (at HS4), six products are items of clothing or fabric, accounting for 39% of Mauritius' intra-Africa exports for 2019. Those include Men's or boys' suits (account for USD 46.5 million), T-shirts (USD 33.2 million), Knitted fabrics (USD 26 million), Men's shirts (USD 17.7 million), and Woven fabrics (USD 16.9 million). The rest comprises of cane sugar (USD 47.3 million), plastic packaging (USD 25.7 million), and Ethyl Alcohol (USD 12.1 million).

## Figure 16 Mauritius' Exports to Africa (left) and Imports from Africa (right), 2019

Mauritius' Exports to Africa

Mauritius' Imports from Africa




Source: IEC Trade Insights based on UN Comtrade data

Table 6 provides an overview of sectors exported by Mauritius to the world, according to their stages of processing.[8] The share of the sector in total exports is provided in the second column. The greater the red colouring, the higher the intensity of processing within that stage of processing. For example, apparel comprises 100% of consumer goods. While moving downstream along the value chain is usually analogous with increased value addition, this is not the case in all industries, particularly those requiring labour intensive assembly operations. This is notably the case for footwear and apparel, where the lower levels of value added are embodied in the final stages of the processing chain. Equally, design, prototyping and R&D embody the highest levels of value addition for electronics. Fish products, on the other hand, enjoy higher value addition further down the processing stages. Hence, the results must be appreciated within the context of each specific sector.

### Table 6 Mauritius' stages of processing, 2016

| Industry | Share of Total (%) 2016 data | Share of primary (%) (A) | Share of intermediates (%) (B) | Share of capital (equipment) (%) (C) | Share of consumer goods (%) (D) |
|---|---|---|---|---|---|
| 00 All Industries | 100.0 | 6.1 | 47.1 | 7.0 | 39.9 |
| 61 Articles of apparel, accessories, knit or crochet | 15.2 | 0 | 0 | 0 | 100 |
| 62 Articles of apparel, accessories, not knit or crochet | 14.9 | 0 | 0 | 0 | 100 |
| 16 Meat, fish and seafood food preparations nes | 12.0 | 0 | 100 | 0 | 0 |
| 17 Sugars and sugar confectionery | 10.8 | 0 | 100 | 0 | 0 |
| 03 Fish, crustaceans, molluscs, aquatic invertebrates nes | 6.1 | 9.4 | 90.5 | 0 | 0.1 |
| 85 Electrical, electronic equipment | 5.7 | 0.9 | 1.6 | 83.3 | 14.3 |
| 71 Pearls, precious stones, metals, coins, etc | 5.7 | 11.3 | 59.6 | 0 | 29.1 |
| 09 Coffee, tea, mate and spices | 2.3 | 99.9 | 0.1 | 0 | 0 |
| 52 Cotton | 1.9 | 6.1 | 92.9 | 0 | 1 |
| 90 Optical, medical, etc apparatus | 1.8 | 0 | 28.2 | 63.2 | 8.6 |
| 60 Knitted or crocheted fabric | 1.6 | 0 | 100 | 0 | 0 |
| 49 Printed books, newspapers, pictures etc | 1.5 | 0 | 28.7 | 0 | 71.3 |
| 27 Mineral fuels, oils, distillation products, etc | 1.5 | 0.3 | 99.8 | 0 | 0 |
| 30 Pharmaceutical products | 1.5 | 0 | 2.7 | 0 | 97.3 |
| 23 Residues, wastes of food industry, animal fodder | 1.3 | 0 | 99.7 | 0 | 0.4 |
| 22 Beverages, spirits and vinegar | 1.2 | 0 | 100 | 0 | 0 |
| 84 Boilers, machinery; nuclear reactors, etc | 1.2 | 0 | 11.6 | 83.5 | 4.9 |
| 39 Plastics and articles thereof | 1.2 | 1.6 | 92.3 | 0 | 6.1 |
| 91 Clocks and watches and parts thereof | 1.0 | 0 | 29.6 | 0 | 70.4 |
| 01 Live animals | 1.0 | 100 | 0 | 0 | 0 |
| 05 Products of animal origin, nes | 0.7 | 100 | 0 | 0 | 0 |
| 19 Cereal, flour, starch, milk preparations and products | 0.7 | 0 | 100 | 0 | 0 |

[8] The degree of transformation taking place across product groups can be, to a certain extent, appreciated through the categolisation of products along the stages of a product's lifecycle. Pro ducts can be categolised according to their stages of transformation, according to whether they are promar, intermidiate, capital or consu mer goods.

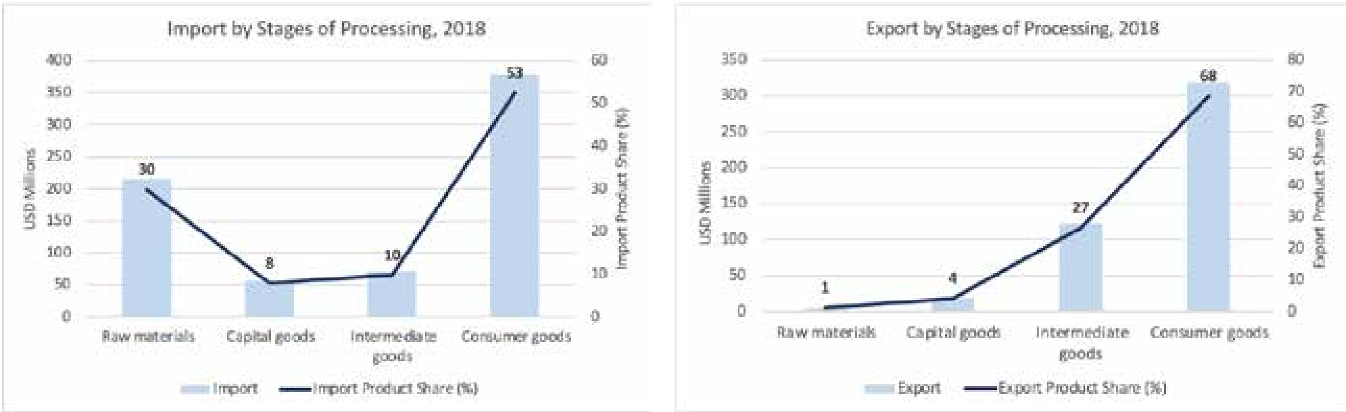
| Industry | Share of Total (%) 2016 data | Share of primary (%) (A) | Share of intermediates (%) (B) | Share of capital (equipment) (%) (C) | Share of consumer goods (%) (D) |
|---|---|---|---|---|---|
| 33 Essential oils, perfumes, cosmetics, toiletries | ● 0.7 | 0 | 0.9 | 0 | 99.1 |
| 42 Articles of leather, animal gut, harness, travel goods | ● 0.6 | 0 | 0 | 0 | 100 |
| 89 Ships, boats and other floating structures | ● 0.5 | 0 | 99.8 | 0.2 | 0 |
| 51 Wool, animal hair, horsehair yarn and fabric thereof | ● 0.5 | 0.2 | 99.8 | 0 | 0 |
| 64 Footwear, gaiters and the like, parts thereof | 0.4 | 0 | 0 | 0 | 100 |
| 34 Soaps, lubricants, waxes, candles, modelling pastes | 0.4 | 0 | 6.9 | 0 | 93.1 |
| 96 Miscellaneous manufactured articles | 0.4 | 0 | 6.6 | 1.1 | 92.3 |
| 48 Paper & paperboard, articles of pulp, paper and board | 0.4 | 0 | 86.8 | 0 | 13.2 |
| 55 Manmade staple fibres | 0.3 | 2 | 98 | 0 | 0 |
| 24 Tobacco and manufactured tobacco substitutes | 0.3 | 0 | 0 | 0 | 100 |
| 95 Toys, games, sports requisites | 0.3 | 0 | 0 | 0.5 | 99.5 |
| 11 Milling products, malt, starches, inulin, wheat gluten | 0.3 | 0 | 100 | 0 | 0 |
| 76 Aluminium and articles thereof | 0.3 | 27.9 | 68.5 | 0.1 | 3.5 |
| 31 Fertilizers | 0.3 | 0 | 100 | 0 | 0 |
| 32 Tanning, dyeing extracts, tannins, derivs, pigments etc | 0.3 | 0 | 93.5 | 0 | 6.5 |
| 63 Other made textile articles, sets, worn clothing etc | 0.2 | 43.2 | 2.4 | 0 | 54.4 |
| 15 Animal, vegetable fats and oils, cleavage products, etc | 0.2 | 0 | 100 | 0 | 0 |
| 87 Vehicles other than railway, tramway | 0.2 | 0 | 90.6 | 9.4 | 0 |
| 08 Edible fruit, nuts, peel of citrus fruit, melons | 0.2 | 100 | 0 | 0 | 0 |
| 94 Furniture, lighting, signs, prefabricated buildings | 0.2 | 0 | 18.4 | 28.8 | 52.8 |
| 72 Iron and steel | 0.2 | 73.8 | 26.2 | 0 | 0 |
| 73 Articles of iron or steel | 0.2 | 0 | 64.2 | 23.4 | 12.5 |
| 54 Manmade filaments | 0.2 | 0 | 99.8 | 0 | 0.2 |
| 88 Aircraft, spacecraft, and parts thereof | 0.2 | 0 | 98.9 | 0 | 0 |

Source: IEC based on ITC Trade Competitiveness Map. Note: A+B+C+D= 100%

At the African level, Mauritius' exports are dominated by consumer goods, which account for over two-thirds of the country's exports to the continent, whilst intermediate goods account for 27% of the country's exports to Africa.[9] This indicates a low level of integration in regional value chains, with Mauritius only exporting finished goods and agricultural products. On the import side, a similar picture is found, with Mauritius importing mainly consumer (final) goods, and a limited amount of raw materials. This indicates a limited integration into regional value chains, eroding regional integration and the possibility to expand into new sectors and products.

[9] Data for 2018, which is latest available year.

Figure 17 Mauritius' exports (right) and imports (left) with Sub-Saharan African by stages of processing, 2018

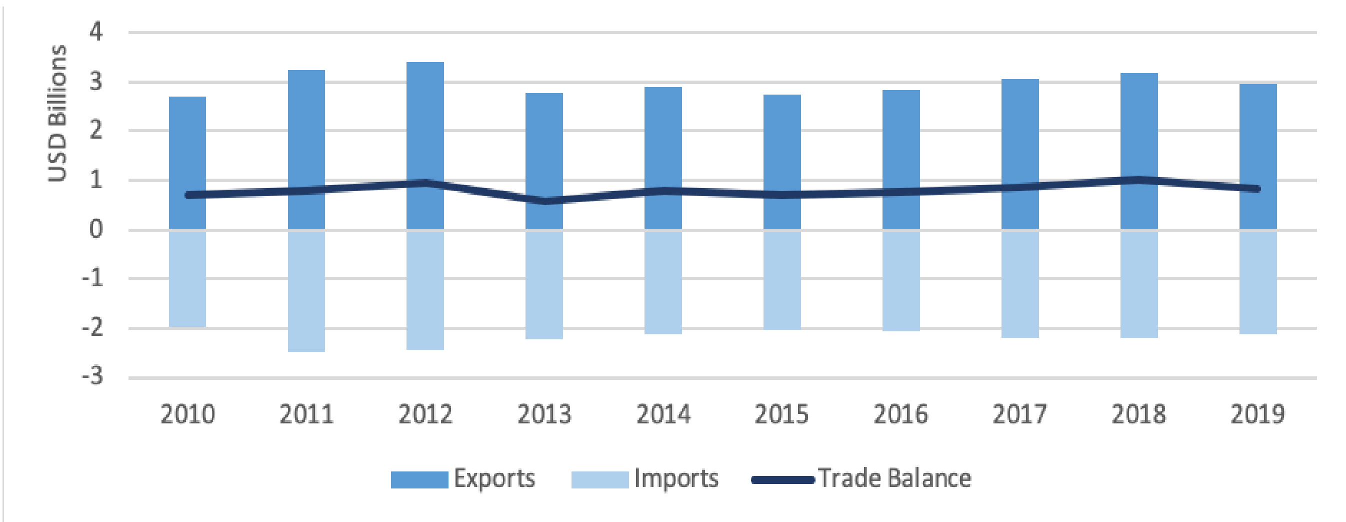



Source: World Bank, WITS

## 3.2 TRADE IN SERVICES

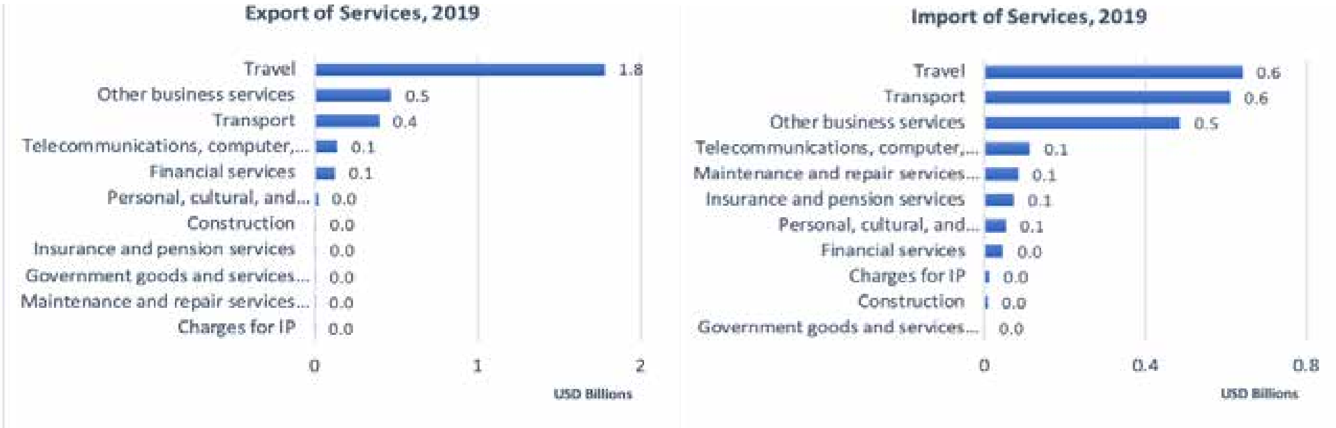
Trade in services is the key driver of Mauritius' external trade. The country is a net exporter of services, with a positive balance of trade at USD 820 million in 2019. Between 2001 and 2008, the growth rate of services 'exports was almost double the rate of growth for trade in goods, with a CAGR of 11%, doubling the amount of exports between the mentioned period, from USD 1.2 billion (2001) to USD 2.5 billion (2008). Between2009 and 2016, services' exports to the world experienced a significant slowdown, with a CAGR of 3.6%, resulting in 28% aggregated growth, with total exports going from USD 2.2 billion in 2009 to USD 2.9 billion in 2016.Exports of services have remained relatively stable between 2010 and 2019, with a CAGR of 0.9 %, and exports moving from USD 2.6 billion in 2010 to USD 3 billion in 2019, mainly fueled by travel services . On the other hand, imports of services in the same period grew from USD 2 billion to USD 2.4 billion (see Figure 18).

**Figure 18 Services trade in Mauritius, 2019**




Source: IEC calculations on the basis of ITC Trademap

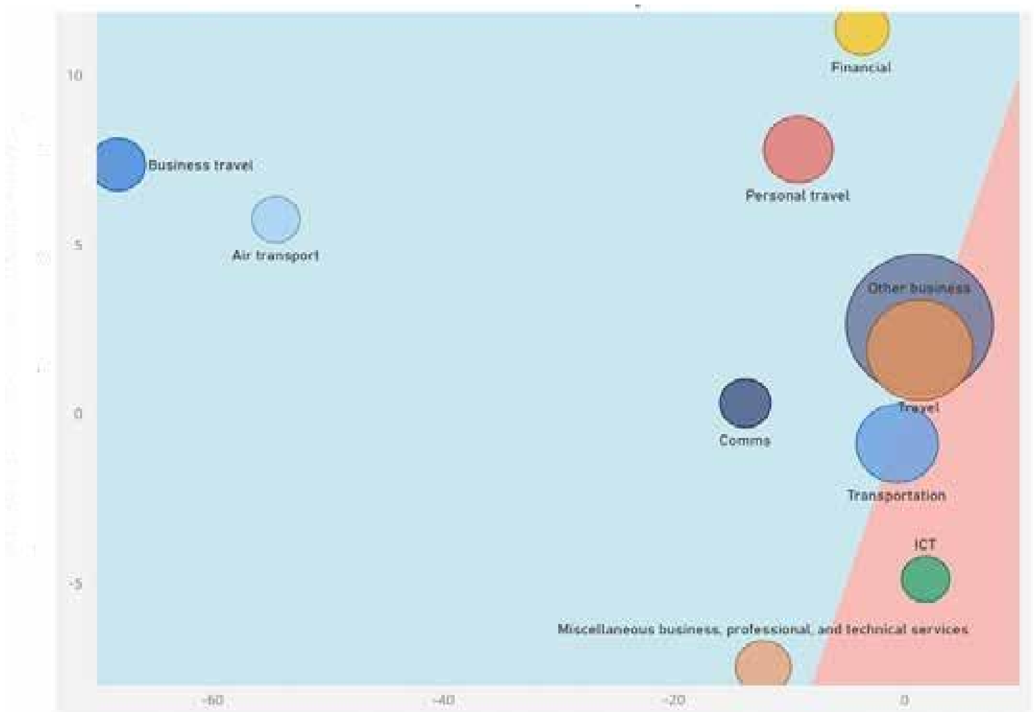
## Figure 19 Type of services export and import from Mauritius, 2019




Source: IEC calculations on the basis of ITC Trademap

**A number of Mauritius' services sectors have a substantial performance in terms of export growth.** Financial services, air transport, personal and business travel and communication services have been gaining world market share over the period between 2008 and 2018. Exports of financial services grew the fastest in the country at over 10% followed by personal and business travel, which grew at over 5% during the same period (see Figure 20).

## Figure 20 Mauritius' Export Performance in Services




Source: Authors' own

Note: Blue shading means gaining world market share while pink shading means losing world market share.Colours differentiate between the services, and bubble size represents the size of trade. Source: IEC Trade Insights based on UN Comtrade.

**Africa has the potential to be a large market for Mauritius' services exports.** In 2019, the aggregate of African countries' imports of services stood at USD 153.1 billion, indicating an opportunity for Mauritian services (see Figure 21). West Africa was the largest importer of services in Africa, with imports amounting to almost USD 60 billion in 2019. Northern Africa had the second highest imports at around USD 40 billion in 2019. Overall, imports of services in the continent have been at constant levels with the exception of West

Africa where imports almost doubled between 2016 and 2019. The top importing countries of services within the continent in 2019 were Nigeria, Egypt, South Africa, Ghana, and Morocco, where cumulative imports were at USD 97 million.

**Table 7 Main African Importers of Services, per category, 2019, USD million**

| | Services, Total | Transport | Travel | Insurance | Telecom | Professional | Technical and OBS | Recreational | Government | Other |
|---|---|---|---|---|---|---|---|---|---|---|
| **Nigeria** | **38,710** | 6,851 | 13,509 | 987 | 291 | 2,010 | 13,954 | 90 | 259 | 759 |
| **Egypt** | **21,193** | 8,552 | 3,518 | 2,241 | 679 | 313 | 4,269 | 115 | 779 | 727 |
| **South Africa** | **15,673** | 6,516 | 3,141 | 533 | 1,221 | - | 2,097 | 42 | 372 | 1,750 |
| **Ghana** | **13,498** | 2,354 | 328 | 115 | 144 | 700 | 6,311 | 108 | 2,549 | 888 |
| **Morocco** | **9,631** | 3,826 | 2,176 | 172 | 355 | 81 | 1,220 | 32 | 994 | 775 |

Source: UNCTAD Stats

## Box 4 Challenges in measuring Trade in Services

Overall, measuring trade in services is a challenge due to a general lack of services trade data witha geographical breakdown by partner country – therefore, intra-African trade in services data is unavailable. This forces practitioners to rely on general trade figures (imports/exports with the World) to make the necessary assessments. [10]

In addition, what constitutes the services sector is not straightforward, given the "intangibility" and " non-tradability" of services. According to the Balance of Payments and International Investment Position Manual - Sixth Edition (BPM6), services *"are the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. Services are not generally separate items over which ownership rights can be established and cannot generally be separated from their production".* [11] To facilitate measurement, services are often divided into different categories.

BPM6 divides services into 12 main categories: manufacturing services on physical inputs owned by others; maintenance and repair services n.i.e.; transport; travel; construction; insurance and pension services; financial services; charges for the use of intellectual property n.i.e.; telecommunications, computer, and information services; other business services; personal, cultural and recreational services; and government goods and services n.i.e.. For the purposes of this report, emphasis will be laid on those items that fall under the five priority sectors of the AfCFTA by referring to the definitions provided by the Services Sectoral Classification List of the World Trade Organisation (WTO). [12]

Unfortunately, there is no direct way of finding data for the five priority services. For instance, to obtain the components of Communications services as defined by the WTO, one has to look for Postal services and Courier services under "Transport" in the BPM6 classification. Annex 2 identifies the different components of the BPM6 items that are used to measure of the the five priority sectors.

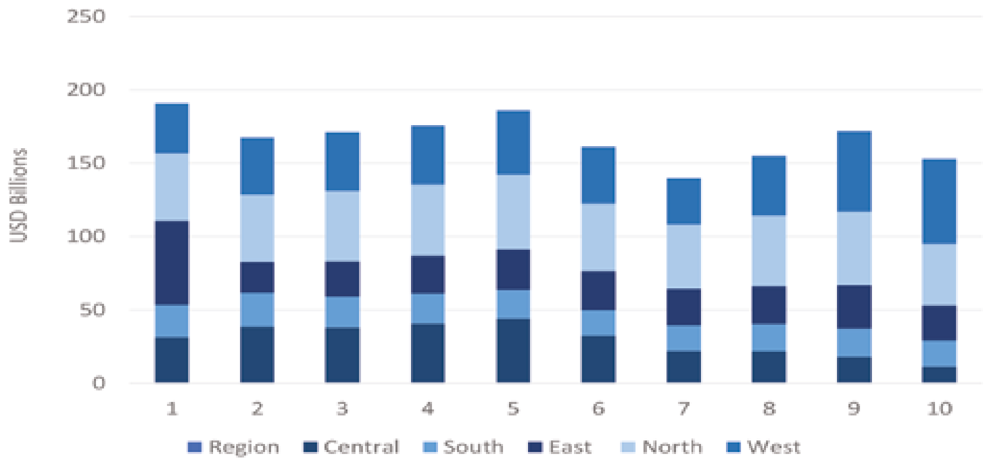
Source: Authors' own

10 As highlighted by the World Bank (2016), *"[poor] availability of data and huge discrepancies between official statistics and firm-level data make rankings of openness and analyses of services trade and their role as intermediate inputs misleading. Informal trade in services flourishes across the continent, yet data on such flows remain totally absent. Comprehensive comparisons across sectors and regions are ambiguous or not possible. Furthermore, despite growing opportunities for African services firms to export to neighboring countries, limited data on trade in services by partner country and sparse information on regulatory policies and their application hamper the monitoring of progress in services liberalization and regional integration"*. See World Bank (2016). From Hair Stylists and Teachers to Accountants and Doctors The Unexplored Potential of Trade in Services in Africa. The World Bank Group, Washington.

11 IMF (2009). Balance and Payments and International Investment Position Manual. International Monetary Fund, 6th Edition

12 Document references as MTN.GNS/W/120 on the WTO website

**Figure 21 Services imports by Africa, 2010-2019**




Source: IEC calculations on the basis of UN Comtrade

Africa's main import of services are in Business Services, averaging around USD 42.4 billion between 2017 and 2019, a 10.9% increase from the 2010-2012 average. Services import values for 2017 and 2019 show that the largest regional importer for goods related services was Eastern Africa (USD 0.9 billion), whereas the largest importer for travel services (USD 11.5 billion), business services (USD 19.7 billion) and other services (USD 27 billion) was Western Africa. Eastern Africa, on the other hand, was mainly an importer of Transport services. Goods-related services and travel services saw the most increase in imports and transport related services experienced the majority of decline in imports. (see Table 8).

**Table 8 Africa's import of services, Average of 2010-2012 and 2017-2019, USD Billion**

| | Goods-related Services | | | Transport Services | | | Travel Services | | |
|---|---|---|---|---|---|---|---|---|---|
| Region | 2010-2012 | 2017-2019 | % Change | 2010-2012 | 2017-2019 | % Change | 2010-2012 | 2017-2019 | % Change |
| Africa | 0.7 | 1.2 | 69.6% | 60.4 | 60.2 | -0.3% | 26.5 | 30.5 | 15.2% |
| Northern Africa | 0.1 | 0.2 | 240.0% | 17.9 | 19.2 | 7.7% | 8.0 | 8.4 | 4.9% |
| Eastern Africa | 0.6 | 0.9 | 49.4% | 42.5 | 41.0 | -3.6% | 3.1 | 3.8 | 23.3% |
| Central Africa | 0.1 | 0.2 | 122.5% | 8.6 | 6.8 | -21.2% | 2.1 | 2.9 | 40.8% |
| Southern Africa | 0.1 | 0.1 | 35.5% | 8.4 | 7.0 | -16.3% | 5.7 | 3.9 | -30.2% |
| Western Africa | 0.4 | 0.4 | -2.8% | 16.0 | 14.9 | -6.9% | 7.7 | 11.5 | 49.2% |

| | Other Business Services | | | Other Services | | |
|---|---|---|---|---|---|---|
| Region | 2010-2012 | 2017-2019 | % Change | 2010-2012 | 2017-2019 | % Change |
| Africa | 38.3 | 42.4 | 10.9% | 77.4 | 80.5 | 4.0% |
| Northern Africa | 8.4 | 8.5 | 1.6% | 20.5 | 22.1 | 7.7% |
| Eastern Africa | 3.9 | 5.7 | 44.8% | 8.1 | 12.0 | 48.2% |
| Middle Africa | 14.8 | 5.7 | -61.4% | 26.7 | 11.8 | -55.7% |
| Southern Africa | 3.6 | 2.8 | -22.3% | 8.2 | 7.5 | -8.7% |
| Western Africa | 7.5 | 19.7 | 161.4% | 13.8 | 27.0 | 96.1% |

Source: UNCTAD Stats, 2021

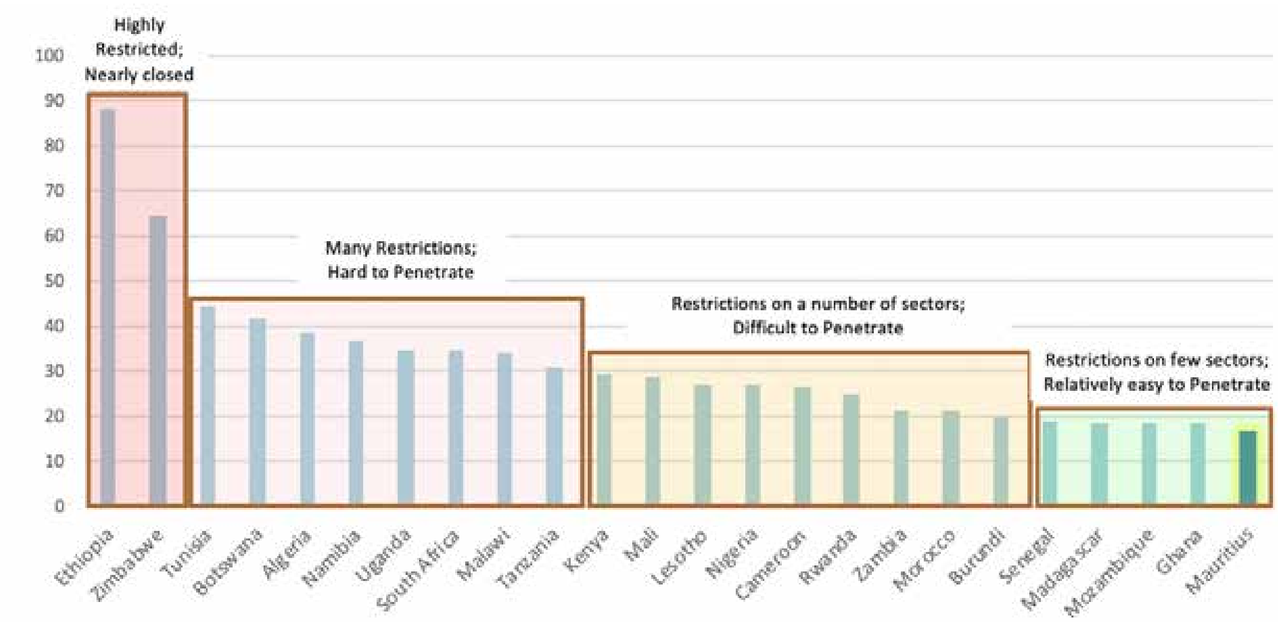
However, African markets are also restrictive in terms of trade in services. According to the World Bank's Services Trade Restrictiveness Index (STRI), which collects and analyses the restrictiveness level of services trade policy measures across the world (see Table 9), Ethiopia and Zimbabwe are the most restricted markets within Africa, with a high STRI scores of - 89 and 65, respectively, which indicates that their services sectors are virtually closed or face serious barriers to entry. Senegal, Madagascar, Mozambique, and Ghana, along with Mauritius, are the least restrictive in terms of services trade, which makes them relatively easier markets to penetrate (see Figure 22).

**Table 9 Examples of STRI Scores**

| Overall Policy Description | Example of Restrictions | 5-point scale |
|---|---|---|
| Open without restrictions | "Entry is allowed through a subsidiary and/or branches. Authorization is required". | 0 |
| Virtually open | "Cross-border deposit taking is allowed subject to approval and registration." | 25 |
| Existence of major/non-trivial restriction | "Residency is required. There is an education requirement; foreign degrees may be accepted. There is a quota for intra-corporate transferees and independent professionals: at least two thirds of employees of a firm must be Brazilians. The duration of stay initially allowed is 90 days to two years, depending on visa type. Extensions are possible, depending on the type of visa, but usually only once. Foreign-licensed professionals are subject to labour market test and economic needs test. There is a minimum wage/wage parity requirement." | 50 |
| Virtually closed | "The limit on foreign ownership is 20 percent of voting capital, and there is no limit on foreign ownership of non-voting capital. Firms with 3 or more employees are required to employ Brazilian nationals to fill at least two-thirds of their positions." | 75 |
| Completely closed | "Cross-border provision of services not allowed. Must be established as a local office and headquarter and must be properly registered with local professional association." | 100 |

Source: Authors' own

**Figure 22 Trade in Services Restrictions, 2008**




Source: IEC based on World Bank STRI

# 4. AFCFTA: PRIORITY SECTORS SELECTION AND MARKET OPPORTUNITIES

## 4.1 POTENTIAL IMPACTS OF THE AFCFTA

The potential of the AfCFTA for the continent's economic development is huge. Currently, cross-border trade from other RECs has remained minimal. As highlighted by the AU (2013), *"the growth of intra African trade has been constrained by a number of factors. These include differences in trade regimes; restrictive customs procedures, administrative and technical barriers; limitations of productive capacity; inadequacies of trade related infrastructure, trade finance and trade information; lack of factor market integration; and inadequate focus on internal market issues"*. One of the most illustrative examples is the Central African Economic and Monetary Community (CEMAC), where cross-border imports within RECs account for less than 0.2% of total imports for member countries (Fofack, 2020). As highlighted in Table 10, whilst the intra-regional tariff is smaller than the effectively applied and the MFN ones, there still exist significant tariff barriers, particularly amongst members of the Community of Sahel-Saharan States (CEN-SAD) and the Economic Community of West African States (ECOWAS) (Abrego, et al., 2020). Mauritius, due to its membership of SADC and COMESA, faces an average preferential tariff of 5% when trading with COMESA Member States, and 4% when trading with SADC Member States.

**Table 10 Simple tariff average, African RECs, percentage, 2016**

| Regional Economic Community | Intra-regional | Effectively Applied | Most Favoured Nation |
|---|---|---|---|
| **Africa** | **5** | **11.8** | **12.5** |
| Arab Maghreb Union | 5 | 8.9 | 14 |
| Common Market for Eastern and Southern Africa | 5 | 8.9 | 11 |
| Community of Sahel-Saharan States | 12 | 12.1 | 13.1 |
| East African Community | 0 | 11.6 | 12.8 |
| Economic Community of Central African States | 9 | 14.4 | 14.6 |
| Economic Community of West African States | 11 | 12.4 | 12.2 |
| Intergovernmental Authority on Development | 9 | 13.5 | 16.1 |
| Southern African Development Community | 4 | 7.7 | 9.2 |

Source: Abrego, et al. ( 2020)

**However, the mere implementation of the AfCFTA will be insufficient to achieve a meaningful impact.** Early estimations show that, although the increase in trade brought by the AfCFTA will be significant, it would be insufficient to achieve the objective of doubling intra-African trade between 2012 and 2022. According to econometric estimations, the establishment of AfCFTA would increase intra-African trade by 52.3%, or USD 34.6 billion. The agreement would also increase Africa's exports to the world by 4%, or USD 25.3 billion. Therefore, only the adoption of further measures contributing to a deeper continental integration might enable the achievement of the aforementioned objective (Mevel-Bidaux & Karingi, 2012; Cheong, Jansen, & Peters, 2013). However, the full impact could be much larger, as these figures do not account for employment generated through either new opportunities opening up in the service sectors nor through higher levels of investment that AfCFTA implementation will stimulate.

Similarly, a report by UNECA (2018) found that the tariff liberalisation arising from the implementation of the AfCFTA agreement would increase Africa's GDP by around 1%, whilst exports would increase by 3%. However, these figures mask much more pronounced benefits when it comes to Mauritius' relations with its African partners. As highlighted by UNECA (2018), *"[the] AfCFTA will be a game changer for stimulating intra-African trade. It is projected to increase the value of intra-African trade by between 15% (or USD 50 billion) and 25% (or USD 70 billion), depending on liberalization efforts, in 2040, compared to a situation with no AfCFTA in place. With the sole removal of tariffs on goods, the share of intra-African trade would increase by nearly 40% to over 50%, depending on the ambition of the liberalization, between the start of the implementation of the reform (2020 was considered to be the tentative date for the modelling exercise) and 2040"*.

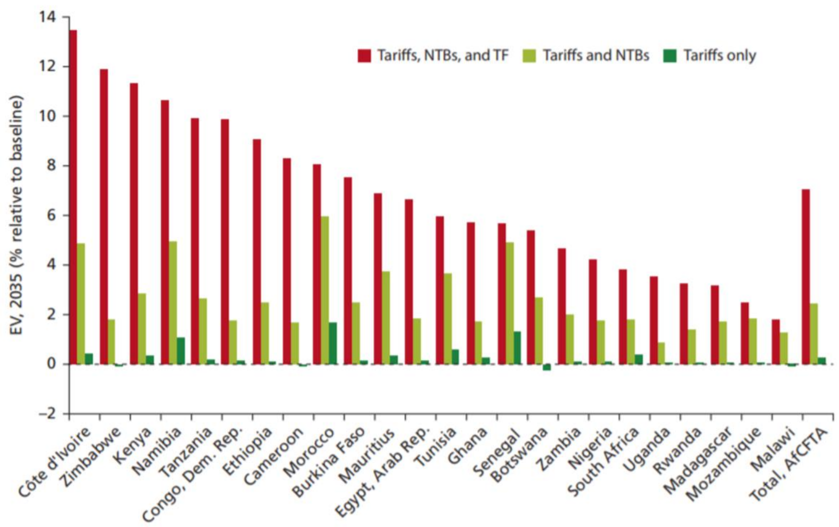
**The AfCFTA will boost intra-regional trade in manufactured products.** Intra-African trade in industrial products alone would increase by 25-30%, or USD 36-44 billion in 2040, compared to a situation without AfCFTA, whilst for agriculture and food products, the increase would range between 20-30%, or USD 9.5-17 billion (UNECA, 2018). The World Bank (2020) estimates highlight possible higher returns from the AfCFTA. Overall, intra-continental exports would increase by over 81%, with Cameroon, Egypt, Ghana, Morocco, and Tunisia, being the main beneficiaries. It is estimated that inter-continental gains for Mauritius will be one of the lowest, at under USD 1 billion. Exports of manufactured goods to the world would increase by 62%, and by 110% amongst African countries. Gains for agriculture and services sectors are small, due to the limited existing trade occurring between the AfCFTA's contracting parties (World Bank, 2020). Caution is required, however, in interpreting the stated results, as the modelling work used amplifies the scope of the trade facilitation measures by modelling in the impact of adopting and implementing the WTO's Trade Facilitation Agreement.

**It will be the removal of NTBs and the adoption of trade facilitation measures that will really make a difference for the continent.** The real income gains arising from tariff liberalisation will be minimal, equivalent to 0.22% by 2035, whilst the removal of NTBs would increase real income by 2.4%. The bigger impact is seen, however, from improvements on trade facilitation, which would increase the continent's welfare by 7%.

Similarly, in measuring the impact of tariff elimination, a 50% reduction in non-tariff measures (NTMs), and a 30% reduction in transaction costs (arising from trade facilitation measures), Ramos, Chauvin, & Porto (2016) find that the AfCFTA, by 2027, would increase Africa's welfare by 2.64%. The reduction in NTMs and transaction costs is found to be the main driver of the welfare gains.

**Mauritius will only benefit from the AfCFTA if NTBs are removed and trade facilitation initiatives are adopted across the continent.** The removal of tariffs will increase the country's income by 0.3%, whilst the removal of NTBs and the adoption of trade facilitation measures would lead to a 3.8% and 6.9% increase, respectively. This assumes that the measures adopted in the trade facilitation agreement are fully adopted and that a certain convergence in NTMs is achieved. The scenarios are somewhat optimistic and do combine the effects of implementing the WTO's Trade Facilitation Agreement and, therefore, are not only AfCFTA effects but broader reforms in general. A similar analysis is seen on the trade side, with the removal of tariffs increasing imports by 0.8% and exports by 0.7% by 2035, whilst aiming for a comprehensive implementation of the AfCFTA – i.e., removing NTBs and including trade facilitation reforms – would boost imports by 31.7% and exports by 32.9%. This minimal impact of the tariffs is mainly due to the fact that the country already has a deep preferential access to its main African markets, and therefore, its benefits are minimal.

### Figure 23 AfCFTA's Real income gains, by country and policy reform

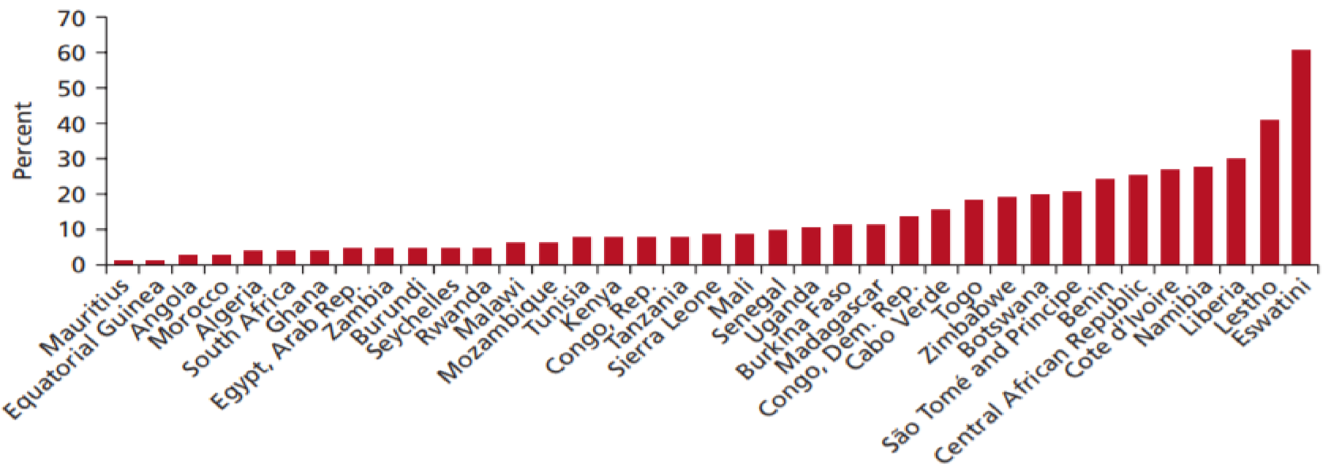



Source: WB (2020).

Note: Equivalent variation (EV) is the expenditure to attain utility in a future year in any given simulation using base year prices. NTB = nontariff barrier; TF = trade facilitation.

In terms of fiscal revenue, Mauritius will be minimally impacted by the AfCFTA trade in goods liberalisation, as most of the country's trade are already duty free. The country's dependence on taxes arising from international trade is minimal (see Figure 24), whereby only six percent of all taxes collected from imports account for customs duties.

**Figure 24 Taxes on international trade as percentage of government revenues**




Source: WB's WDI

## 4.2 PHARMACEUTICAL/HEALTH REALATED PRODUCTS

### 4.2.1 SECTORAL PERFORMANCE ANALYSIS

**The pharmaceutical and health sector has been experiencing higher than usual growth since the outbreak of the COVID-19 pandemic.** Despite having one of the highest disease burdens in the world, Africa has only been able to locally produce and source the much-needed medicines for its population in a limited way, having to rely on the importation of medical devices and pharmaceutical products to satisfy its internal demand. Although a handful of countries, such as South Africa, Kenya, Morocco, and Egypt, do produce pharmaceutical products, Africa is currently highly dependent on imports, with more than 80% of its needs supplied from outside the continent (Byaruhanga, 2020). Moreover, demand is artificially low, with the continent representing only 1% of global healthcare expenditure, but 17% of the world's population.

The COVID-19 pandemic brought to light serious shortcomings in Africa's readiness to deal with a pandemic of such magnitude. Some of the key challenges hampering the development of the pharmaceutical sector have been identified as below:

- Lack of affordable financing and modern technology, hampering the ability of companies' investments in research and development for business expansion;
- Small fragmented markets and weak regulatory frameworks, which impede intra-regional trade;
- Weak human resource capacity;
- Poor procurement and supply chain systems; and
- Policy inconsistencies in countries' trade, industry, health, and finance departments (Byaruhanga, 2020).

**The pandemic also exposed the need to rethink the sustainability of global value chains for the provision of pharmaceutical products and other essential goods in Africa.** Countries like India and China, both major manufacturers and exporters of pharmaceutical products to Africa, experienced major shutdowns that disrupted value chains. The African pharmaceutical manufacturing industry found itself extremely vulnerable to such disruptions. COVID-19 destabilised the entire pharmaceutical industry and availability of pharmaceutical and other essential drugs (AFD, 2020).

### Box 5 Africa's Pharma-related Efforts

The African Union Development Agency and New Partnership for Africa's Development (AUDA-NEPAD) have three main integrated approaches directed towards the African health sector namely: the Africa Health Strategy (AHS), the Health Research and Innovation Strategy for Africa (HRISA) and African Medicines Regulatory Harmonisation (AMRH) Initiative. The Pharmaceutical Manufacturing Plan for Africa (PMPA), which falls under the AHS, had earlier proposed a business plan in 2012 which included the need to set-up a single information centre which provides data and business intelligence for the health sector dedicated solely to the African continent. Moreover, the PMPA advises starting the intra-African trade and procurement from African-based companies regarding pharmaceutical goods as well as medical devices. With the turmoil emerging from the Covid-19 pandemic and with the AfCFTA coming into force on 1 January 2021, it is an opportune moment for Africa to start formulating and implementing such strategies imminently, which will eventually benefit the whole continent in the long run.

Source: Authors' own

**Mauritius is a relatively new player in the pharmaceutical/health-related arena.** The medical services sector contributed the Gross Value Added (GVA) of around 4.6% of GDP in 2019 and with an estimated 20,200 jobs in Mauritius. Although the medical device sector is contributing a very small amount to the total GDP of Mauritius (estimated at around 0.5% of GDP), it has registered an ongoing increasing trend, signalling its potential as a future economic pillar of the Mauritian economy (EDB, n.d.).

**Since its beginnings in the early 2000s, the domestic industry has indeed widened its offerings of products,** currently including cardiovascular and oncology implants, breast implants, catheters and stents, ophthalmic implants, bone implants and substitutes, artificial skins used in transplant operations, orthopaedic and dental implants as well as sterilization (see Table 11) (ITC, 2017). In terms of pharmaceutical products, there is currently only one licensed manufacturer of pharmaceutical products in Mauritius - Ajanta Pharma (Mauritius) Ltd. The company is engaged in the development, manufacturing, and marketing of quality finished dosages of branded generics and generics (Competition Commission, 2020).

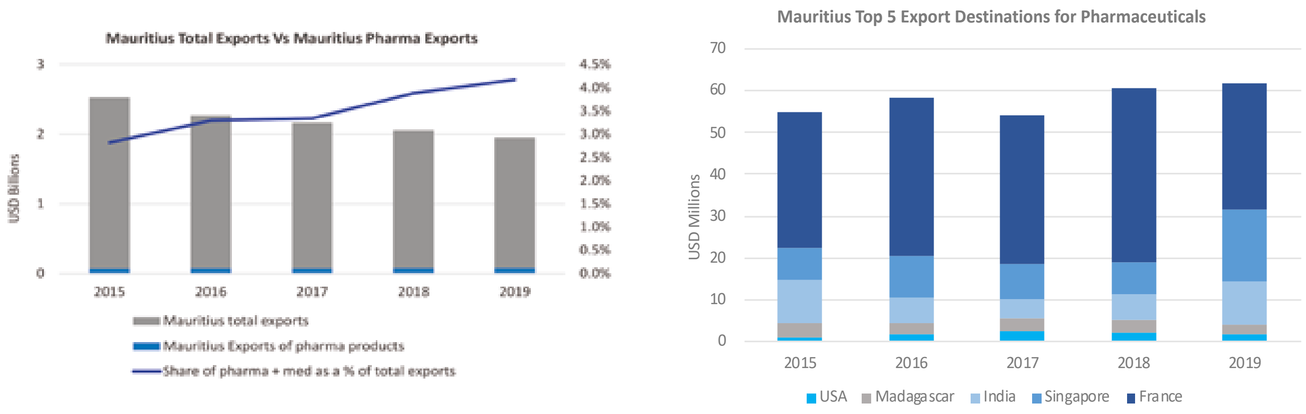
### Table 11 Manufacturers of medical devices in Mauritius

| Name of Company | Main Products | Country of Origin (Parent Organisation) |
|---|---|---|
| NATEC MEDICAL | Catheters and stents | Mauritius (Autonomous Entity) |
| Envaste | Catheters uro & gastroenterology | Mauritius (Autonomous Entity) |
| FCI Sud | Ophthalmic implants | Germany (Carl Zeiss) |
| KASIOS | Orthopaedic and dental implants | France (Kasios France) |
| LILMO | Cardiovascular and oncology implants | France (VYGON) |
| SYMATESE | Artificial Skins | France (VYGON) |

Source: adapted from ITC (2017)

**Mauritius has successfully established an initial export network along with its local production of medical devices.** Mauritius' exports of both pharma products and medical devices have increased by around USD 10 million between 2015 and 2019 from USD 69 million to USD 78.5 million. This was mainly due to the increase in CAGR of 16.5% in exports to Singapore between the same period. The share of pharmaceuticals in total exports has increased over the same period even though overall exports have gone down. Pharmaceuticals exports accounted for 4.2% of total exports in 2019 as compared to 2.8% in 2015. Mauritius' main export markets in 2019 were France, Singapore, India, Madagascar, and the USA, with France being the main export market over the past 5 years (see Figure 25).

### Figure 25 Mauritius' export of Pharmaceuticals, share of total exports (left),Top 5 export Destinations (right), 2015-2019

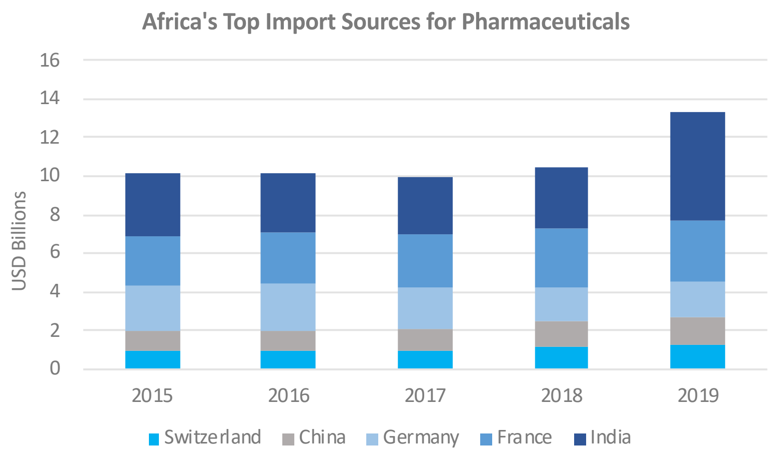



Source: IEC calculations on the basis of ITC Trademap

Mauritius' pharma exports to the EU between 2015 and 2019 were the highest for all regions, followed by Asia. America, Africa, and Oceania accounted for a minimal value of Mauritius' exports.

**Africa imported pharmaceuticals worth USD 23.2 billion in 2019.** India, France, and Germany are Africa's top suppliers of medical devices and pharmaceutical products, followed by China and Switzerland, who are the fourth and fifth largest suppliers of pharmaceuticals to Africa. Imports from India grew at a CAGR of 12.4% over the 5-year period as a result of growing India-based pharmaceutical companies in Africa (EP News, 2020).

### Figure 26 Africa's top 5 import sources for Pharmaceuticals, 2015-2019



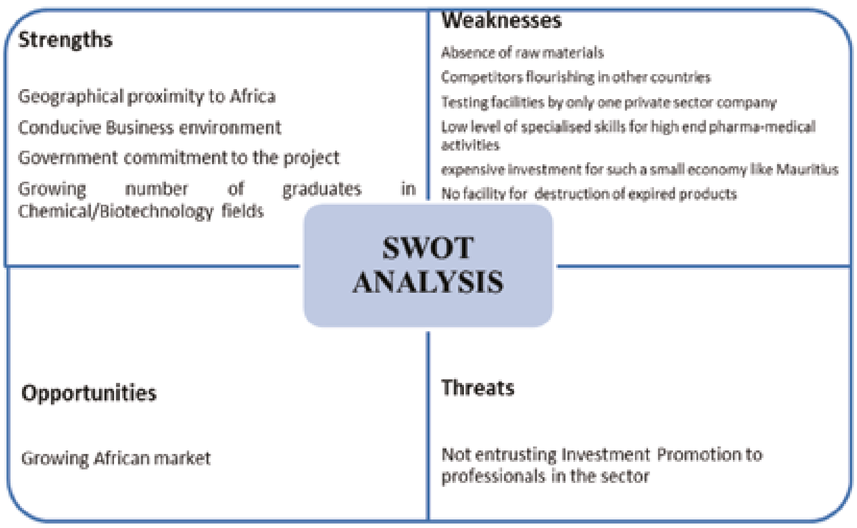

Source: IEC calculations on the basis of ITC Trademap

**From a supply-side perspective, Mauritius is yet to put in place a proper legal and regulatory framework within the sector to be aligned with international practices.** Mauritius has devoted little attention to a sector that requires high investment in R&D activities. Additionally, several key issues are hindering the development and growth of the domestic pharmaceutical and medical services sector in Mauritius: The issues include:

- High dependence on raw materials imports for components manufacturing;

- Poor linkages between the industry, academia and research institutions;
- Lack of adequate infrastructure to conduct R&D;
- Shortage of high-skilled labour together with strong skills mismatch between the industry and the educational system;
- Absence of a legal framework for medical devices;
- Prohibition of clinical trials for medical devices;
- Inadequate protection of IPRs;
- High dependence of Mauritian medical devices exports on a few export markets;
- Lack of incentives for foreign investors; and
- Restrictive regulations to access the domestic market (ITC, 2017).

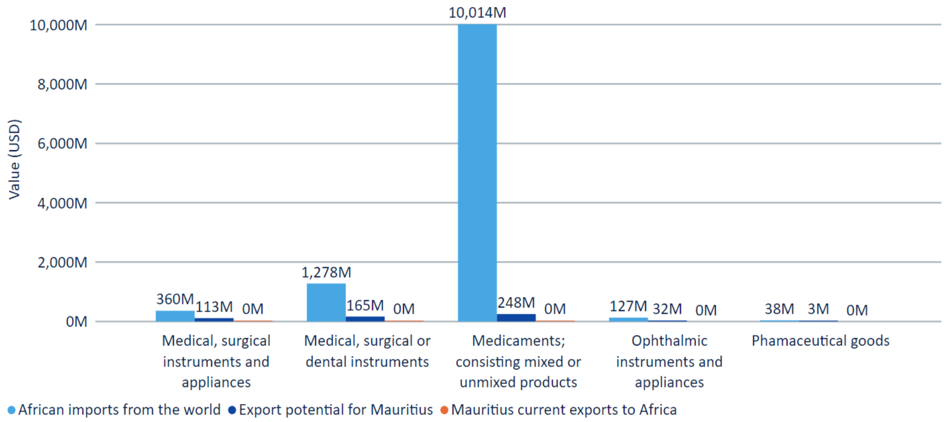
**Figure 27 Pharmaceutical Sector SWOT Analysis`**




Source: Ministry of Industry, Commerce & Consummer Protection (2016). Concept Paper Setting up of a Pharmaceutical village at the Rose Belle Business Park. Government of Mauritius.

**In terms of export potential to Africa, *"medicaments for therapeutic or prophylactic uses, packaged for retail sale"* (HS 300490) is the product with the biggest potential for Mauritius, accounting for USD 248 million of export potential.** This product also aggregates the highest import demand from the continent, with total imports accounting for USD 10.1 billion in 2019, demonstrating a CAGR of 2.9% between 2015 and 2019. Other potential products of interest include *"medicaments; containing penicillin, streptomycin or their derivatives" (HS 300410), with an export potential of USD 2 million; "dental cements and other dental fillings"* (HS 300640), with an export potential of USD 3 million; *"catherers"* (HS 901839), with an export potential of USD 113 million; and *"ophthalmic instruments"* (HS 901850), with an export potential of USD 165 million (see Figure 28).

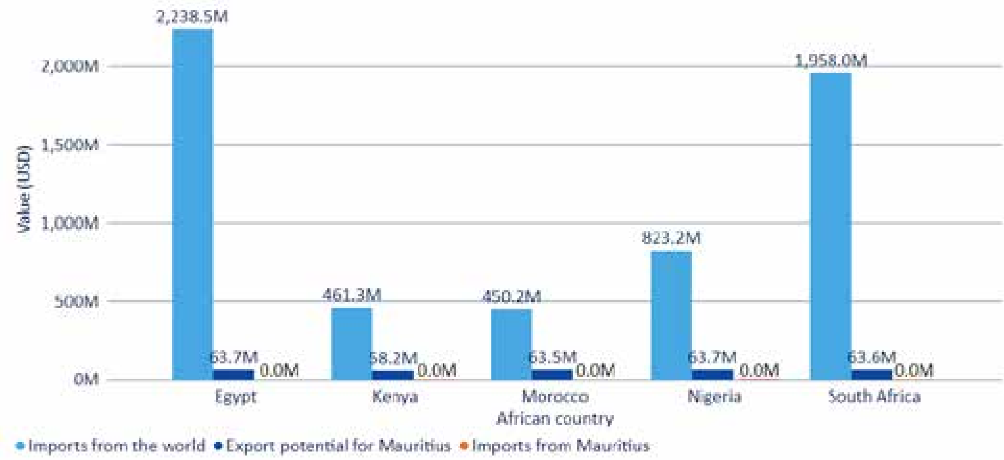
**Figure 28 Mauritius export potential into Africa: Pharma and medical devices, by product**




Source:IEC Calculations

**North Africa showcases the highest overall regional potential, although Egypt, Kenya, Morocco, Nigeria, and South Africa show the most attractive export destinations,** with estimated potential export value to be in the range of USD 58 million to USD 64 million (see Figure 29).

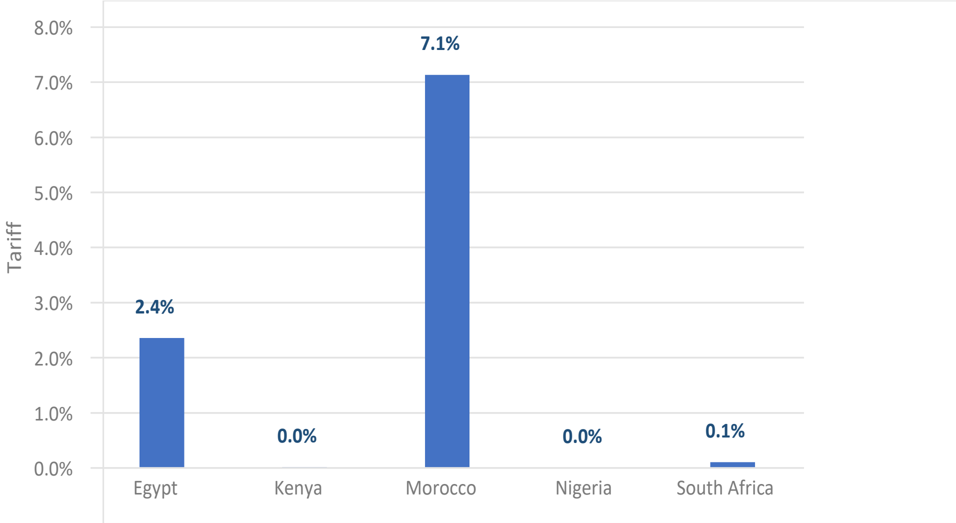
**Figure 29 Mauritius export potential into Africa: Pharma and medical devices, by country**




Source:IEC Calculations

**Overall tariffs on pharmaceuticals in these potential markets is moderate.** Morocco applies the highest average MFN rates of 7.1 percent, followed by Egypt at 2.4 percent. Kenya, Nigeria, and South Africa apply MFN rates of close to 0 for pharmaceutical goods. Mauritius already enjoys duty free access to Kenya and Egypt under the COMESA FTA for pharmaceuticals, while Nigeria also grants duty free access to Mauritius under MFN regime irrespective of trade agreements. South Africa, under the SADC protocol on trade, allows duty free access for the same. The Moroccan market is slightly harder to enter for Mauritius due to the absence of any trading arrangement between the two countries (see Figure 30).

### Figure 30 MFN Import Tariffs on Pharmaceuticals in potential markets, 2020




Source: IEC calculations based on ITC Macmap. Note: Tariff for pharmaceutical products is an average of tariffs for HS30 per country.

**Tapping into the potential of this specific sector will require boosting the local domestic manufacturing base and attracting established firms to undertake the manufacturing operations in-country.** In this context, the examples of Costa Rica, Mexico, and Ireland which relied on an attractive investment framework, cheap and qualified labour force, and strong research and development incentives, could serve as a case study for Mauritius to follow, (see Box 6).

## Box 6 Case Studies: Costa Rica, Mexico, and Ireland

The medical devices industry has become **Costa Rica's** largest and most dynamic high-tech export sector. Since 1985, the sector has been characterised by a constant improvement in the quality and quantity of its exports over time. This Costa Rican sector is characterised by being a consolidated baseof foreign firms (local subsidiaries) producing increasingly sophisticated products (Bamber & Hamrick, 2019). The medical devices sector in Costa Rica is mainly concentrated in the production segments of the value chain, with 70 % of them manufacturing components or assembling final goods (Gereffi, Frederick, & Bamber, 2019).

The origin of the sector started with foreign firms establishing "efficiency-seeking" export-oriented manufacturing plants in the country. There were two drivers behind the decision of suppliers to set up operations in Costa Rica. The presence of some of the top global manufacturers, which showcased a strong and growing demand, was one. But the most important one was the creation of the After Care Division by the Costa Rican Investment Promotion Agency with the purpose of facilitating the process of installation and start-up of operations after a firm decides to invest in Costa Rica, and to look after its needs once operations start. As highlighted by Cornick & Trejos(2016), "*[ensuring] a successful experience after the start of operations is particularly important for Costa Rica, where more than half of each year's FDI takes the form of reinvestment by companies already operating in the country, which typically start operations on a small scale and focused on simple tasks and gradually expand the volume and complexity of their operations, as they eeither verify or discover that the country is capable of supporting larger and more complex projects than originally envisioned*" (Cornick & Trejos, 2016).

From the perspective of **Mexico**, the development of the medical devices sector was primarily supported by policies focused on attracting FDI. Plants are concentrated in a particular region of the country (Tijuana) through Mexico's IMMEX programme, and are supported by industrial parks. *Producen*, a branch of the Secretariat of Economy, acted as a facilitator between the producers and the government and helped to establish a strategy for fulfilling that vision, which led to the establishment of an industry association bringing together private sector stakeholders. Ensuring the availability of qualified personnel was one of Mexico's main priorities, and the medical devices cluster signed an agreement with a local university to improve the flow of information between the education service provider and the private sector, enabling the former to meet current and future needs, as well as to promote internships and work experience opportunities. As highlighted by Bamber & Gereffi (2013), *"[an] improved business environment and access to a supply of managers and engineers with experience working in export-oriented MNCs, combined with an increase in available world-class manufacturing space for rent in industrial parks [...], have helped to support the state's competitiveness in the sector."*

In the case of **Ireland**, the country entered the medical devices GVC as a manufacturing hub in the 1990s, with its main attractiveness being: (1) an English speaking labour force; (2) a conducive business environment; (3) strong IPRs regime; and (4) a supportive foreign investment promotion agency (IDA). However, rising costs and overloaded infrastructure started to erode the country's competitiveness. Against this background, the country aimed to attract higher-value-added services by promoting the location of R&D functions in the country, moving them closer to their manufacturing operations. IDA launched a new campaign, "InnovationComes Naturally," refocusing their strategy to high-value manufacturing and R&D, and since 2009, IDA hasoffered R&D and innovation grants for assessing the feasibility of pilot research projects and training grantsfor "up-skilling" staff to perform the research, encouraging both current and potential FDI to engage in R&Din the country. Furthermore, research centres, such as the Biomedical Diagnostics Institute, were funded,focusing on the development of next generation devices, and bringing together industry and academia. Taxcredits were also put in place "*[These] initiatives ensure that all firms, from small-scale domestic start-ups tolarge, established MNCs, including Medtronic, Stryker and Boston Scientific, are incentivised to engage in R&Dwhile also providing access to the human capital to do so*" (Bamber & Gereffi, 2013).

Source: Authors' own

#### 4.2.2 OPPORTUNITIES OF THE AfCFTA

The current manufacturing base of Mauritius in the pharmaceutical and medical devices sphere is limited,thus calling for the need to attract some of the sector's big producers to establish their operations in Mauritius. The country has some clear points that makes it attractive to set up operations in such as a bilingual and educated labour force, sound business environment, and attractive fiscal incentives – such as an 8-year income tax-holiday for companies engaged in the manufacturing of pharmaceutical products,medical devices and high-tech products.

However, further actions can be adopted to boost the profile of Mauritius as a manufacturing hub for pharmaceutical and medical devices. The following represents some opportunities for Mauritius Pharmaceutical/Medical Devices sector to explore in the context of AfCFTA. These should be read in conjunction with the recommendations put forward by the NES 2017-2021 Medical Devices Sector, and the Industrial Policy and Strategic Plan for Mauritius 2020-2025 (see Box 7).

Boost efforts to attract Foreign Direct Investment, by:

- Improving institutional communication with prospective foreign direct investors and creating awareness about the opportunities that Mauritius has to offer for their activities. Actively targeting the big producers and understanding their needs is a basic step to identify what measures can be adopted to make the country more attractive.
- Continue promoting the leasing of land and buildings in SEZs already developed by Mauritius on the continent, especially via the channels of the recently concluded China-Mauritius and India-Mauritius trade agreements.
- Creating an After-Care Division within the Economic Development Board (EDB) to ensure that the needs of the manufacturing investors are covered and their concerns addressed.
- Establishing a specific Export Processing Zone (EPZ) for this sector would also incentivise the establishment of companies that aim to use Mauritius as a manufacturing hub to source the rest of the continent. This would also alleviate some of the burden caused by customs procedures.

Strengthen the Research & Development framework, by:

- Evaluating the results of the existing R&D attraction scheme. Currently, manufacturing firms can benefit from (1) accelerated depreciation of 50% annually on capital expenditure incurred on R&D; and (2) a double deduction R&D qualifying expenditure until the income year 2021-2022. The evaluation should highlight what has been the relevance, coherence, efficiency, effectiveness, sustainability, and impact of the scheme, providing a set of lessons learnt.
- Setting up R&D and innovation grants for assessing the feasibility of pilot research projects.
- Establishing pharmaceutical & medical devices research centres, attracting world-class professionals and investing in the necessary infrastructure.

Strengthen the regulatory environment, by:

- Drafting and passing the Medical Devices and Pharma Acts to provide a regulatory framework for the sector, covering, amongst others, the establishment of a regulatory framework for medical devices and medical devices components' testing and certification.
- Amending the Clinical Trials Act (2011) to include medical devices trials.

Build support services around the pharmaceutical & medical devices sector, by:

- Through the EDB and Business Mauritius (BM), coordinating the existing firms in the sector to create their own association that will serve as interlocutor between the government and its members. Such an association will later on be in charge of developing its own vision, objectives, and priorities, thereby contributing to making Mauritius an attractive location for medical devices / pharmaceutical manufacturers.
- Ensuring that MAURITAS has the human and technological capacity to undertake the necessary testing and accreditation.

Build ties between the manufacturing firms and academia, by:

- Through the aforementioned association, sign an agreement with the University of Technology of Mauritius (and/or any other education provider that might be interested) to improve the flow of information between the parties, thereby ensuring that the education providers train the students on the skills needed by the private sector, as well as promoting internships and work experience opportunities.

### Box 7 Industrial Policy Recommendations: Pharmaceutical & medical devices

- **Establish a regulatory framework for the medical devices & pharmaceutical industry.**
- **Upgrade the National Quality Infrastructure** by developing the expertise of MAURITAS to assess and accredit Certification Bodies conducting ISO 13485 audits in Mauritius.
- **Establish synergies with support industries to increase local input production** by carrying out a study to determine supporting services for the sector and establish a central listing where core competencies and capabilities are referenced.
- **Organise meetings to promote business relationships and establish networks** between the sector and the supporting industries.
- **Explore the opportunity to develop sterilised medical devices packaging services** for high-tech production locally, including design and printing.
- **Improve the institutional coordination and develop institutional capabilities** by undertaking an assessment of the various institutional support, as well as gauge the extent and quality of their support to the sector and conduct capacity building activities to improve the understanding and awareness of the institutions identified.
- **Align the education infrastructure with the requirements of industry** and fix the STEM base with manufacturing requirements by organising meetings between the industry and academia representatives to consolidate industry research & academia linkages and improve communication.
- **Develop and incorporate specific training courses in the sector** as an option as part of an industrial management curriculum to raise awareness and promote the sector.
- **Provide universities with advanced equipment specific to the medical devices industry** to allow them to acquire theoretical and hands-on practical training on equipment.
- **Develop internship programmes for students**/ researchers under the various schemes.
- **Revisit existing programmes and mechanisms to promote R&D activities in the sector** and develop backwards and forward linkages with universities and research institutes to elaborate specific R&D programmes targeting different segments of the sector's value chain.
- **Facilitate customs clearance procedures** through the elaboration of a comprehensive updated list of imported inputs for the sector for inclusion in the MRA documentation, simplify compliance check procedures for industrial equipment and facilities as provided by the Health and Safety regulations (under the Ministry of Labour) and consider reducing the frequency of the controls.
- **Provide a package of incentives to boost the sector through the introduction of a double deduction on costs** incurred to comply with international quality standards and norms, refunds of 50% on costs of certification, testing and accreditation of local laboratories, an extension of the Investment tax credit of 15% over 3 years in the medical devices sector and provision of Freight rebate on imports.
- **Improve market entry conditions**, both locally and internationally by advocating a reduction/ elimination of customs duties applied to HS 9018 products on exports to BRIC countries, accelerate the signing of CECPA with India and follow up on the number of enterprises benefitting from Margin of Preference for products made in Mauritius for the local market.
- **Explore the establishment of cost-effective warehousing and direct freight linkages to targeted African markets** and key developed economy markets to help SME's supply these markets.

Source: UNCTAD (2020)

## 4.3 REGIONAL FOOD VALUE CHAINS

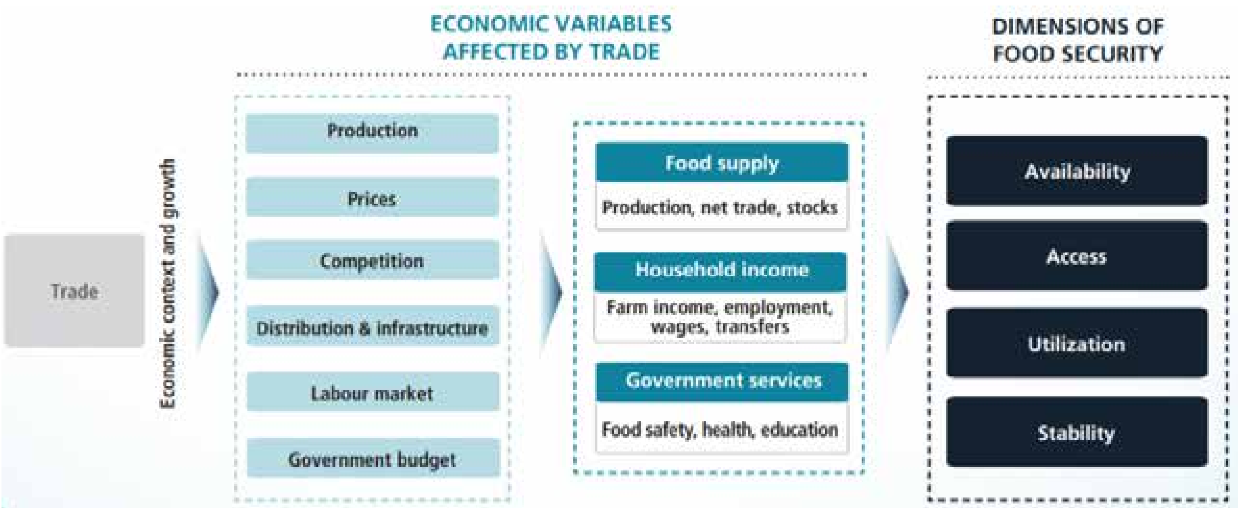
### 4.3.1 SECTORAL PERFORMANCE ANALYSIS

**Agriculture forms a significant portion of the economies of all African countries, and, as a sector, it can contribute towards major continental priorities,** such as eradicating poverty and hunger, boosting intra-Africa trade and investments, rapid industrialisation and economic diversification, sustainable resource and environmental management, and creating jobs, human security and shared prosperity. This is going to be critically true for Africa where, today, close to 70% of the population is involved in agriculture as smallholder farmers working on parcels of land that are, on average, less than 1 hectare. As such, agriculture remains Africa's surest bet for growing inclusive economies and creating decent jobs especially for the youth. While its importance to the rural population is well documented, recent surveys suggest that agriculture is also the primary source of livelihood for 10% to 25% of urban households (IEC, 2021).

**The emergence of the COVID-19 pandemic in early 2020, with its resulting supply chain disruptions, has increased the attention that countries pay to the issue of food security.** From 2016 to 2018, Africa imported about 85% of its food needs from outside the continent, equivalent to an annual import bill of USD 35 billion. That dependence is expected to continue growing and reach a food import bill of USD 110 billion by 2025. The links between trade, food security and nutrition are complex, with multiple channels of influence affecting the different dimensions of food security: availability, access, utilisation, and stability (Bamber & Hamrick, 2019). As highlighted by FAO (2016), trade affects a number of economic and social variables such as market structures, infrastructure development, the productivity and composition of agricultural output, the variety, quality and safety of food products, and the composition of diets (see Figure 31).

**The overdependence on imports from rest of the world leads to vulnerabilities in food security, especially in periods of crises such as COVID-19,** which has only exacerbated the crisis through the disruptions on trade, logistics, production and value chains (UNCTAD, 2020).

**Figure 31 Trade and the Four Pillars of Food Security: Channels of Interaction**



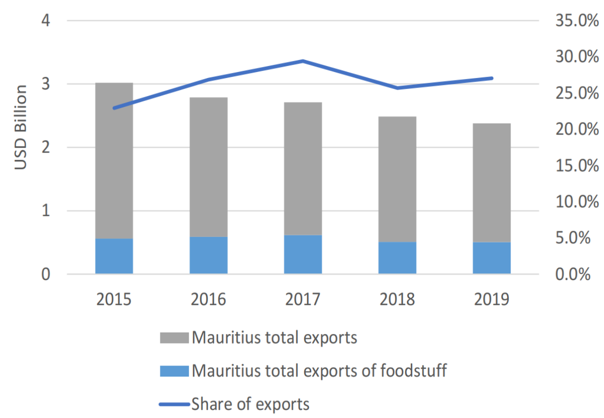

Source: (FAO, 2016)

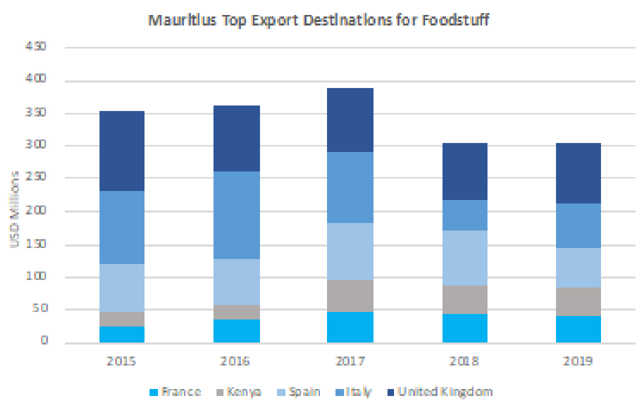
**Climate change, conflicts, economic slowdowns, and downturns are some of the drivers of the recent increases in global hunger rates.** In addition to these, Africa's food security is hampered by trade-related barriers, making difficult the movement of food from surplus production areas to food deficit areas in neighbouring markets (Pasara & Diko, 2019). Existing border infrastructure is especially burdensome for small-scale traders, forcing them to share the clearance area with trucks and other vehicles, increasing their insecurity and slowing down their procedures (Tralac, 2018).

**Mauritius is a net foodstuffs exporter, but this masks the fact that Mauritius has a major food import dependency to satisfy its population's needs.** Mauritius exported USD 506.5 million worth of processed foodstuff (HS 16-24) to the world in 2019, accounting for 27% of total exports. The country's foodstuff exports saw a slight fall between 2015 and 2019 along with the fall of total exports. This was mainly due to the fall of over USD 50 million exports to Italy in 2018 as compared to 2017 (see Figure 32).

> Agribusiness, food security, import substitution and strengthening immune defenses are key areas to address as we pave the way for a new post-Covid-19 economic landscape.
>
> ---------------
>
> L'agro-industrie, la sécurité alimentaire, la substitution aux importations et le renforcement des défenses immunitaires sont des sujets essentiels à aborder alors que nous ouvrons la voie a un nouveau paysage économique post Covid-19.
>
> Mr. Hemraj Ramnial, Chairman - Economic Development Board

**Figure 32 Mauritius share of export of foodstuff (left); Mauritius top export destinations for foodstuffs (right)**




Source: IEC calculations on the basis ITC Trademap. Note: foodstuff refers to tariff lines falling between HS 16 and HS 24.

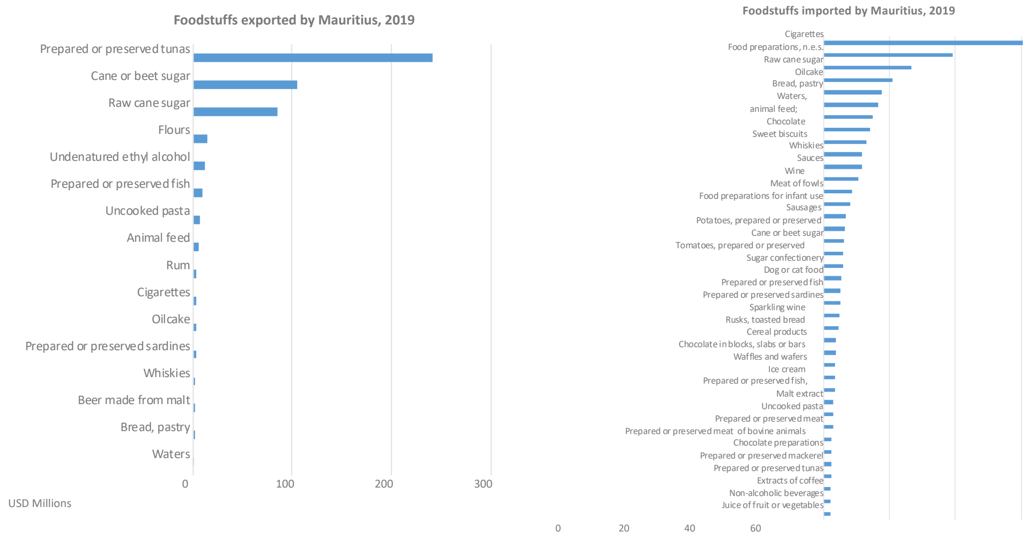
Europe (UK, Italy, Spain and, to a lesser extent, France) is the leading destination market for the industry with USD 390 million worth of exports, followed by Africa where exports stood at USD 77 million in 2019.

Within Africa, Mauritius' foodstuff exports are mainly destined to Kenya and are driven by cane sugar, with total exports reaching USD 44.1 million in 2019, and representing half of the country's exports of agricultural products.

**Mauritius' main export products in this sector are dominated by a two product clusters: sugars (HS17) and preparations of fish, especially Tuna (HS16).** At the HS6 level the main export products are prepared or preserved tuna and cane sugar. All other existing exports of processed foodstuff are limited and concentrated around the exportation of flours, ethyl alcohol, uncooked pasta, animal feed, rum, etc. (see Figure 33).

**Mauritius imported over USD 400 million worth of foodstuffs in 2019.** The most imported products include cigarettes, food preparations, sugar in solid form, bread, pastries, chocolates, and whiskies (see Figure 33). In 2019, France and South Africa were the main suppliers for foodstuffs, followed by Kenya, Brazil and Malaysia. The total value of imports from these five countries reached over USD 200 million, accounting for over 50% of Mauritius total imports, (see Figure 34).

## Figure 33 Foodstuff exports (left) and imported (right), by product, 2019




Source: IEC calculations on the basis ITC Trademap.

Note: foodstuff refers to tariff lines falling between HS 16 and HS 24.

**Mauritius' network of producers is characterised by being smallholder planters and farmers, handling the majority of fresh fruits and vegetables production.** Domestic agricultural production is characterised by small-scale farmers, focusing mainly on potato, tomato, onion, crucifers, cucurbits, green vegetables, and tropical fruits such as banana, pineapple, coconut, papaya, and the seasonal lychee and mango Overall, only 5% of the total domestic production is processed, with the majority of the products being consumed fresh (Republic of Mauritius & ITC, 2017).

### Box 8 Overview of food producers in Mauritius: fruits and vegetables

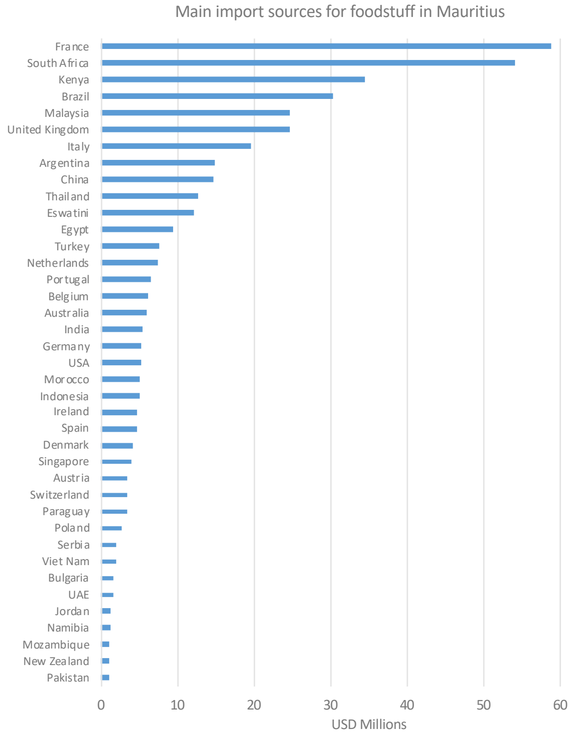
Generally, some 8,000 small producers cultivating about 8,200 hectares of land produce on average some 110,000 tonnes of food crops annually, and there is no shortage of fresh vegetables as such on the local market. However, Mauritius imports all its requirement for its main staples, namely some 166,000 tonnes of wheat and 66,000 tonnes of rice.

Fruit production which consists of mainly banana, pineapple, and seasonal fruits such as litchi and mangoes is estimated at 42,660 tonnes annually, over an equivalent of 3,065 ha of land. Fruits are produced mainly in backyards. Moreover, there is some corporate sector involvement in the production of pitaya, litchi, jujube and citrus. Among the backyard fruits, litchi has achieved some prominence. Exports draw heavily on backyard production and some existing or newly-established orchards. Potential exists for other under exploited local fruits such as papaya, passion fruit, star-fruit and guava for the fresh market or for processing.

Source: (GoM, 2016)

**Overall, the African continent is an enormous market for the food processing industry.** While cereals remain the most imported commodity across Africa, a regional analysis shows different import patterns. In the Central African region, for example, frozen poultry is the second main food import, followed by frozen fish, and beverages and spirits. In Eastern Africa, palm oil is the second most dominant product followed by sugar products. In North Africa, the second most important item is dairy products (mainly powdered milk), followed by sugar products, and residues from the food industry. In the Western African region, the second most important food import consists of frozen fish and dried fish, followed by sugar and sugar confectionery (Baker, Bhowon, Le, & Dahiya, 2020).

## Figure 34 Import sources for foodstuff, 2019



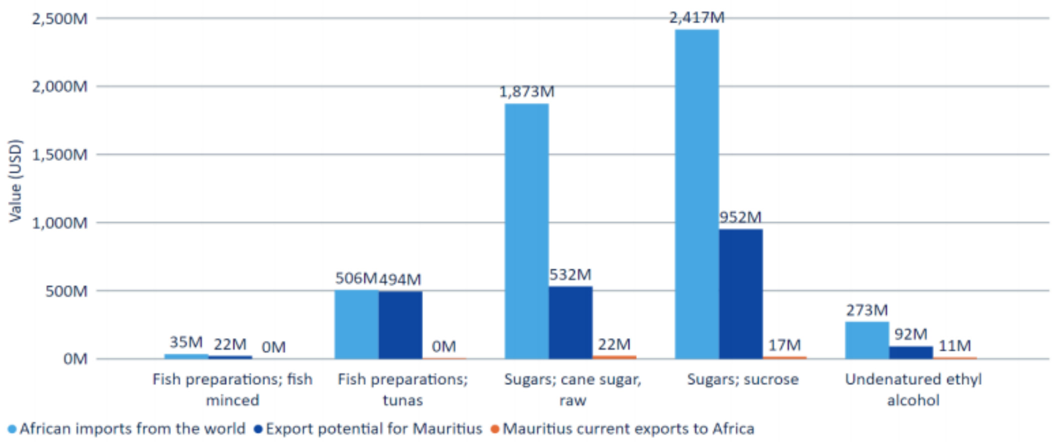

Source: IEC calculations on the basis ITC Trademap.

Note: foodstuff refers to tariff lines falling between HS 16 and HS 24

.

**In terms of export potential to Africa, refined sugar cane (HS 170199) is the product with the biggest potential for Mauritius, reaching USD 952 million in export potential.** T his product also registers the highest import demand from the continent, with total imports accounting for USD 2.4 billion in 2019, and a CAGR of 4.0%. Other potential products of interest include tuna preparations (HS 160414) with an export potential of USD 494 million, minced fish (HS 160420) with an export potential of USD 22 million, raw sugar cane (HS 170114) with an export potential of USD 532 million, and under-natured ethyl alcohol (HS 220710), with an export potential of USD 92 million (see Figure 35).

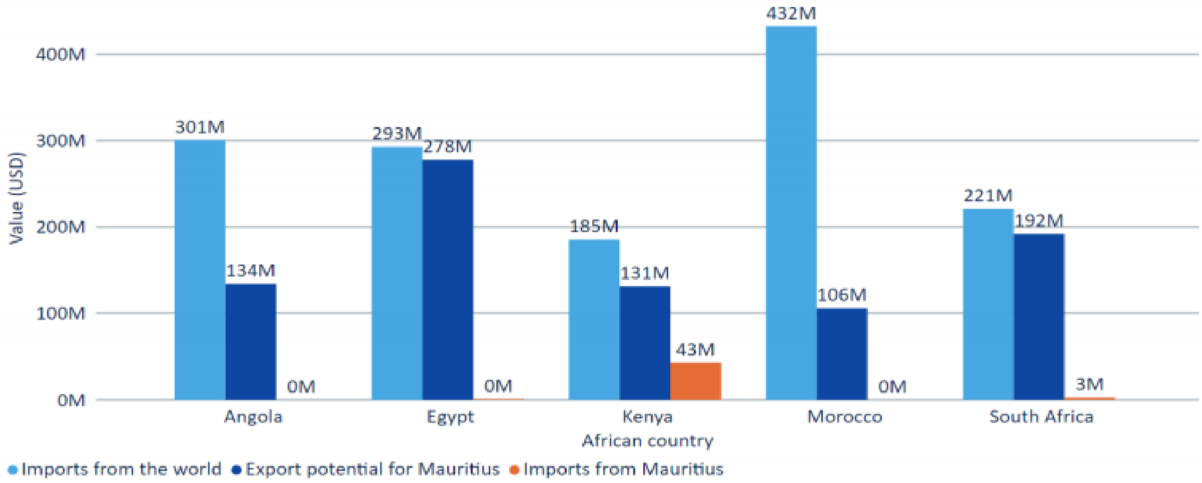
## Figure 35 Export potential into Africa: Foodstuff, by product




Source: ITC Trade map, IEC calculation

**The potential for food products is distributed across the whole of Africa, with Egypt having the highest export potential.** Angola, Kenya, Morocco, and South Africa also have a significant untapped export potential, ranging from USD 106 million in the case of Morocco, to USD 192 million in South Africa (see Figure 36)

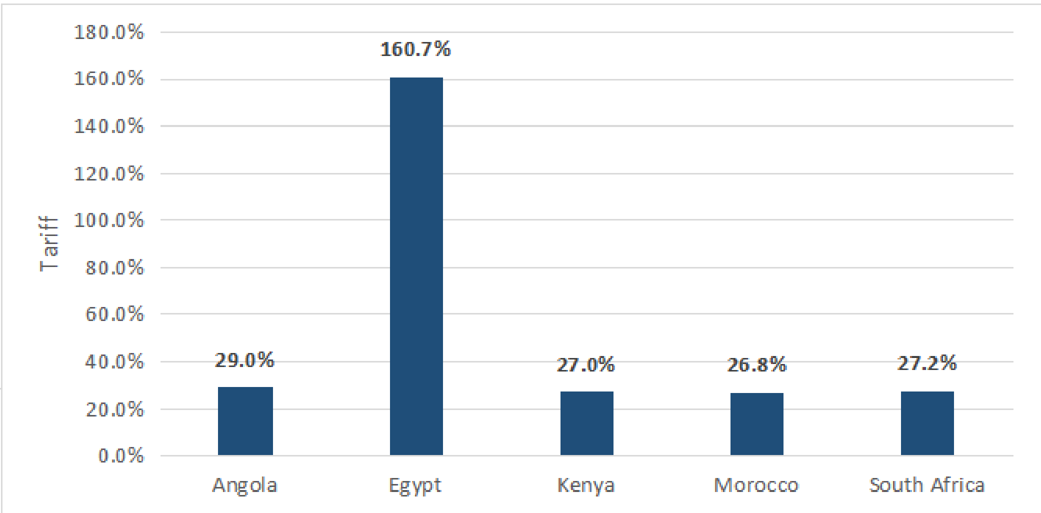
## Figure 36 Export potential into Africa: Foodstuff, by country




Source: IEC calculations

Of all target countries, import tariffs for food products are extremely high in Egypt. For foodstuffs failing under HS 16 to HS 24, an average MFN tariff of 160 percent is applied by Egypt. However, under the COMESA FTA on goods, Mauritius enjoys duty free access to the country, which provides a significant tariff preference for the island country. MFN tariffs in Angola, Kenya, Morocco, and South Africa all range between 26. 8 percent and 29 percent. In Angola and Morocco, Mauritius does not enjoy any preferential access, and the country's exports are thus subject to average MFN tariffs of 29 percent and 26.8 percent, respectively. In Kenya, all foodstuffs (HS16-HS24) have duty free access under the COMESA FTA, thus giving Mauritius an average tariff advantage of 17 percent towards current non-preferential trading partners (see Figure 37). In South Africa, all food products, except HS 17 Sugars and sugar confectionary, have duty free access under the SADC trade protocol on goods. Sugars are the only food product subjected to average tariffs of over 49 percent.

## Figure 37 MFN Import Tariffs on Food Products in potential markets, 2019/2020




Source: IEC calculations based on ITC Macmap. Note: Tariff on foodstuff is an average of tariffs for HS16 to HS24 per country.

**To take advantage of the fast-growing intra-African market opportunities, African agriculture must undergo a structural transformation that entails shifting from subsistence-oriented production systems toward more market-oriented ones.** This structural transformation must also benefit the mos t vulnerable segments of the population – smallholder farmers, rural women, and youth—as it links farm er s to regional and global value chains (FAO, 2020). From the perspective of Mauritius, the strengths and ch allenges of the agri-business sector are presented in Table 12.

### Table 12 Food Value Chains in Mauritius: Strengths and Challenges

| Strengths | Challenges |
|---|---|
| 4. **Potential for vertical integration in the agro** processing industry.<br>5. **High value-addition can be created in the** food sector.<br>6. **Some experience acquired during past decade in** the food sector (e.g. processed agro-based food including sugar).<br>7. **Reputed international research institutes in the sugar** sector.<br>8. **Availability of skilled planters.** | 9. **Difficulty in fish supply and in sourcing** good quality of fish food.<br>10. **Shortage of skilled labour and high dependence** on technical/ managerial expatriates, particularly in the seafood sub-sector.<br>11. **Difficulty in retaining qualified and trained people.**<br>12. **Lack of technical skills (e.g., handling refrigeration** equipment in cold-rooms/storage, etc.).<br>13. **Rising costs of production (e.g., wages, utilities,** permits, rental).<br>14. **Difficulty in sourcing of raw materials for** agro-processing industries.<br>15. **Manufacturers of processed foods not able to** meet stringent regulations and food standards in terms of safety and quality to qualify for exports.<br>16. **Fierce competition from international players in the** processed food industry.<br>17. **Unfair competition with imported products which very** often do not meet quality standards.<br>18. **Lack of innovation to upgrade value addition.**<br>19. **Lack of recycling of seafood and food** waste. |

Source: Industrial Policy of Mauritius, 2020-2025

**Enhancing the competitiveness of the domestic food-processing sector will be crucial to tap into the AfCFTA's potential.** Overall, there is an excessive concentration of exports on unprocessed commodities, especially concerning its trade relations with rich and emerging markets (Europe, North America, Asia, etc.). Across Africa, some countries have been able to achieve a certain level of processing for grapes, sugar, and tomatoes, with the total value of processed over unprocessed and semi-processed products at 71%, 15%, and 11% respectively. However, the rest of the agricultural products have been mostly exported as primary goods (Baker, Bhowon, Le, & Dahiya, 2020).

#### 4.3.2 OPPORTUNITIES OF THE AfCFTA

Overall, the African continent is an enormous market for the food processing industry. South Africa, Kenya, Botswana, and Ghana are experiencing an increase in demand for "Made-in-Africa" food products, with much of this growth in demand forecast to be met by imports. Given its strategic location and proximity, Mauritius is in a great position to tap into this hidden potential.

Similar to the pharmaceutical and medical devices sector, the following represents some opportunities for Mauritius Food and Agro-Processing sector to explore in the context of AfCFTA. These should be read in conjunction with the recommendations put forward by the NES 2017-2021 Agro-Processing Sector, and the Industrial Policy and Strategic Plan for Mauritius 2020-2025.

Increase the sourcing of raw materials from the continent, by:

- Working with SPS accreditation bodies on the continent to enable the importation of raw materials for processing. Mauritius' production of raw materials might be insufficient to satisfy the needs of a more developed agro-processing industry. Therefore, ensuring that the industry is able to obtain the necessary raw materials to operate is crucial to ensure the competitiveness of the economy. With Mauritius currently only importing agricultural products from South Africa, Madagascar and Egypt, there are opportunities on the continent - to source raw materials from other major agricultural producers, such as Congo DR or Zimbabwe. However, in order to do so, it will be necessary to work with the national SPS accreditation bodies on the continent to ensure that they have the capacity to test the agricultural goods before these are sent to Mauritius for processing.

Increase the quantity and improve the quality of local production, by:

- Catalysing the development and use of productivity-enhancing technology and inputs, crop diversification, effective input distribution systems, and post-harvest waste and loss reduction.
- Raising awareness at the grassroot level to ensure the quick acceptance and adoption of new technologies.
- Make available management technologies/ Integrated Pest Management (IPM) package(s) for key pests and most diseases.

Increase the access to African markets, by:

- Streamlining and expanding distribution, especially considering the existing fragmented supply chains, leading to greater control of the distribution chain. This could be achieved through stronger partnerships with other companies to share the costs of distribution and warehousing across the value chain, relieving the burden on agro-dealers (Goedde, Ooko-Ombaka, & Pais, 2019).

## Box 9 NES Recommendations: Agro-Processing

1. **Develop the production of vegetables and fruits with suitable processing qualities** by undertaking a detailed agronomic assessment across the country to identify the potential of different varieties of fruits and vegetables, conduct trials to identify new varieties and characteristics of fruits and vegetables, amongst others.

2. **Enhance farming techniques and improve physical infrastructure** by expanding the existing system for the collection of vegetables by developing pilot farm initiatives, expanding and upgrading existing facilities, etc.

3. **Build farmers' capacities to produce quality raw materials.**

4. **Streamline the use of agrochemicals** by strengthening the existing sensitisation campaigns and training implemented, upgrading laboratories to deal with the control of chemical residues and by upgrading laboratories.

5. **Develop the capacity of the agro-processing sector** by fostering collaboration between private companies and universities and training institutions.

6. **Further develop research infrastructures in agro-processing** by elaborating a strategy to improve the human, technical and financial capacities of FAREI and developing a national programme for agricultural extension.

7. **Upgrade the National Quality Infrastructure and enable compliance with international standards** by drafting recommendations to MICCP (Industry Division) to consider a review of the status of MAURITAS, conducting a gap analysis, develop and strengthen schemes available to operators willing to obtain the HACCP certification.

8. **Promote investment in the agro-processing sector** through tax credits for R&D, duty-free imports, etc. and reviewing existing policies to support local investors. Conduct a feasibility study for the setting up of agricultural economic zones, and consider the setting up of SEZs in other African countries.

9. **Improve the structure and organisation of the local market** by conducting a feasibility study for the establishment of strategic clusters, support the establishment of the national wholesale market initiative, and encourage farmers and buyers to engage more extensively in contract farming.

10. **Enhance inter-institutional collaboration** by promoting a more systematic information sharing system between farmers and Trade and Investment Support Institutions (TISIs).

    Improve knowledge of international market access requirements by collecting and disseminating information on international quality requirements and procedures; and upgrading and improving the existing 'Trade Easy' online portal with the view to providing timely and relevant market information and international market requirements to exporters.

Source: ITC (2017)

## 4.4 ENHANCING THE EDUCATIONAL SERVICES SECTOR THROUGH THE USE OF NEW TECHNOLOGIES[13]

### 4.4.1 SECTORAL PERFORMANCE ANALYSIS

**The demand for higher education has expanded rapidly in Africa.** The continent faces the challenge of integrating large youth populations into labour markets - 11 million young Africans under the age of 25 are expected to join the labour market annually until 2030, and university-age students in Africa are predicted to increase from 200 million to 400 million by 2045.

**Digitally-enabled education services have gained further relevance due to COVID-19, which has created the biggest disruption of education systems in history.** As highlighted by the United Nations (UN) (2020), nation-wide school closures due to the pandemic came at a time when a very large number of schools had already been closed due to severe insecurity, strikes, or climatic hazards. E-learning solutions are being adopted by countries worldwide to minimise disruptions, but Africa has shown a slower pace of adoption over other regions (United Nations, 2020).

### Box 10 E-Learning Initiatives across Africa

**Africa's e-learning revolution is being experienced across all educational levels.** Eneza Education (Kenya), for example, targets primary students as a preparatory learning for the test to enter secondary school, and then for secondary students when they are there. As of 2020 they have reached over 10 million students. Obami, on the other hand, is a social and educational learning platform available on the web and via mobile, that started in South Africa and has reached over 1 million learners from 750 schools and organisations in Africa. Other examples include:

1. **Edaptio** (South Africa, teachers) enables mentors and teachers to understand the proficiency level of e ach student.

2. **MEST** (Ghana, Tertiary) is an Africa-wide ICT entrepreneur training programme.

3. **Moringa School** (Kenya, Tertiary) is a technical school specifically for computer coding.

4. **OkpaBac** (Togo, Secondary) provides educational resources in preparation for the Baccalaureate exams.

5. **Samaskull** (Senegal) provides access to Massive Open Online Courses (MOOCs).

6. **Sterio.me** (Nigeria, multi groups) delivered via SMS to give students access to material and lessons they listen to outside the classroom.

7. **Tutor.ng** (Nigeria, multi groups) enables learners to build basic academic skills such as reading, spelling, history, science, creative arts, as well as non-academic skills such as cooking or make-up tutorials.

8. **Ubongo** (Tanzania, Primary) interacts via a basic mobile phone with an educational cartoon broadcast daily on Tanzanian national TV.

Source:Authors' own

13 This section draws heavily from: International Economics Consulting Ltd. (2020). How communication services commitments in the AfCFTA can promote digitally-enabled education services across Africa. Draft Report, Submitted to the United Nations Economic Commission for Africa and the African Trade Policy Centre.

Expanding access to education across Africa has been one of the continent's top priorities over the years.

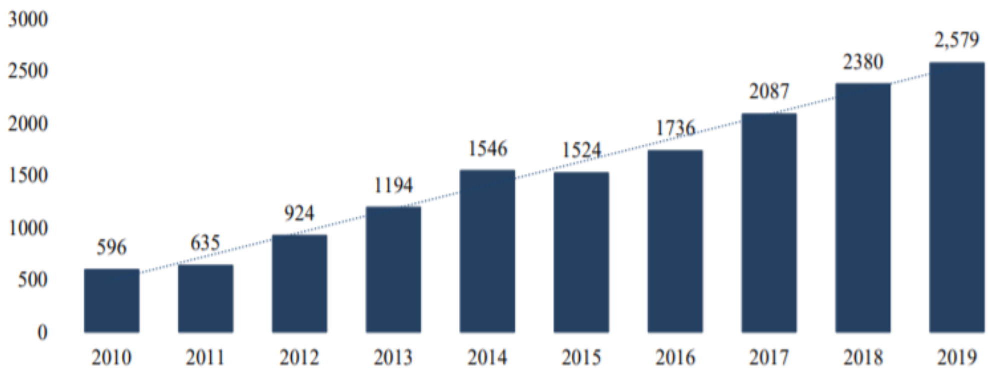
However, despite the progress and efforts made, African countries still face challenges in making education accessible to all. Specifically, Sub-Saharan Africa (SSA) accounts for 54% of the global out-of-school primary school population, and only 42% of children of pre-primary education age are enrolled.

**Improved technologies, better broadband and more stable internet will enable millions of users worldwide to access online education in the future.** To date, the expansion of 4G networks has allowed teachers to deliver online learning material, such as videos, and digital platforms. The generalisation of 5G networks will enable the generalisation of personalised online lessons to suit students' different learning styles. Also, the scope of resources can be expanded, with students able to access not only recorded sessions and reading materials, but also a wider community of students and professors available for interaction (WTO, 2019).

**Digitally-enabled education has gained traction in Mauritius, with over 26% of the tertiary student population pursuing their studies through this channel.** In 2019, nearly 13,000 students followed their studies online. 42% of those were enrolled directly with overseas universities, whilst 54% of them are enrolled in public universities. A minority of local students (4%) are pursuing e-learning in private universities.

**Whilst the number of international students in Mauritius has been increasing over the last decade ,Mauritian universities are not taking advantage of the digitally-enabled education to offer their courses.** In 2019, the number of international students reached 2,579, which represents a four-fold increase in comparison to the 2010 level – 596 students (see Figure 38). The majority of students were enrolled in private universities, with most students originating from India (32.9% of the total), Madagascar (12.4%), Nigeria (9.2%), South Africa (6%), Kenya (5.1%), Tanzania (5%), Zimbabwe (3.9%) and France (3.4%). However, only 1.5% of all international students (i.e.,38 students) are engaged through e-learning, 30 of which are at Master's level, and 8 of them at Undergraduate level (HEC, 2019).

**Figure 38 Number of Foreign Students Studying in Mauritius, 2010 - 2019**




Source: HEC (2019)

### 4.4.2 OPPORTUNITIES OF THE AfCFTA

Driving digitally-enabled education services requires four fundamental pillars for success: Access, Affordability, Ability and Appetite. The "4 As", as described by Bloom (2019), have to tackle four key problems faced by African citizens: (1) Lack of technical access to ICT; (2) High cost of access to ICT; (3) Weak digital skills; and (4) Lack of adequate content and awareness (see Section 5.1 on E-commerce for an overview of the status of digital access and connectivity in Mauritius)

Ensuring a minimum level of digital access will promote confidence and promote the adoption of autonomous or digital learning. In order to address the challenges related to access to ICT, a series of key policies enabling market growth have been identified and are shown in Table 13 (ITU, 2017).

**Table 13 Winning formulas for ICT adoption**

| Winning formula for mobile broadband | Winning formula for fixed broadband |
|---|---|
| 1. Competition in mobile broadband<br>2. Competition in international gateways<br>3. Mobile number portability enabled (implemented, available to consumers)<br>4. Band migration allowed<br>5. Infrastructure sharing for mobile operators permitted, including Mobile Virtual Network Operators<br>6. National broadband plan adopted | 1. Competition in DSL/cable supported<br>2. Fixed number portability enabled (implemented, available to consumers)<br>3. Infrastructure sharing/co-location and site sharing for fixed mandated<br>4. Converged licensing framework in place<br>5. National broadband plan adopted |

Source: ITU (2017)

Additionally, establishing a sound regulatory environment will be key to ensure that the private sector can thrive in the digital environment. Some major recommendations are detailed below:

Overall, African countries have been reticent to open up their education sectors to foreign competition. Education services have traditionally been subject to a high degree of regulation and restrictions aiming to (1) ensure the quality of services; (2) minimise brain drain; and (3) pursue equity. Restrictions on the delivery of education services through Mode 1 – i.e. eLearning – consist of restrictions on the electronic transmission of educational materials, restrictions on the types of courses or treatments that may be offered, quotas or economic needs tests in place that restrict the number of suppliers of education, restrictions on payments and transfers of funds abroad, and local accreditation and recognition requirements (Dihel & Goswami, 2016). In this context, it is imperative for Mauritius to commit to promoting the liberalisation of education services during the AfCFTA Phase 2 negotiations to remove critical barriers to trade and open opportunities to Mauritian education service providers.

In addition to more liberal educational services, open trade and investment practices in the telecommunication sector can become key building blocks for the development of quality infrastructure, which will enable citizens to access and consume digitally-enabled education services.

Last but not least, Mauritius should continue building on the skills of the population. Promoting information literacy programmes in these circumstances is key. In terms of spreading awareness, information on the advantages and flexibility of e-learning should be shared with students and educational institutions during education fairs and events. Universities and schools should be supported to develop and run modules on a blended mode, facilitated by the use of ICT along with offline learning.

## 4.5. OTHER PRIORITY SECTORS

### 4.5.1 TEXTILE AND CLOTHING

#### a. Sectoral performance analysis

**The global textiles market was valued at USD 594.1 billion in 2020, and it is expected to increase by 10% in 2021, reaching USD 654.7 billion.** Similarly, the worldwide apparel market was valued at USD 1.8 billion in 2020 and it is expected to rise to USD 2 billion in 2021 (Statista, 2020). However, the outbreak of COVID-19 acted as a massive restraint on the textile manufacturing and apparel sector due to the increase in external shocks in consumption and disruptions in supply chains. Additionally, sales of apparel and textiles have been compromised due to lockdowns and movement restrictions imposed by governments locally, and Africa has not been an exception.

Mauritius's textiles sector was established in the 1970s and was considered as the backbone of the national economy during the 1990s. Although the economy has since then diversified to other manufacturing sectors, textiles, whose exports account for over a third of the country's total exports, remain crucial to the economy.

The creation of the EPZ contributed massively to the economy that kick-started the massive employment, especially for women, in the island. However, the textile sector has experienced a significant contraction, mainly due to strong competition from mass manufacturing countries such as Bangladesh, India, Cambodia, and Vietnam (Industrial Policy, 2020).

The textile sector is responsible for seven out of ten top export categories, and concentrates over 50% of all manufacturing-related employment. This sector has been characterised by an increasing number of women workers, while the apparel and cotton subsectors feature a high share of female labour participation (ITC, 2020). However, the textile sector has been employing fewer people over the years leading to job losses of over 20,000 between 2007 and 2019. This could be mainly due to the increase of capital-intensive machinery and technology and an increase in automation. At present, the textile and apparel sector employ 40,000 individuals in 148 enterprises (Statistics Mauritius, 2020). Table 14 shows some of the companies involved in the sector.

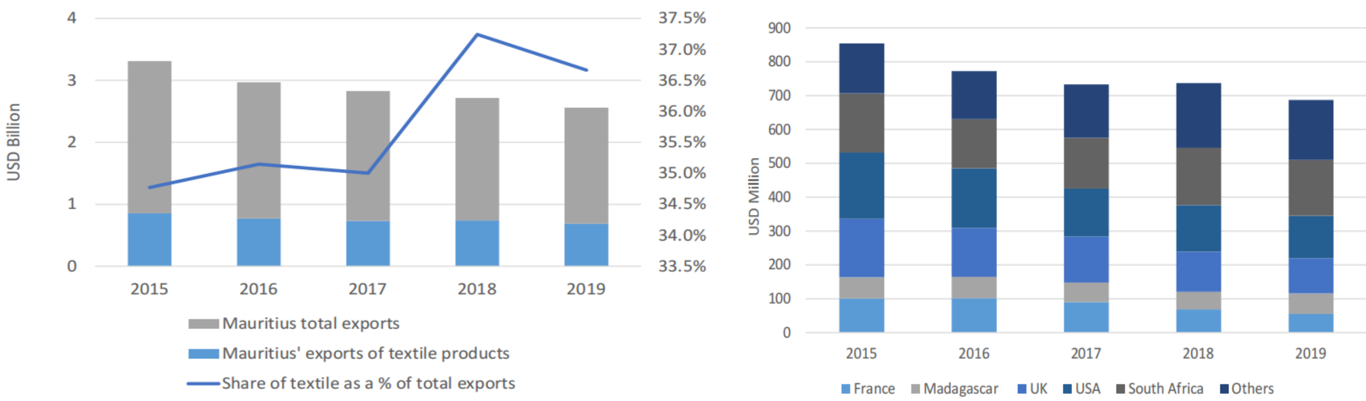
**Table 14 Textile firms in Mauritius**

| Category of Textile Products | Name of Textile Firms |
|---|---|
| Spinning | FM Denim Co Ltd, Ferney Spinning Mills and Tianli Spinning Mills (Mauritius) Ltd |
| Weaving, Knitting & Denim Fabrics | CIEL Textiles Ltd, World Knits Ltd, Star Knitwear Group Ltd, Denim de L'Ile Ltd, CDL Knits Ltd, Consolidated Fabrics Ltd and FM Denim Co Ltd |
| Garment Making | Aquarelle Clothing Ltd, Associated Textiles Services Ltd, Ivy Leathers Ltd, Floreal Knitwear Ltd, GNP Wear Ltd, Vector International Ltd, RT Knits Ltd, Tamak Textiles Ltd, Tara Knitwear Ltd, Tropic Knits Ltd, Wensum Ltd, Firemount Textiles Ltd, Flamesafe Maxisoft Ltd, Laguna Clothing (Mauritius) Ltd, Karinal International Ltee, Denim De L'Ile Limited, Fairy Textiles Ltd, Star Knitwear Group Ltd and Sheentex Ltd |
| Textile Accessories | A & W Wong Ltd and A World f Labels |

Source: Mauritius Export Association, 2020

**Although the textile and apparel sector has scaled back operations, the sector still represented a major and increasing share in exports, between 2015 and 2019 (see Figure 39).** Textiles accounted for 36.6% of Mauritius' total exports amounting to around USD 700 million in 2019. With overall exports from the country decreasing over the past 5 years, textile exports fell by over USD 150 million. However, the share of textile exports was high throughout. The top five export destinati ons for Mauritian textiles were South Africa (USD 164 million), the USA (USD 125 million), UK (USD 103 million), Madagascar (USD 60.5 million) and France (USD 55 million). Europe was the main export d estination with over USD 263 million exports, followed by Africa where exports amounted to aroun d USD 240 million in 2019. America and Asia hold a smaller share in terms of textile exports from M auritius. Mauritius has also managed to diversify its export production, entering into higher value-added goods. The country is no longer a manufacturer of basic textile products but has establishe d itself as a country with a much wider range of high-quality commodities, including designer ga rments.

## Figure 39 Mauritius' Exports of Textiles to the World (left); Mauritius top 5 export destinations for textiles (right), 2015-2019

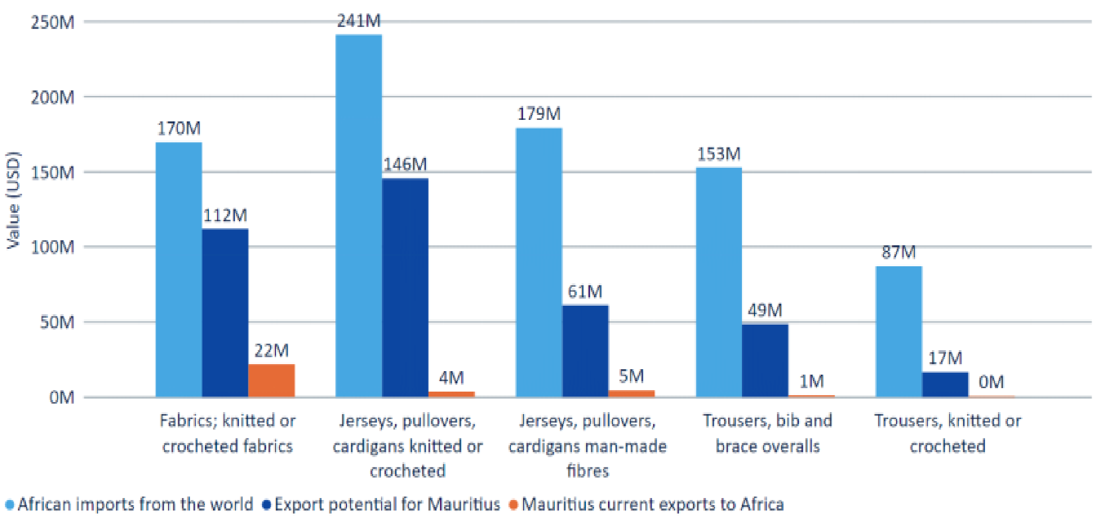



Source: IEC calculations on the basis of Trademap

Mauritius' main export potential markets for textiles are in Algeria with an untapped export potential of USD 195 million, Morocco with USD 232 million of potential and Sudan with a potential of USD 252 million.South Africa and Tanzania also hold export potentials of USD 311 million and USD 100 million, respectively(see Figure 41).

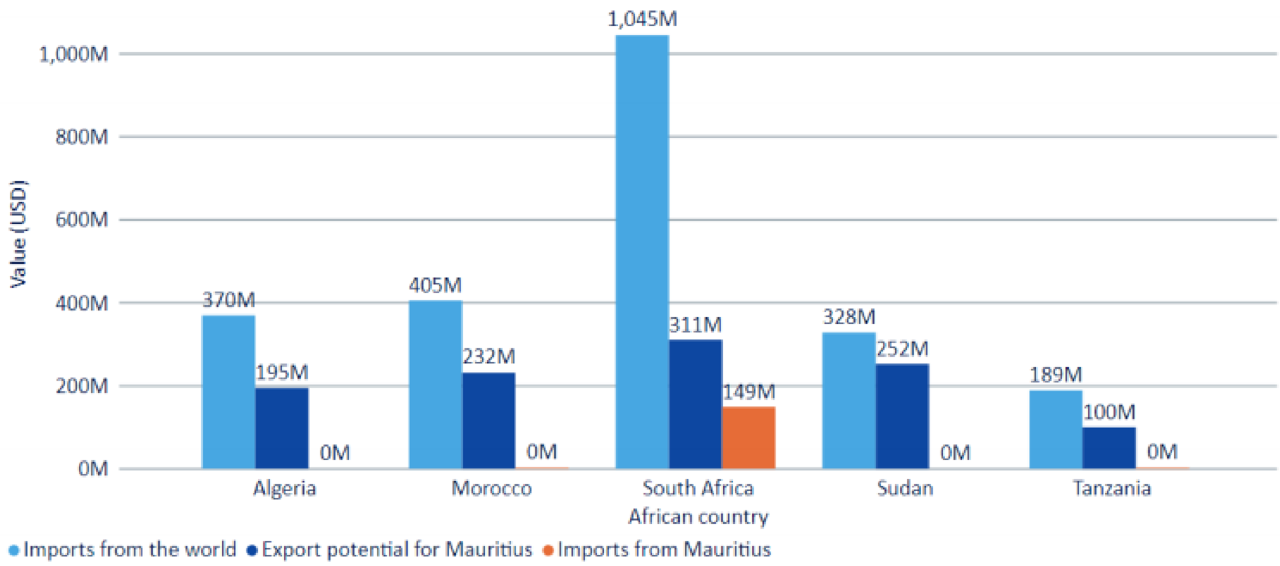
In terms of product potential, *"Jerseys, pullovers, cardigans, waistcoats, and similar articles, of cotton , knitted or crocheted (excluding wadded waistcoats)* (HS 611020) are the product with the biggest potential for Mauritius, accounting for USD 146 millions of export potential. These products also aggregates the highest import demand from the continent, with total imports accounting for USD 241 million in 2019, and a CAGR of 3% between 2015 and 2019. Other potential products of interest include HS 600622 - Dyed cotton fabrics,knitted or crocheted, with potential of USD 112 million, HS 611030 - Jerseys, pullovers, cardigans, waistcoats,USD 61 million; HS 610342 - Men's or boys' trousers, USD 49 million; and HS 610463 - Women's or girls' trousers,USD 17 million.

## Figure 40 Mauritius export potential into Africa: textiles, by product




Source: IEC calculations

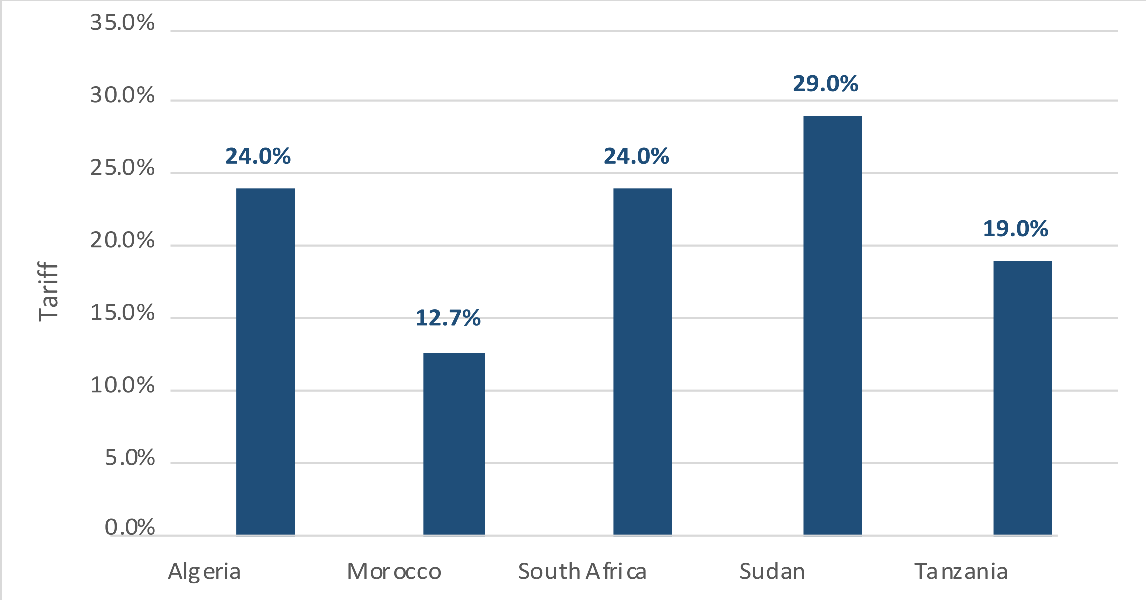
**Figure 41 Mauritius export potential into Africa: textiles, by country**




Source: IEC calculations

Import tariffs for textiles in these markets range between 12.7 % and 29%. Average MFN duties for articles of textiles and apparel are the highest in Sudan, at 29%, followed by South Africa and Algeria, at 24% each. Tanzania and Morocco impose a duty of 19% and 12.7% for textiles. Due to Mauritius's trade arrangement with SADC member states for goods, Mauritius' textiles have duty free access to South Africa and Tanzania. Mauritius also enjoys duty free access to Sudan under the COMESA FTA, giving the country's textiles an advantage of 29% on average in front of non-preferential trading partners. To enter the Algerian and Moroccan markets, Mauritius' exports do not benefit from any preferential duties, and are therefore, required to bear MFN duties for exports (see Figure 42).

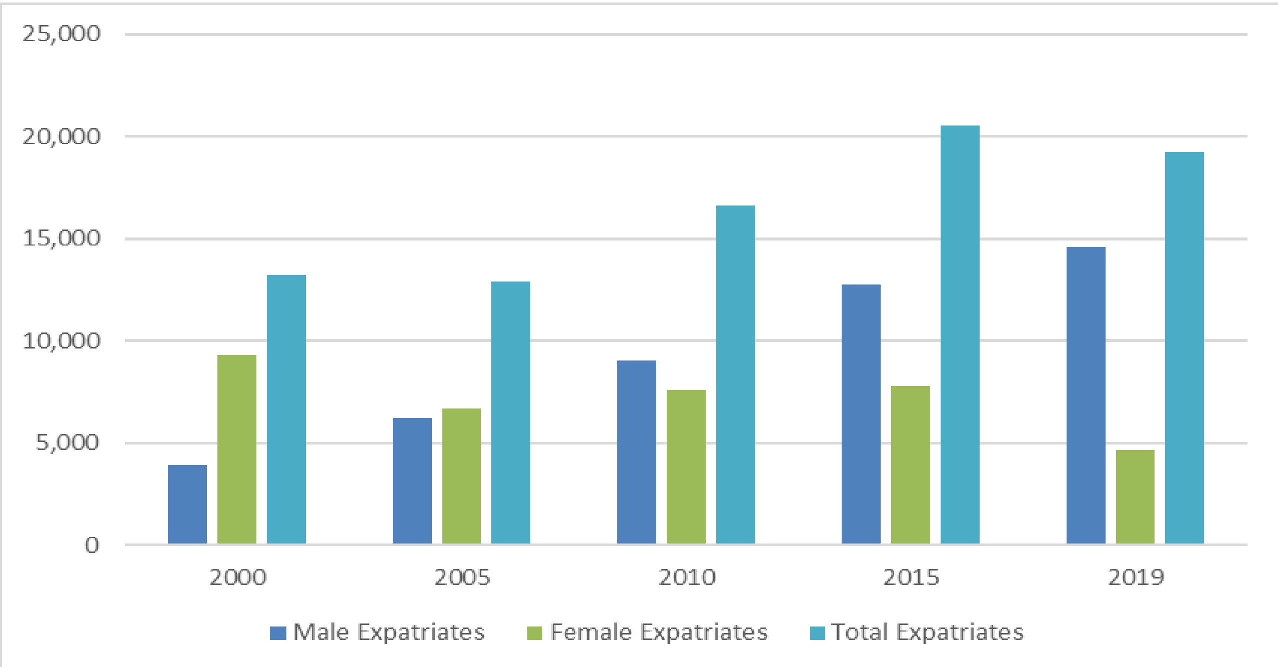
### Figure 42 MFN Import Tariffs on Textiles in potential markets, 2019/2020




Source: IEC calculations based on ITC Macmap. Note: Tariff for textiles is an average of tariffs for HS51 to HS63 per country.

**Mauritius has been dependent on foreign labour during the past decades since it suffers a shortage of domestic labour in this sector.** The country has resorted to the employment of foreign workers, mostly from Asian countries, such as Bangladesh, India and Nepal, to work in the local textile firms (see Figure 43). Although the imported labour is relatively cheap and nearly 40% more productive than local labour, the cost of importation (such as accommodation and flights) add-up to the overall costs of the firms, therefore, reducing their competitiveness (Fibre2Fashion, 2014).

### Figure 43 Expatriate Employment in Textile and Apparel Industry in Mauritius




Source: Statistics Mauritius

**Overall, rising transport costs, the introduction of new labour laws and a rising minimum wage affected competitiveness of Mauritian textile products - causing the local textile companies to increase the prices of their products.** Eventually, this will drive importing markets towards alternative and more competitive markets, such as China, Brazil, and other African countries where labour costs are very low and productivity is high.

**Mauritius has traditionally been engaged in a limited number of production lines such as shirts, T-shirts, pullovers, and trousers, and thus, lacks the product diversification capacity in the sector.** Although being earmarked as a textile hub in the Eastern and Southern African region, Mauritius may start losing on its competitive edge and eventually its trade partners if no specific framework is implemented to invest in the process of diversifying and in the mass production of the country's range of textile products.

**Moreover, a rapid change in consumer preferences has recently been noted whereby consumers are gradually shifting towards higher quality, eco-friendly products.** The EU is one of the biggest markets for sustainably produced commodities, whereby 96% of companies have adopted sustainable sourcing strategies and 76% of companies have adopted sustainable sourcing commitments. Netherlands and Germany are the leaders in this area, with 91% and 84% of national companies, respectively, being committed to corporate sustainable sourcing commitments (ITC, 2019). In this regard, Mauritius needs to engage in the production of sustainable apparel and other high value-added products. In turn, this will require massive investments in advanced technology as well as training of the human resources available locally. Mauritius might also have to resort to importing skilled workers from abroad for their technical know-how to operate in the newly adapted technological driven industry. This will impose an additional cost burden on the firms in the sector. Furthermore, the textile sector and apparel sector of Mauritius, which was already in the red, was severely affected by the negative impacts of Covid-19, which led to the closure of several firms, including the largest private sector firm, Esquel Mauritius (Emile, 2020).

**The country suffers another drawback of relying heavily on traditional markets such as the USA and countries in Europe, owing to already established preferential market access.** However, Mauritius must start working on long term strategies to target other regional areas as part of its diversification plan for the growth of the textile sector. Also, as a result of the lockdowns induced by the pandemic, African markets will be keen to source from the region, thus providing an opportunity for Mauritius to establish its markets (Industrial Policy, 2020).

**b. Opportunities of the AfCFTA**

Similar to the previous sectors, the following represents some opportunities for Mauritius' Textile and Clothing sector to explore in the context of AfCFTA. These should be read in conjunction with the recommendations put forward by the NES 2017-2021, and the Industrial Policy and Strategic Plan for Mauritius 2020-2025 (see Box 11).

<u>Increase the sourcing of raw materials from the continent,</u> by:

- Setting up of Yarn Bank on the continent, consisting of specific warehouses in the continent to deal with the purchase of the yarn. This will ensure (1) compliance with the AfCFTA's rules of origin for textile products; and (2) procure yarn directly from source, having a direct impact on the private sector's operators; and (3) promote the regional value chains that will help to seize the full benefits of the regional economic integration process

<u>Develop adequate human capital,</u> by:

- Building market-oriented educational institutions, providing the private sector operators with the required technical skills needed to operate the factories. This can be done through the promotion of TVET and related institutions and building relationships between the private sector and the academic sector.

- Increase the sectors' competitiveness, by:
- Integrating the key players in the Global Lighthouse Network (GLN) of advanced manufacturers, representing an acceleration in the adoption of key 4th Industrial Revolution technologies, and their emergence into daily manufacturing and supply-chain operations. The adoption of such technologies will lead to improved agility and customer centricity, supply-chain resilience, increased speed and productivity, and improved eco-efficiency (Betti, de Boer, & Giraud, 2021).
- Adopting sustainable production mechanisms in response to increasing demand for sustainable, organic, "fair trade" products over the past years.

### Box 11 Industrial Policy opportunities for the Textile & Clothing sector

1. **Enhancing skills development through the promotion of technical occupations and basic mechanical/ technical skills,** setting up a good communication strategy, the introduction of a Minimum wage for technicians to attract youngsters, increasing training programmed like the Dual Training Programme (DTP), setting up authorisation and certification frameworks for technical level occupations and incentivise firms to employ workers, on a cost-sharing basis by both government and private enterprises.
2. **Facilitate work permits by extension of the current 8-year working permit.**
3. **Facilitate the supply of raw materials by setting up of Yarn Banks.**
4. **Introduction of financial schemes** allowing enterprise more time in their repayment of loans/ to suppliers, establishing schemes for enterprises to invest in new machinery, creating an open financial model encouraging private companies to focus investment, and lowering of interest rates and banking fees for operators.
5. **Encouraging sustainable production** by introducing a mechanism for clean renewable energy, setting up carbon emission targets for industry compliance, establishing systems for recycling water in enterprises and encouraging the use of alternative raw materials and more environmentally friendly chemicals.
6. **Enhancing productivity at the port of Mauritius** to give a boost to the development of the sector.
7. **Focus on technology and innovation** by promoting the transfer of technology from countries leading in the sector.
8. **Improving market access** through the provision of incentives to encourage textile and clothing operators to sell locally, by introducing grants to set up e-commerce platforms, enlarge market access to EU, USA, Africa, and new emerging markets such as Australia and improve connectivity with existing/ new markets and address the high costs of freight. Also, the extension of the Trade Promotion and Marketing Scheme for two years up to June 2022 for exports to Japan, Australia, Canada & the Middle East.
9. **Increasing exports** by promoting the development of regional value chains for textile & clothing and recommending the Government to explore the provision of discounted export credit guarantees to support risky market search activities in Sub-Saharan African markets.

Source: UNCTAD (2020)

#### 4.5.2 ICT SECTOR

**a. Sectoral performance analysis**

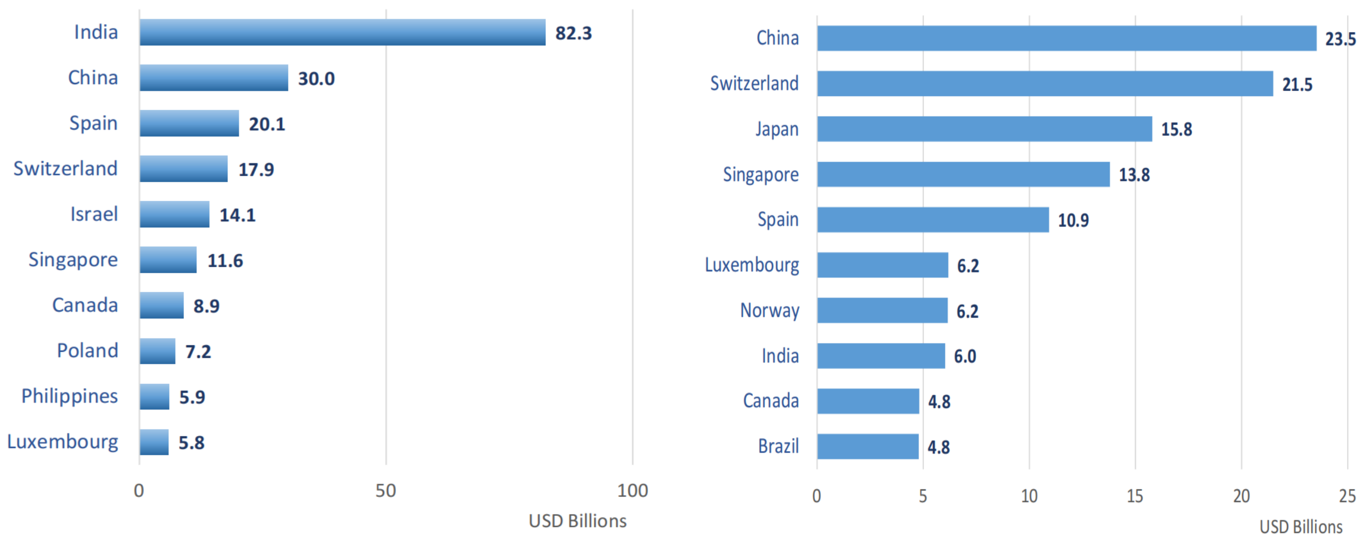
**ICT has inevitably become an important service sector in the world economy.** As of 2018, ICT services trade stood at over USD 250 billion, with India as the leading exporter of ICT services globally. This number is expected to increase in 2020 given the outbreak of the pandemic. ICT service exports also accounted for over 10% of all services exports globally in 2017 (IMF, 2018). The COVID-19 pandemic has contributed to a rise in trade in modern services, especially in the education, telecommunications and entertainment sectors. Online services have expanded in many markets, with people resorting to online retail, virtual education and online entertainment. The COVID-19 pandemic has triggered the ICT services industry with much of the world relying on digital workflows and automation making them requirements.

**However, barriers to trade in services hamper the ability of the private sector to trade, both through cross-border trade and through foreign affiliates.** Specifically, restrictions to telecommunication services have an ad valorem equivalent (AVE) of between 51% and 299%. Specifically, the average level of restrictions in the telecommunications sector amounts to trade costs of up to 150% on cross-border exports (Mode 1), and 73% on foreign affiliate sales (Mode 3) (Benz, 2017).

**From a sectoral perspective, restrictions to market access and national treatment exceptions represent the main barriers to cross-border trade in ICT services.** Consequently, only a liberalisation which facilitates market access and national treatment can contribute to a reduction of trade barriers. In contrast, domestic regulation is responsible for a major part of services trade costs for computer services, construction services and maritime transport (Rouzet, Benz, & Spinelli, 2017).

**Developing economies hold the largest share of global trade in ICT services.** India alone accounts for around 32% - USD 82.3 billion - of the world's export of ICT services, followed by China, with USD 30 billion in exports in 2018. Other top exporting nations include Israel, Singapore, and Philippines. In terms of imports, China, Switzerland, and Japan were the top importers of ICT services globally, with imports worth USD 23.5 billion, USD 21.5 billion and USD 15.8 billion respectively (see Figure 44).

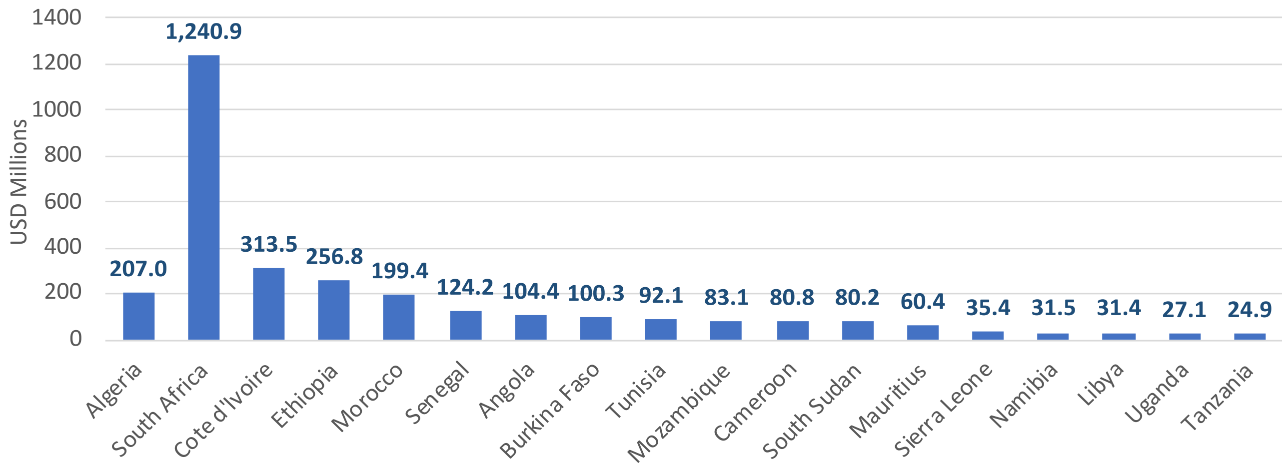
**Figure 44 Top importers and exporters of ICT services globally in 2018**




Source: UN Comtrade

**In Africa, imports of ICT services grew at a CAGR of 8.2% between 2010 and 2018, doubling the demand from USD 1.4 billion in 2010 to USD 2.9 billion in 2018.** South Africa, being the biggest ICT hub in Africa, was the top importer of ICT services in the continent in 2018, accounting for USD 1.2 billion, or 41% of total African imports in the area. Côte d'Ivoire (USD 313.5 million), Ethiopia (USD256.8 million), Morocco (USD 199.4 million) and Senegal (USD 124.2 million) are the next largest importers of ICT services on the continent (see Figure 45).

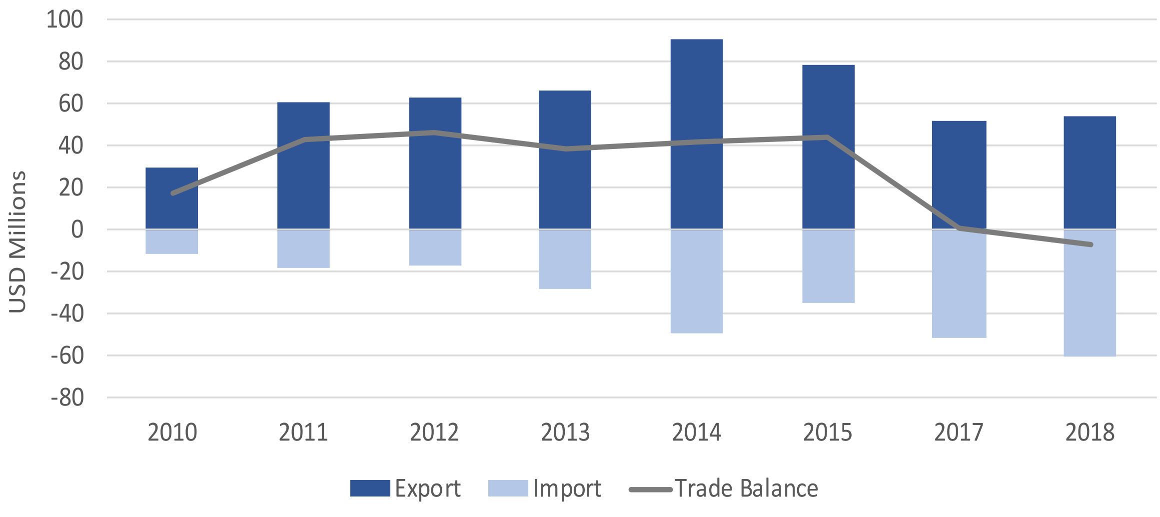
**Figure 45 Main importers of ICT services in Africa, 2018**




Source: IEC calculations on the basis of UN Comtrade.

In Mauritius, ICT holds a significant share of the country's overall service exports. The ICT industry is a pillar of the Mauritian economy, with the sector contributing around 6% of the country's GDP (2019) and employing around 27,000 people. Mauritius was a net exporter of ICT services with a consistently positive trade balance between 2010 and 2017. However, the country turned into a trade deficit in 2018, with exports decreasing from USD 91.4 million in 2014 to USD 53.8 million in 2018. Additionally, imports have been growing at a CAGR of 20% between 2010 and 2018, increasing from USD 11.7 million to USD 60.4 million in 2018 (see Figure 46).

**Figure 46 ICT services trade in Mauritius, 2010-2018**




Source: IEC calculations on the basis of UN Comtrade. Note: Data for 2016 is unavailable

**Mauritius' exports are concentrated in fewer than 10 firms, demonstrating a limited integration in the overall export value chain.** Current exports focus on custom development and Oracle solutions-based work, ignoring public procurement in the continent. Additionally, any contracts have emerged mainly through ad hoc, opportunistic efforts rather than through the implementation of a long-term strategy.

**b. Opportunities of the AfCFTA**

Similar to the previous sectors, the following represents some opportunities for Mauritius' ICT sector to explore in the context of AfCFTA. These should be read in conjunction with the recommendations put forward by the NES 2017-2021 Software Sector (see Box 12).

Improve the availability of trade information. As highlighted by ITC (2017), the comparative advantage of the software development sector lies in Mauritius' stable business and investment environment, strategic location in the Indian ocean area, strategic involvement in trading blocs such as SADC and COMESA, reliable telecommunications infrastructure, bilingual population, and proximity to a robustly growing market in Africa etc. However, local firms are not aware of existing tenders of their interest, thereby missing on a significant potential. Thus, the improvement of available information is key for the sector to grow. Notices on tenders and similar contract opportunities can be identified and put forward by trade attaches in the embassies, consuls, and/or sectoral champions in the relevant markets.

Boost ties with African Governments through procurement ties, ensuring that Mauritian-based firms can access procurement contracts in the continent. As highlighted by ITC (2017), this could be done by sending a Mauritian delegation of software firms to key target markets to promote the sector.

Improve the marketability of the products and the SMEs' marketing skills, by launching an export coaching programme to make SMEs export market ready.

### Box 12 NES Opportunities for the Software sector

1. **Improve institutional collaboration and trust levels** by providing wide-ranging support to Mauritian Cooperative Enterprise over a multi-year period, professional advice to Mauritius IT Industry Association on expanding/refining operations.
2. **Spur business incubation and entrepreneurship in the sector** by extending the scope of the One-Stop-Shop (MYBiz) to the sector.
3. **Spur Investment promotion in the sector** by advocating for a clause for involving local industry (30% of total cost) in large government procurement initiatives won by international firms and facilitate match-making events.
4. **Conduct a comprehensive skills gap analysis for the sector** between the national infrastructure (supply of human capital) and demand for software development skills by companies, and enhance conversion programmes.
5. **Improve human capital and talent retention** in the sector by implementing industry internships and end of year projects in collaboration with the industry, providing support to the newly established ICT academy and launching intensive retraining courses for lecturers to get re-acquainted/upgrade their skills based on updates in the sector.
6. **Rationalise policy and regulations to spur sector**, aligning it with international best practices.
7. **To cover the institutional support gap for early-stage and start-up companies**, export incubators to be developed and aimed at companies seeking to export.
8. **Implement a scheme to provide financial assistance to local companies** for the development of IP that will reside in Mauritius and with the potential to be marketed in target markets.
9. **Institutionalise a feedback loop between industry, academia and the public sector.**
10. **Develop the domestic market as a driver of competitiveness** by launching a broad procurement programme.
11. **Review the Public Procurement Act (PPA) to ensure that Mauritian firms are provided with adequate opportunities for bidding/winning/collaborating on public procurement.**
12. **Developing strong enterprise-level business development capabilities by conducting annual road-shows** by Mauritian delegation of software firms to select target markets to promote the software development sector, and to facilitate deal-making, providing specialised training to officers in consulates and existing Mauritian overseas trade representations related to the software development sector, and to facilitate deal-making.
13. **Initiate a branding/marketing campaign** for the sector and integrate marketing efforts with broader existing efforts for Mauritius.

Source: UNCTAD (2020)

#### 4.5.3 Jewellery

#### a. Sectoral performance analysis

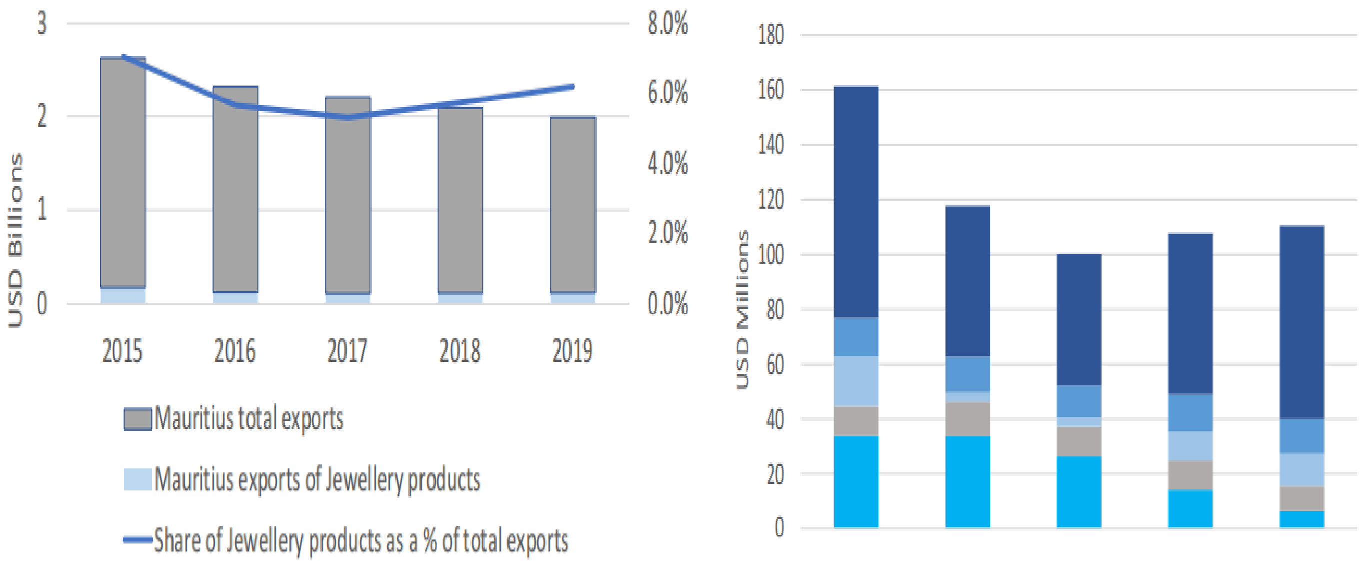
**The global jewellery market was estimated at USD 230 billion, of which the global luxury jewellery market was estimated at USD 25 billion in 2019.** China, the USA, Japan, and India are the leading market players with the highest share of market revenue. It is estimated that the value of the jewellery market will double, increasing from about USD 230 billion in 2019 to about USD 480.5 billion by 2025 (Statista, 2020). However, the Covid-19 pandemic has demonstrated the fragility of global supply chains, disrupting the jewellery industry due to the shortage of mining activities. A number of small-scale mining activities were reduced or halted due to lockdowns and trade routes were blocked. The vulnerability of people working at the low value end of these supply chains also led to a shortage in supply of the labour essential for jewellery manufacturing (Human Rights Watch, 2020).

**Africa is renowned for its resources in precious gemstones and metals, with the world's leading jewellery makers and retailers sourcing diamonds, gold, and other minerals from the continent.** Given this, Africa has slowly established itself as a jewellery maker and is not merely a source for raw materials (CNN style, 2020).

**In Mauritius, the jewellery sector has been gaining momentum over the last few decades; becoming the 3rd largest manufacturing and 6th largest exporting sector in the economy.** There are currently 595 registered jewellers and 18 export-oriented enterprises, creating a total employment of over 4,000. The country has earned itself a name for the quality and craftmanship of several commodities including cut and polished diamond, electroform products and high-end fashion jewellery with Swarovski crystals.

**In recent years, the country has established itself as an exporter of precious stones and jewellery.** Mauritius' export of jewellery has seen a downturn in the past 5 years along with the country's total exports. Exports of jewellery fell from USD 179 million in 2015 to USD 116 million in 2019. The country faces stiff competition from the emerging markets of China and India which have taken over Mauritius' main export markets, like the USA, in terms of supplying jewellery. Being luxury goods where the demand for the goods correlates with the per capita income of the importing countries, Mauritius' jewellery exports are mainly bound to developed countries, with the exception of Vietnam. While Mauritius has traditionally been exporting its jewellery to Belgium, Switzerland, the USA and France, the country has recently been expanding its market reach to China, India and Thailand (see Figure 47).

**Figure 47 Mauritius exports of jewellery products, 2015-2019 (left); Mauritius top 5 export destinations for jewellery**

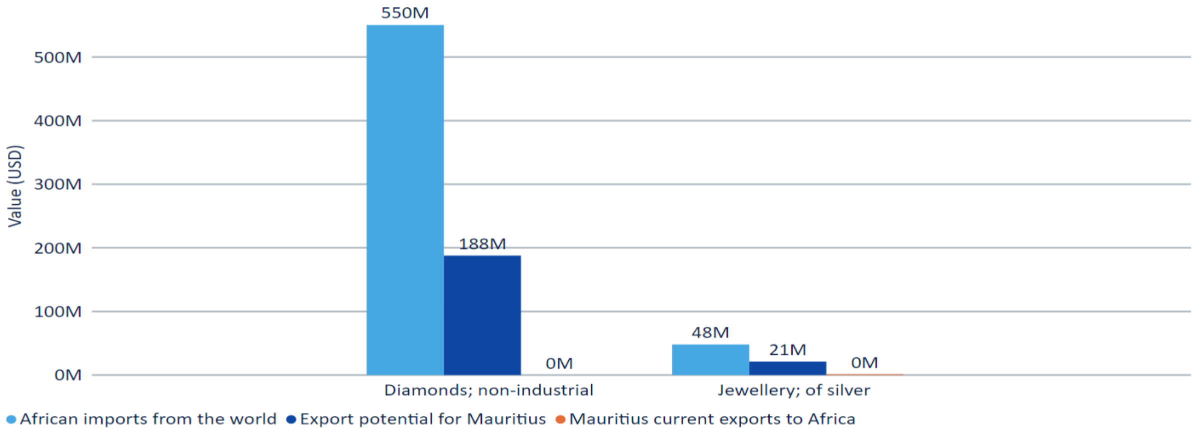



Source: IEC calculations on the basis of ITC Trademap. Note: only products under chapter HS 71 are considered under "Jewellery"

Vietnam has gained significance over the years as Mauritius' main export market with over 60% of all Mauritian jewellery being exported to Vietnam in 2019. The country exports to Vietnam mainly as raw materials or unfinished goods which are then manufactured or finished for consumer markets there. As such value addition in Mauritius is minimal.

**In terms of export potential to Africa, *"Diamonds, worked"* (HS 710239) ranks first with USD 188 million untapped potential export.** This product also aggregates the highest import demand from the continent, with total imports accounting for USD 550 million in 2019, and a CAGR of 18.5% between 2015 and 2019. The other product of interest is *"Articles of jewellery and parts thereof, of silver, whether or not plated or clad with other precious metal (excluding articles > 100 years old)"* (HS 711311), with an export potential of USD 21 million (see Figure 48).

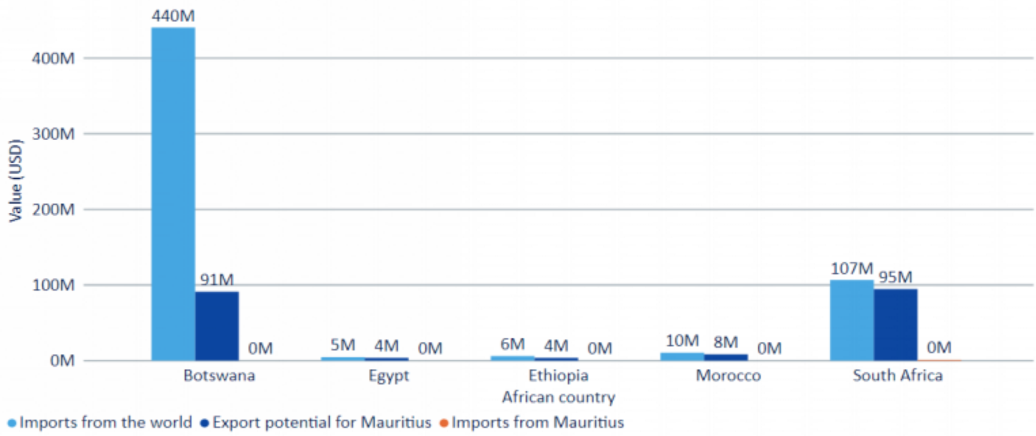
## Figure 48 Mauritius export potential into Africa: Jewellery, by product




Source: IEC calculations

**Botswana, South Africa, Egypt, Ethiopia, and Morocco show the highest potential for Mauritius' jewellery exports.** South Africa holds an untapped export potential of USD 95 million, followed by Botswana where export potential is USD 91 million. It should be noted that imports by Botswana are for stones extracted from South Africa and transformed, and therefore, presents limited value to Mauritius. Morocco holds an export potential of USD 8 million, and Egypt and Ethiopia have an untapped potential of USD 4 million each for Mauritian jewellery (see Figure 49). As such, Africa presents no real opportunity for diversifying exports of jewellery into new markets.

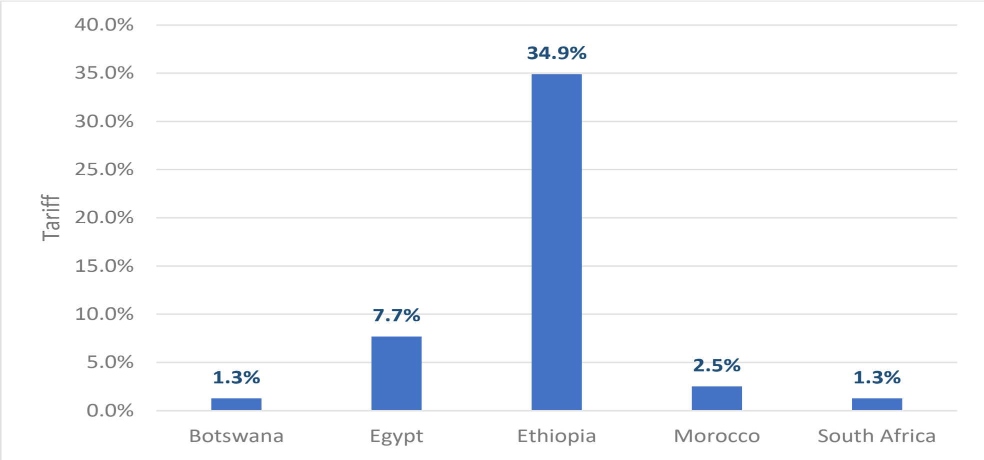
## Figure 49 Mauritius export potential into Africa: Jewellery, by country




Source: IEC calculations

**The levels of tariff barriers to market access differ in these markets.** MFN tariffs on precious stones and jewellery are the highest in Ethiopia, with an average tariff of 34.9%, followed by Egypt, at 7.7%, and Morocco 2.5%. South Africa and Botswana apply the same MFN rates of 1.3% on jewellery products. However, Mauritius, being a part of the SADC trade protocol, benefits from duty-and quota-free market access to the Botswanan and South African markets. In Egypt and Ethiopia, Mauritius enjoys preferential tariffs from the FTA for COMESA member countries. In Egypt, Mauritius faces no duty, resulting in a full tariff advantage of 7.7%. In the Ethiopian market, Mauritius benefits partially with reduced tariffs of 31%, representing a 3.9% advantage. On the other hand, Mauritius has no trade arrangement with Morocco, and thus faces an MFN duty of 2.5 percent in the market (see Figure 50).

**Figure 50 MFN Import Tariffs on Jewellery in potential markets, 2020**




Source: IEC calculations based on ITC Macmap.
Note: Tariff for jewellery is aggregated at HS71 per country.

**The jewellery sector in Mauritius has been slowly establishing itself.** However, the country currently faces a number of challenges which need attention in order to keep with the fast pace of the world market. Shortage of skilled labour and limited access to modern technology remain the two main impediments. While the global jewellery sector is gradually shifting from the traditional labour-intensive to the capital-intensive state by adopting an innovative and technology-driven approach, Mauritius lags far behind due to its labour-intensive manufacturing and shortage of skilled labour in the local market. Top producers in this sector have acquired advanced technological tools and equipment, e.g., Metal 3D printing. However, many local firms in Mauritius are unaware of the 3D prototyping and printing (Republic of Mauritius & ITC, 2017).

**There are several trade-related issues impacting the competitiveness of jewellery exporting firms.** They include complex customs procedures, limited availability of insurance to cover high-value jewellery products and high freight costs. Moreover, operators in the field of jewellery find it complicated to comply with the Rules of Origin requirements and other technical requirements.

**Mauritius' jewellery sector looks to be progressing owing to the preferential access to international markets and being a part of GVCs.** In order to achieve that goal, the sector needs to enhance capacity to compete with players from emerging markets, especially to explore the Western markets. Mauritius needs to brand itself with effective marketing strategies to increase its scope to tap into potential markets.

**b. Opportunities of the AfCFTA**

Similar to the previous sectors, the following represents some opportunities for Mauritius jewellery sector to explore in the context of AfCFTA. These should be read in conjunction with the recommendations put forward by the NES 2017-2021 Jewellery Sector and the Industrial Policy and Strategic Plan for Mauritius 2020-2025 (see Box 13 NES Opportunities for the Jewellery sector Box 13).

<u>Improve the marketability of the products and the SMEs' marketing skills,</u> by launching an export coaching programme to make SMEs export market ready. This should be paired with a better understanding of market requirements and information.

<u>Upgrade the productivity of the sector,</u> by improving the quality of the training provided in-house and the School of Jewellery. Additionally, coordinate with the education providers to foster the internships and vocational training available.

<u>Boost efforts to attract Foreign Direct Investment,</u> by improving institutional communication with prospective foreign direct investors.

**Box 13 NES Opportunities for the Jewellery sector**

1. **Upgrade public vocational training in Jewellery** by conducting an independent assessment and upgrading of the School of Jewellery.

2. **Enhance quality and quantity of training at enterprise-level by leveraging on apprenticeship scheme** to foster technical training and improve technical and vocational, improving and adapting technical and vocational training to new market needs and technologies; and developing an incentive framework as well as in-house training programmes.

3. **Streamline policy to facilitate access to skilled labour** by classifying jewellery as a scarcity area (short & medium-term) to trigger special support measures by public authorities, working with Government to fast-track the issuance of foreign labour permits in particular in the jewellery sector.

4. **Improve communication and coordination within the sector** by organising biannual meetings with jewellery stakeholders and encourage the Jewellery Advisory Council to continue its primary role of advising the Minister in promotion of the jewellery sector, including issues affecting the sector investment, skills development and innovation.

5. **Promote investment for jewellery and support industries** by reviewing and revamping the incentive framework provided by the Government for domestic and export-oriented- enterprises and conducting targeted investment promotion campaigns.

6. **Explore the opportunity of establishing a common facility for jewellery technologies at the Rose-Belle Technology Park,** to include a R&D centre and high- tech production facilities for SMEs and start-ups and establish a central marketplace for gold and jewellery.

7. Improve access to finance by introducing Gold /Silver Leasing system at competitive conditions, setting up a "Mauritius International Derivatives & Commodities Exchange "(MINDEX) for the trading of gold and bullions and by introducing a 60 /40 TDS matching grant scheme for technology upgrading and innovation for enterprises in the manufacturing sectors.

8. **Improve product design by strengthening and expand capacity building in design and product development for** jewellery enterprises and provide training and capacity building to encourage integrating the local culture and identity in product design.

9. **Introduce a freight rebate scheme for exporters of jewellery** and draft and pass the required legislation.

10. **Scale-up export promotion programmes in strategic target markets** through increased participation in international trade fairs develop new export promotion programmes targeting new and emerging markets.

11. **Leverage branding for better product positioning** by supporting the creation or application of a quality mark for jewellery products.

12. **Harmonise national product standards and certifications** with those of strategic target markets.

13. **Support product diversification by conducting R&D**, test and trials for products from the sea to diversify products range and promote sourcing other precious stones from Africa to diversify product offerings for local operators.

14. **Establish a trade and market information portal for jewellery products.**

Source: ITC (2017)

# 5 CROSS-CUTTING ISSUES

## 5.1 E-COMMERCE & DIGITALISATION OF TRADE

The emergence of the internet has changed the face of communication, trade, managing information, payments, and data. The internet has become a bridge between enterprises and the world, allowing them to sell their products and services to customers on a global scale. The internet has also opened up entirely new sectors in the economy by creating new commodities, services, and business models.

There is no unified definition of E-commerce. According to the OECD, E-commerce is: "[The] sale or purchase of goods or services, conducted over computer networks [...] The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online." (OECD , 2011)

**The benefits of E-commerce range from increasing external trade to evolving domestic markets.** The rise of shopping and selling through E-commerce has changed the dynamics of domestic markets, especially allowing MSMEs to increase their consumer base, increase revenue streams, and maximises brand awareness, amongst others. Globally, the number of online shoppers that made cross-border purchases went up from 17% to 23% between 2016 and 2018, reaching 1.45 billion (UNCTAD, 2020). Within Africa, E-commerce-related revenue is expected to almost double its size in five years, increasing from USD 15.1 billion in 2019 to USD 37.3 billion in 2024 (see Figure 51).

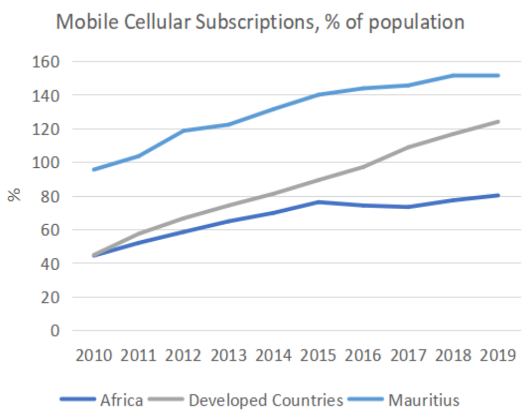
**Figure 51 E-commerce revenue in Africa, 2017-2024**

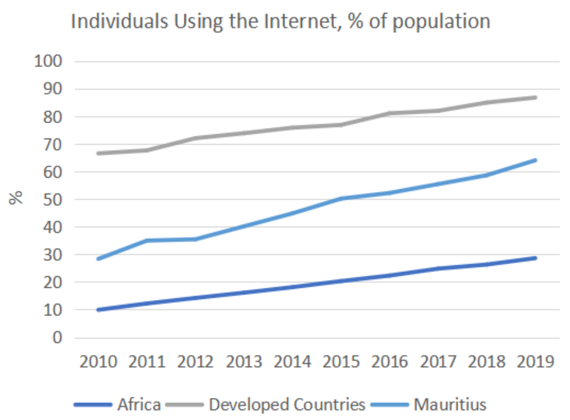

Source: Statista (2020); Statista Digital Market Outlook, July 2020;
Note: * are forecasts

**Between 2017 and 2020, around 400 new E-commerce firms registered in Africa.** E-commerce has been included in the AfCFTA negotiations through a decision of the AU with the objective of using the protocol to foster the emergence of African E-commerce platforms. The protocols on trade in goods and services cover the areas to facilitate E-commerce facilitation and can help promote a robust E-commerce enabling environment across the continent. The upcoming protocol on E-Commerce can be expected to integrate more fundamental issues relevant to data localisation, cross-border data flows, consumer protection, information protection, customs duties related to E-commerce, most-favoured-nation treatment, amongst others.

**Accessible, affordable, and reliable internet connection is the basis for E-commerce.** The availability of ICT connections such as mobile phone subscriptions, internet connections, broadband subscriptions and secure internet servers are crucial factors in enabling E-commerce's growth. In 2018, Mauritius had 1.9 million mobile cellular connections, equivalent to over 150% of the country's population. Mauritius' mobile cellular subscription penetration exceeds the average of developed countries as well as Africa. However, that does not mean that everyone has access to the internet, as only 68% of the population has access to it, mainly through the phone (DataReportal, 2020). While this is well above Africa and the World's average internet penetration rates - 28% and 50%, respectively, it is below the average of developed economies, leaving a significant share of the population without access to the internet (see Figure 52).

### Figure 52 Mobile Cellular Subscriptions and Fixed Broadband Subscriptions, 2010-2018

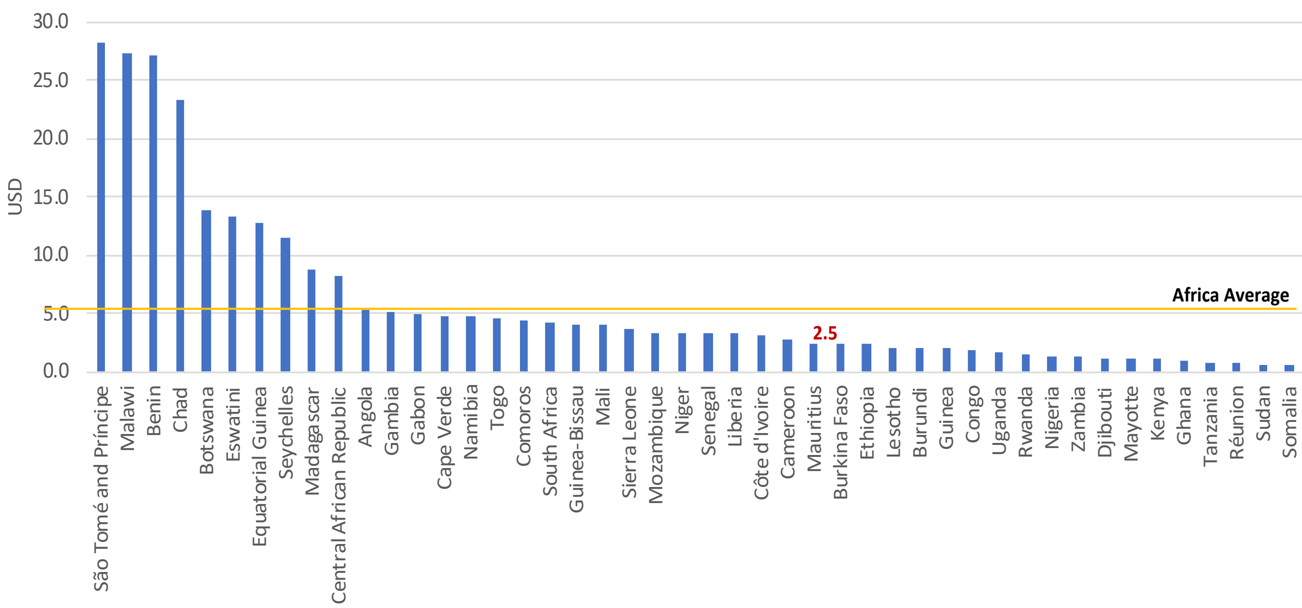



Source: ITU, 2020

**The affordability and speed of internet connections is key to the country's high internet access rate.** Mauritius enjoys higher internet penetration rates than other African countries due, primarily, to the relative affordability of the service. According to Cable UK, Mauritius ranks 98th out of 228 countries and regions and 20th in Africa in terms of mobile data pricing. One gigabyte of mobile data in Mauritius costs USD 2.5, which is lower than the African average of USD 5.3 (see Figure 53). However, fixed-line broadband is expensive in Mauritius, which, with an average cost of USD 50 per month, ranks 110th out of 211 countries.

### Figure 53 Average price of 1GB mobile data

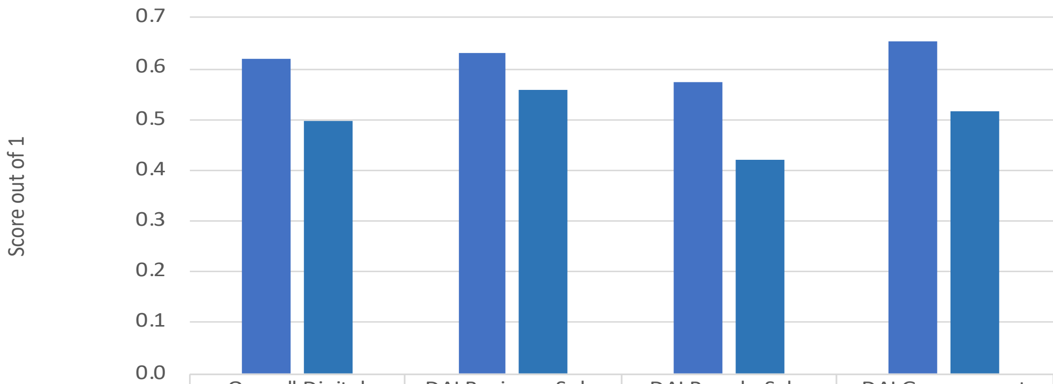



Source: Cable UK (2020)

In addition to low mobile data prices, Mauritius also has a higher speed of internet both in terms of mobile data and fixed-line broadband. The average speed of mobile internet connections is 25 Mbps and 18.5 Mbps for fixed broadband connections (Data Reportal, 2020).

**Mauritius's strength in the digital ecosystem is recognised in multiple international rankings.** UNCTAD's B2C E-Commerce Index 2019 places Mauritius 58th out of 152 economies and 1st in Africa, indicating an E-commerce ready environment of Mauritius (UNCTAD, 2019). The World Bank's Digital Adoption Index 2016 scored Mauritius higher than the African average in the overall index with a score of 0.6 out of 1 as against Africa's 0.5. Mauritius scored similar to Africa in the business sub index and higher in the government and people sub-index, indicating stronger digital adoption amongst citizens and the government (World Bank, 2016).

### Figure 54 Digital Adoption Index, Mauritius Vs Africa, 2016




| | Overall Digital Adoption Index | DAI Business Sub-index | DAI People Sub-index | DAI Government Sub-index |
|---|---|---|---|---|
| Mauritius | 0.6 | 0.6 | 0.6 | 0.7 |
| Africa Average | 0.5 | 0.6 | 0.4 | 0.5 |

Source: World Bank (2016)

**The country's digitalisation has been a priority for the government in recent years.** The Three-Year Strategic Plan 2017/18 - 2019/20 includes ICT as a priority sector and aims to increase its contribution to the economy by employing up to 50,000 people by 2030. The plan targets to increase broadband penetration, promote innovation through schemes, increase data sharing of the public sector and create open data portals (Government of Mauritius, 2017). Additional plans include:

- Digital Mauritius 2030, a digital transformation plan, was released in line with the government's Vision 2030 of transforming the country into a high income and inclusive economy. The plan sets out blueprint emphasising on digital government, ICT Infrastructure, innovation, ICT related talent management and cybersecurity (MTCI, 2019).
- The Digital Transformation Strategy 2018-2022 sets the course for accelerated public sector digitisation efforts by making recommendations leading to better policies along with simple and seamless services. This strategy aims at digital solutions for better e-government services that encourage openness, transparency, data privacy and public engagement and participation of Mauritians among others (MTCI, 2018).
- The National Broadband Policy 2012-2020 aims to create an enabling environment for the Digital 2030 plan by defining the broadband ecosystem for Mauritius. The goals of the policy include creating a conducive environment to attract new investments and players in the broadband ecosystem, establishing and promoting the national broadband infrastructure and consolidating the regulatory and legislative frameworks for seamless broadband connectivity (MTCI, 2012).

**Mauritius' legal system covers the basic laws and regulations that have an application on E-commerce, which puts the country's ability to promote the safe use of the internet across the population in a strong position.** The national E-commerce legal framework plays an important role in enabling and facilitating E-commerce transactions within the country and across its borders. Mauritius' Electronic Transactions Act (2000), Computer Misuse and Cybercrime Act (2003) and Data Protection Act (2017) are the core pieces of legislations governing the E-Commerce sector. These pieces of legislation help in creating the sense of certainty that is needed for the shift from traditional business transactions to a virtual environment (UNCTAD, 2020).

### Box 14 Core E-commerce Legislation

UNCTAD considers four different cyber laws needed for E-commerce to develop harmoniously:

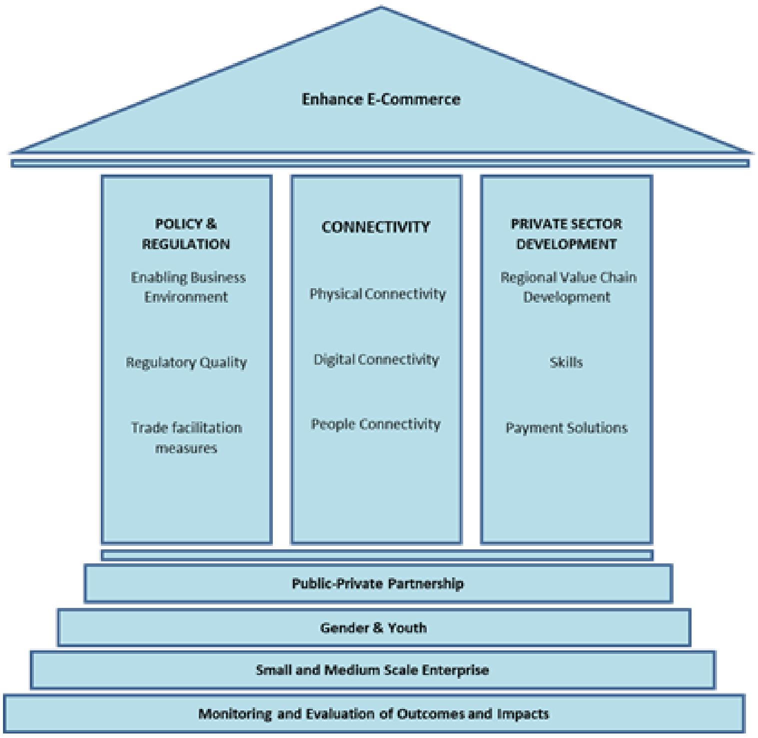
- **E-transactions: E-transaction laws that recognise the legal** equivalence between paper-based and electronic forms of exchange is considered a prerequisite for conducting commercial transactions online. Such laws have been adopted by 158 countries (8%), of which 68 are developing, or transition economies and 30 are Least Developing Countries.
- **Data Protection and Privacy: Data protection and** privacy laws regulate the collection, use, and sharing of personal information to third parties without notice or consent of such individual (Data Subjects). 132 out of 194 countries (68%) had put in place legislation to secure the protection of data and privacy.
- **Cybercrime: This area of law aims to** address all forms of illegal acts, violations, and infringements committed online or through the internet. 154 countries (79%) have enacted cybercrime legislation, with the highest adoption rate in Europe (93%) and the lowest in Asia and the Pacific (55%).
- **Online Consumer Protection: This area of law** protects and safeguards the economic interests of online consumers and empower them with free and informed choice, while also bestowing rights should any problems arise. Out of 134 countries for which data are available, 110 have adopted legislation on consumer protection related to e-commerce. It was not possible to obtain data in 55 countries, suggesting that online consumer protection is not being fully addressed.

Source: UNCTAD Global Cyberlaw Tracker (2021)

According to ITU's Global Cyber Security Index (GCI) 2018, Mauritius ranks first in the African region with a GCI score of 0.8 out of 1 (ITU, 2019). Mauritius' high score was attributed to initiatives such as the National Cybersecurity Strategy, the National Cybercrime Strategy, and the National Cyber Incident Response Plan (CERT, 2020). Along with these, the country has also set up a National Disaster Cybersecurity and Cybercrime Committee including the public and private sectors for the monitoring, control, and decisions during cyber crises.

**However, most of the E-commerce related legislation appears to be outdated, while still missing one key area of consumer protection.** Two out of the three existing cyberlaws have been enacted since 2000s, and might not necessarily reflect the evolving nature of E-commerce-based needs, risks and opportunities. Additionally, the country lacks consumer protection legislation, leaving an important window to cover. The enactment of essential, up-to date legislation will enable e-commerce activities, eliminating risk, creating trust and certainty to support businesses entering the virtual marketplaces.

**Figure 55 E-commerce ecosystem**




Source: International Economics Consulting Ltd

In this current context, it might come at a good time for Mauritius to undertake a National E-commerce Strategy to determine the country's way forward with regard to E-commerce and how to benefit from digital trade. A possible approach to enhance the domestic E-Commerce ecosystem is presented in Figure 55.

The "Policy and Regulation" pillar covers the essential elements – policies, legislation, and regulations – necessary for E-commerce to start taking its initiation steps. Such elements form the critical pillar of the E-commerce environment, as these directly contribute to building trust and confidence in the digital environment.[14]

"Connectivity" covers robust ICT connectivity, connecting markets through trade facilitation and transport,and payment gateways.

"Private Sector Development" covers access to the necessary conditions for businesses to adopt the required digital tools to bring any E-commerce business online. This includes access to financing, skills development (business incubators and accelerators, etc.), and greater integration of trade in their business operations (regional value chains). Additionally, a series of cross-cutting elements are identified, such as Public-Private Partnerships, Gender and Youth, SMEs, and Monitoring and Evaluation (M&E). In responding to a number of gender-distinct barriers, e-commerce holds tangible opportunities for women entrepreneurs, in particular.To this end, it will be important to address poor digital literacy and a lack of digital skills as one of the main drivers of the gender digital divide, and as a particular constraint to women's participation in e-commerce in Mauritius.

## 5.2 INFRASTRUCTURE DEVELOPMENT / TRANSPORT CORRIDOR

**Logistics and transport infrastructure play a key role in enabling the development of regional value chains and greater regional integration** in support of trade diversification, economic growth, and sustainable development (Kituyi, 2019). In recent years, several countries, including Comoros, Madagascar, Mauritius,Mozambique , Seychelles, and South Africa, have developed policy, regulatory and institutional frameworks to support the development of blue economic sectors (Bolaky, 2020). Although the reality of African countries is diverse, challenges in the path of harnessing the potential of the blue economy tend to converge across the region. These span, among others, the quality of transport infrastructure (e.g., ports), bottlenecks affecting port performance (capacity limitati-

[14] In this context, please see: Tandrayen-Ragoobur, V., Mooneram-Chadee V. & Seetanah, B. (2020). Mauritius National Research Study on Electronic Commerce. Project funded by the Trade and Investment Advocacy Fund 2+.

-ons, congestion, inadequate or poorly maintained infrastructure), the quality of port-hinterland connections, shortcomings in the setting, tracking and compiling sustainability Key Performance Indicators (KPIs), as well as in the generation/use of related actionable data, to significant investments requirements that are crucial for infrastructure expansion and maintenance.

### Box 15 Africa's Transport Development Strategies

Several regional, sub-regional and national initiatives have emerged in recent years with a view to promote the development of transport and utilities infrastructure and enhanced transport connectivity in Africa, and in the maritime sector in particular. Examples of regional strategies include:

- The African Union Integrated Maritime Strategy (AIMS) 2050, adopted in 2014.
- The African Union Agenda 2063 (adopted in 2015) which underscored the strategic importance of the Blue Economy "as a catalyst of socio-economic transformation through knowledge on marine and aquatic biotechnology, the growth of an Africa-wide shipping industry, the development of sea, river and lake transport and fishing; and exploitation and beneficiation of deep sea mineral and other resources", creating opportunities for coastal states and adjacent landlocked communities and countries.
- The African Charter on Maritime Security and Safety and Development in Africa (or the Lomé Charter), adopted (in 2016) by the African Union Assembly.
- The Africa Blue Economy Strategy (adopted in February 2020):

The objective of the Africa Blue Economy Strategy is to guide the development of an inclusive and sustainable blue economy that becomes a significant contributor to continental transformation and growth, through advancing knowledge on marine and aquatic biotechnology, environmental sustainability, the growth of an Africa-wide shipping industry, the development of sea, river and lake transport, the management of fishing activities on these aquatic spaces, and the exploitation and beneficiation of deep sea minerals and other resources.

The Africa Blue Economy Strategy has consolidated the following five detailed thematic technical reports that are annexed to the Strategy:

- Fisheries, aquaculture, conservation and sustainable aquatic ecosystems
- Shipping/transportation, trade, ports, maritime security, safety and enforcement
- Coastal and maritime tourism, climate change, resilience, environment, infrastructure
- Sustainable energy and mineral resources and innovative industries
- Policies, institutional and governance, employment, job creation and poverty eradication, innovative financing

Source: Africa Blue Economy Strategy of 2020

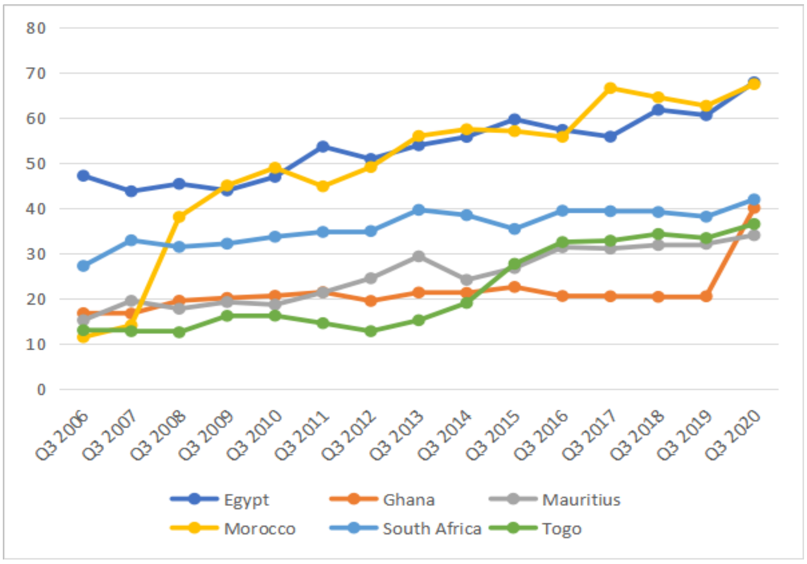
**Transport is considered a critical component for Mauritius to maximise economic diversification and its trade potential under the AfCFTA.** Transport and trade facilitation go hand-in-hand, as facilitating trade and transport procedures and documentation ensures more efficiency and reduces red tape that can hinder trade and its performance.

**The focus on maritime transport is important in the case of Mauritius.** Being sea-locked, the country depends heavily on maritime transport for its international trade and connection to rest of the world. Shipping and ports, therefore, are of the essence for the trade's diversification and integration into the regional and global trading systems.

**Mauritius enjoys a strategic geographical position which helped the country emerge as an important transshipment centre.** As the island is located on the Asia-Africa/South America route and the Europe-Australia route, Port Louis has become a hub ("local" hubs which tranship/relay to surrounding ports) in the Indian Ocean. Mauritius has managed to become a host to attractive transshipment centres by concentrating on cargo. This has made it economically viable for larger container ships to call at ports in these countries and for the country to invest in necessary dredging and container handling equipment. Apart from maritime freight, the sector is also a critical input sector that shapes the productivity of strategic ocean-based sectors such as tourism and fisheries.

**Considering that maritime transport moves over 80% of global trade volumes, a country's connection to shipping networks has important implications for trade competitiveness and trading costs.** On the other hand, ports have faced heightened pressure to optimise efficiency, operations and meet sustainability expectations to increase their attractiveness as ports of call. In this context, Mauritius is among the top six best connected countries in Africa, as recorded in UNCTAD's Liner Shipping Connectivity Index (LSCI) (see Figure 56). The LSCI shows that Mauritius' performance, has been less dynamic than the other African countries. Specifically, in 2014 Togo significantly increased its connectivity and in 2019, Ghana did the same, surpassing Mauritius in the LSCI ranking for 2020. This is in part linked to investments in port expansion as well as growing maritime connections with China.

**Figure 56 Liner shipping connectivity index, quarterly, 2006-2020, top 6 best connected countries in Africa**




Source: UNCTADStat

In 2020, the countries with which Mauritius recorded the highest bilateral LSCI were in Asia and Africa, including Singapore, Sri Lanka, China, Republic of Korea, Ghana, and Togo (see Table 15).

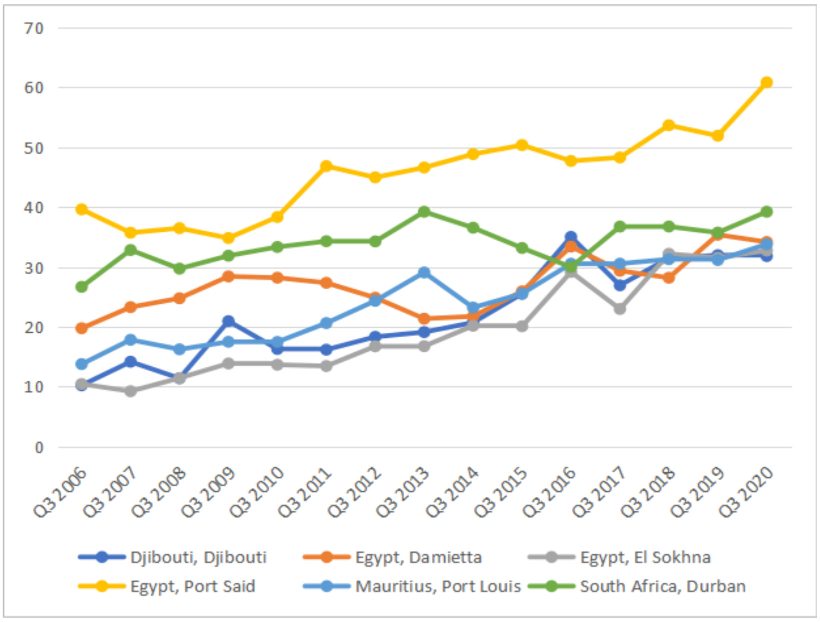
Table 15 Liner shipping bilateral connectivity index (Mauritius, 2020), annual

| | | | |
|---|---|---|---|
| 20. **Singapore** | 0.361 | 21. **United Arab Emirates** | 0.289 |
| 22. **Sri Lanka** | 0.356 | 23. **India** | 0.284 |
| 24. **South Africa** | 0.355 | 25. **France** | 0.284 |
| 26. **China** | 0.350 | 27. **Belgium** | 0.283 |
| 28. **Korea, Republic of** | 0.340 | 29. **Malaysia** | 0.283 |
| 30. **Ghana** | 0.333 | 31. **Oman** | 0.283 |
| 32. **Togo** | 0.329 | 33. **Italy** | 0.282 |
| 34. **Réunion** | 0.295 | 35. **Spain** | 0.280 |

Source: UNCTADStat

**The port of Port Louis is among the top 6 best connected in the COMESA and SADC regions.** However, its port connectivity performance appears to be less dynamic than its regional counterparts since 2015 (see Figure 57). This indicator reflects to a large extent countries' participation in containerised trade networks and countries' participation in global manufacturing networks and supply chains, showcasing Mauritius' weaknesses on this area. It also reflects the limited potential of Port Louis to attract contested cargo such as transshipment flows, although efforts to address this are underway through the Port Louis Harbour. These volumes are highly volatile and the ability to gain and maintain market share in the transshipment business requires requisite port investment and strategic policy choices that support such activities.

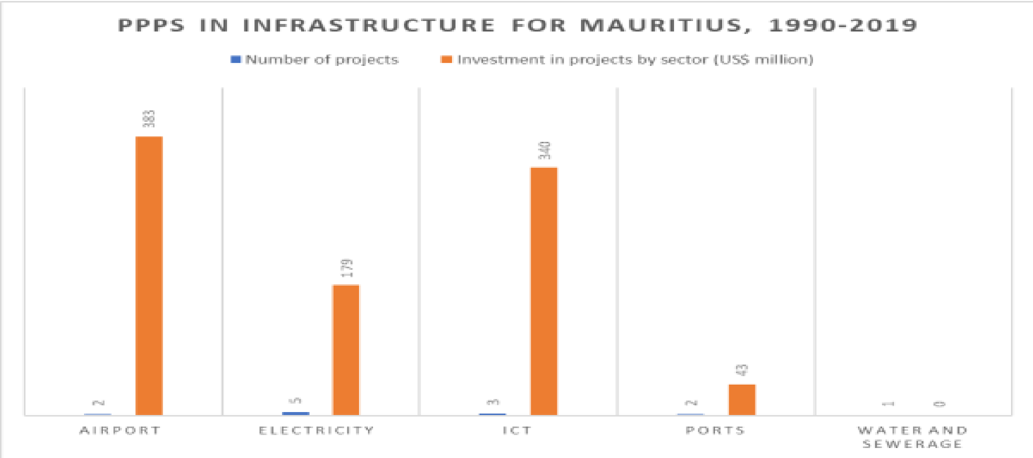
**Figure 57 Port liner shipping connectivity index, third quarter, 2006-2020, top 6 ports in the COMESA and SADC subregions**




Source: UNCTADStat

**Financing the country's infrastructure development will require the involvement of Private-Public-Partnerships (PPPs) and sustainable finance.** Mauritius has long-established PPP legal and regulatory frameworks in place, including the Public-Private Partnership Act 2004, the Public Procurement Act 2006 (the Public Procurement Act), and the most recent BOT Act 2016, which aims to simplify requirements of the PPP and Public Procurement Acts. Despite this, only few projects have been able to concretise so far in the current PPP framework. From 1990-2019, total investment in PPPs was about USD 944 million with a total of 13 projects (see Figure 58). Airport was the sector with largest investment share (World Bank, n.d.). With the new law in place, the Government aims to further harness private investment through PPPs to realise the country's infrastructure development objectives including transport (Hossenkhan & Mungur, 2016).

**Figure 58 PPPs in Infrastructure for Mauritius between 1990-2019.**




Source: World Bank, PPI database.

Innovative financial solutions will also be required to support further development of sustainable transport and maritime sectors. Both green and blue bonds offer opportunities for private sector capital to be mobilised to support the green initiatives and the blue economy including maritime transport and shipping. Mauritius is embarking along the path of sustainable finance and aims to develop green and blue bond frameworks as per its Budget 2020-21. In addition, Mauritius has signed in 2019 the Marrakech Pledge, a coalition of African capital market regulators and exchanges committed to acting collectively in favour of green finance.[15]

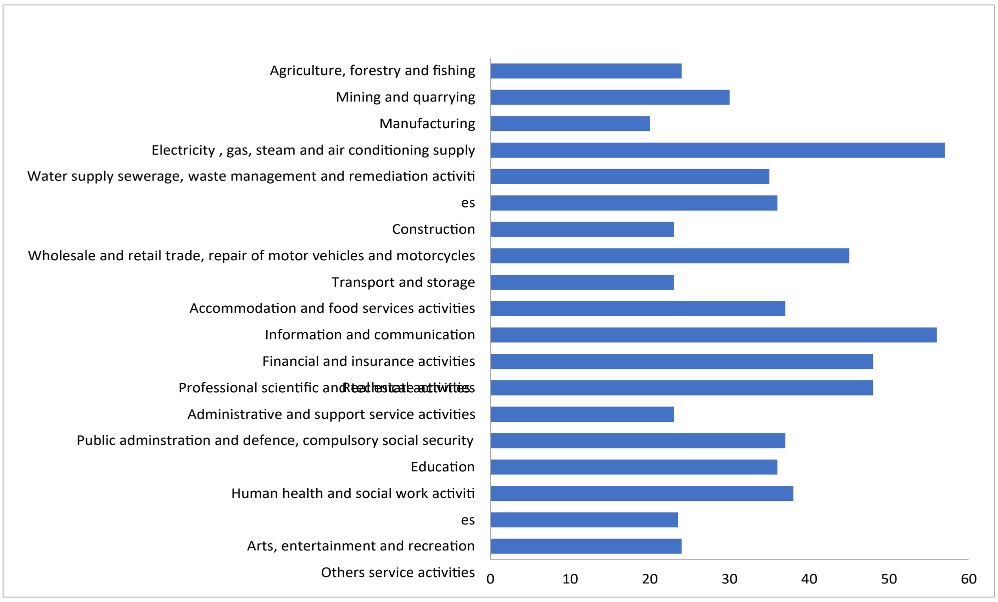
## 5.3 INCLUSIVENESS (GENDER, YOUTH AND OTHER VULNERABLE GROUPS)

**AfCFTA market liberalization will open up important trade and economic opportunities; however, it will have a differential impact on women and men in Mauritius.** Women make up a large share of the agricultural labour force in Mauritius, but mainly as subsistence and smallholder farmers. While playing a key role in food production, female farmers confront various challenges that limit their productivity in the agricultural sector. These include, amongst others, limited access to finance, inputs, extension services and markets. Exploiting intra-African market opportunities through a shift from subsistence-oriented production systems provides significant empowerment opportunities, including for female small-scale producers and exporters to competitively participate in high-value regional agricultural value chains. It will be necessary as part of this shift to address persistent gender stereotypes that keep women in low paid and less skilled work in certain nodes of the agricultural value chain. To advance knowledge sharing and access to new export markets under the AfCFTA, strong linkages should be created between large commercial agro-manufacturing firms and smaller women-owned firms. In addition, linkages should be created with firms along value chains, to help women move to higher value-added activities, both as suppliers and through sourcing inputs. The AfCFTA offers the opportunity to address gender disparities in agricultural productivity. To this end, it will be necessary to identify agricultural trade capacity building needs, technical knowledge and other measures that help close the gender productivity gap in the agricultural sector.

In the context of the AfCFTA, significant opportunities exist for promoting wage employment for women in traditional manufacturing sectors that offer enhanced value addition and export-generating opportunities, including in the textiles, apparel, and cotton subsectors as well as in non-traditional export sectors that emerge as high growth drivers, including in the jewellery sector. Other labour-intensive creative industries, such as the film and food sectors, also offer potential for employment generation and broad-based socio-economic development, even if wages remain low in the manufacturing sector in general. Opportunities for trade in services expansion under the AfCFTA will offer greater opportunities for higher earnings.

[15]See Marrakech Pledge – available from: http://marrakechpledge.com/

## Figure 59 Average monthly earnings by sector, in Rs per month (March 2020)




Source: Statistics Mauritius Survey of employment and earnings in large enterprises, March 2020

Priority sectors that hold promising opportunities for the development of regional value chains should be selected; This should include advancing opportunities for sourcing, production and distribution from women-led businesses. Embracing a sustainable and truly inclusive manufacturing sector requires developing human capital. Further consideration should therefore be given to the form of education, specialised skills, vocational and on-the-job training that will be required to widen the choice for female workers in a broader range of industrial sectors and occupations. This support will in turn promote the integration of women in higher and technical-skilled manufacturing sectors, and enable women to access higher-skilled jobs and upgrade into higher-productivity activities in manufacturing.

The services sector employs the majority of female labour in Mauritius. In 2018, nearly 61 percent of women in employment were engaged as service and sales workers, clerical support workers or in elementary occupations. The largest occupation group for both women and men was “service and sales workers” with 50,800 women and 62,000 men employed (Statistics Mauritius, 2020). Liberalization of trade in services creates opportunities, including for micro and small-scale entrepreneurs to enter global value chains and e-commerce but also carries potential risks for the domestic services sector. Micro and small-scale services firms, often owned by women, tend to have lower productivity levels and might be a particular risk of displacement by larger firms. How this impacts women will depend on whether the sectors they are engaged in (as wage workers or entrepreneurs) either expand or contract (Lipowiecka & Kiriti-Nganga, 2016). As Mauritius embarks on negotiations to open up trade in services in the five priority sectors, gender-inclusive consultations will be required to inform the design of targeted policy frameworks and complementary measures for liberalization to deliver on equal empowerment opportunities for women and men. Similarly, it will be necessary to examine gender-distinct barriers that limit the ability of women-owned businesses to leverage the benefits of export trade, in general, and specifically in the context of the AfCFTA. The National Women Entrepreneur Council (NWEC), a parastatal body operating under the aegis of the Ministry of Gender Equality and Family Welfare can play a pivotal role in advocating the interests of women entrepreneurs in the negotiations.

## 5.4 ENVIRONMENT, CLIMATE AND ANY RISK ASSOCIATED WITH THE AfCFTA

**The AfCFTA, whilst it aims at improving intra-continental trade and economic activity, is bound to impact the natural resource while also compounding the negative environmental outcomes that have plagued Africa for a while now.** Moreover, the depletion of natural resources will add to the marginal costs associated with manufacturing (Quartey, 2021). Whilst trade can promote income growth among trading countries, the costs of trade creation can have a direct impact on the environmental, which, in many cases, and especially in Africa, goes unaccounted for.

**Africa's export basket to the world mainly constitutes unprocessed primary commodities and minerals, whereas intra-African exports are consumer goods or manufactured commodities.** The reduction of tariffs under the AfCFTA will mean an increase in intra-Africa trade, increasing the production of manufacturing goods for exports. As of 2016, Africa had a share of less than 5% in global carbon emissions. However, this situation is likely to worsen. The promotion of economic growth and development through trade and increased industrialisation may lead to a rise in carbon (CO2) emissions, especially if efforts to change the energy inputs to renewables are lagging. Additionally, an increase in cross border trade might also mean an increase in the movement of goods and people by land, air, road and sea transportation which means higher fossil fuel consumption and increased carbon emissions. Thus, it is essential to balance the economic and environmental aspects of the FTA given the incoming industrialisation and structural changes as a result of the agreement (Omoju, 2021).

**Protecting the environment is a priority of Mauritius.** Mauritius' environment is protected by the Environment Protection Act of 2002, which addresses environment protection as well as management. The Act emphasises on enforcing the administrative framework associated with environmental impact assessments. Under the Act, a National Environment Fund along with an Appeal Tribunal for the environment was established. In January 2020, a series of measures were announced by the Ministry of Environment, under the Government Programme 2020-2024, which focuses on "investing in clean energy, shifting to a cleaner and greener Mauritius, mitigating risks from climate change and protecting marine resources" (GoM, 2020). Other measures announced include the finalisation of a Climate Change Bill, plans on accelerating adoption of renewable energy to 35% by 2025 and 40% by 2030, implementing a waste management programme and introducing eco-friendly measures in improving infrastructure for protection against natural calamities.

**Mauritius is also a party to the Project on Implementing Sustainable Low and Non-Chemical Development in SIDS, which aims to enhance the management of chemicals and waste by increasing the capacity of national and regional institutions as well as enabling the policy and regulatory environment.** The country also benefits from UNEP's Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region which addresses "...the accelerating degradation of the world's oceans and coastal areas through the sustainable management and use of the marine and coastal environment" (Ministry of Environment, 2020).

**In this context, Africa has developed a common position on climate change which advocates for inclusion of agriculture and forestry in the climate change regime.** The AU Comprehensive Africa Agriculture Development Programme (CAADP) focuses on the promotion of sustainable agriculture and land-use practices, biodiversity conservation, maintenance of environmental services, successful adaptation to climate change, and improvements in rural livelihoods, and also the delivery of cost-effective and verifiable reductions in greenhouse gas emissions.

**Linked to the above, the AfCFTA holds strong linkages with the Sustainable Development Goals, specifically Goal 17, which advocates strengthening the global partnership for sustainable development along with encouraging regional cooperation and development across nations.** It also emphasises SDG 9 which calls for building resilient infrastructure, promoting sustainable industrialisation and fostering innovation. These also correspond with AU Agenda for 2063 (Omoju, 2021).

**While the AfCFTA seeks to promote investment in infrastructure, it can also change the dynamics in terms of human capital, funding and innovation for a greener transition (Adeniran & Onyekwena, 2020).** Thus, expected changes in resource allocation for production and trade may have a positive influence on the continent's ability to meet its climate change targets. Moreover, African firms and manufacturers need to shift to sustainable and greener alternatives through the use of the right equipment and technology. Firms are also needed to upgrade to equipment that is resilient to Africa's erratic climatic changes. According to J.D. Quartey, "[the] lack of recognition of environmental adjustment costs by the current AfCFTA agreement constitutes a major missing link for the successful implementation of the agreement since it will derail all the potential gains".

Overall, the AfCFTA needs to focus efforts on implementing the transition of global energy systems away from non-renewables such as fossil fuels keeping in mind energy availability and sustainability. Promoting clean energy, spreading awareness, disincentivising the use of environmentally hazardous materials should be one of the priorities of the trade bloc.

# 6 STRATEGIC FRAMEWORK

## 6.1 VISION AND STRATEGIC OBJECTIVES

The Mauritian Strategy to Leverage the Opportunities in the AfCFTA is an element of the country's wider Africa Strategy that governs the country's relationship with the continent. Thus, it is necessary to align the vision of the AfCFTA Strategy with that of the Africa Strategy:

> *To become the ideal and undisputed platform for doing business across Africa and promoting reforms, trade and investment across the region.*

This vision will be reached through the implementation of three strategic objectives, which create a framework for addressing the common constraints identified and highlighted by the different stakeholders as key impediments for realising the AfCFTA's untapped potential.


**Strategic Objective 1: Adopt the Necessary Institutional Framework to Implement and Benefit from the AfCFTA**

Negotiating an FTA is only half of the way with regard to trade agreements. Their implementation is crucial to ensure that the negotiated benefits are effectively passed to the private sector. In order for FTAs to be effective as domestic laws, most countries need to pass new legislation or amend existing laws to comply with their FTA commitments or to extend preferential treatment to traders from FTA countries. Such legislative adoption ensures that the FTA is consistent with the country's own constitution and has passed the ratification stage.

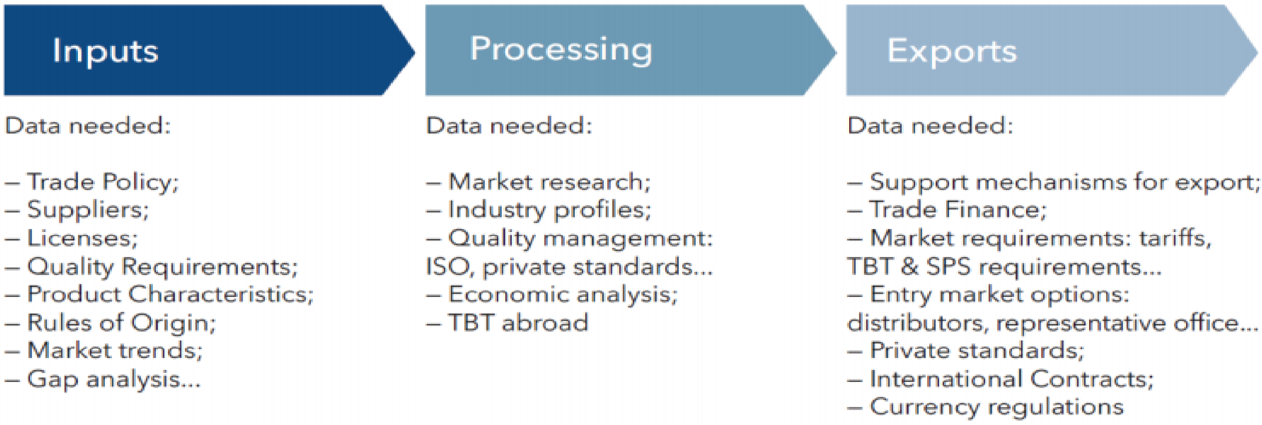
In this context, an AfCFTA National Implementation Committee (NIC) will be created, which will be in charge of ensuring the coordination and monitoring implementation of the AfCFTA. The NIC will also monitor the compliance with the agreement to ensure that the agreed rules are effectively implemented (see Section 6.3, on Monitoring & Evaluation). Similarly, an Africa Export Advisory Committee made of public–private representatives is proposed, which will be instrumental to confirm the strategic market orientation of key industries, plan annual implementation of export-related projects, track implementation progress of projects by lead implementers and assess adequate support mechanisms (policy, regulations, institutions, etc.).

**Strategic Objective 2: Building the capacity of business players to exploit the opportunities of the AfCFTA**

The liberalisation of the trade landscape has been a defining characteristic of the domestic trade policy landscape in Mauritius. However, the additional competitiveness achieved through the network of FTAs can only be realised if the private sector has the right information and tools at its hands to materialise those opportunities. Some of the key elements for companies to successfully tap into all of their trade potential "consists of basing their strategic decisions on sound, comprehensive and reliable trade information, and counting on the appropriate tools for promotion" (ITC, 2019).

The domestic trade information scene has experienced some significant changes in recent years. With the merge of Enterprise Mauritius (EM) with the Economic Development Board (EDB), Mauritius lost its dedicated Trade Promotion Authority as a stand-alone entity in charge of providing trade information / trade promotion services to the domestic companies. Specifically, an interesting initiative that should be re-animated in some form or another is the Go-Export programme, which aimed at upgrading the export capabilities of local companies mainly SMEs through customized export readiness programme. Private-sector operators, such as the Mauritius Export Association (MEXA) and the Mauritius Chamber of Commerce and Industry (MCCI) provide a range of trade information services. Similarly, the Mauritius trade information portal – Mauritius Trade Easy – provides a well-developed range of statistics and "How to" information.

**Figure 60 Types of Trade Information Required Across the Value Chain**




Source: ITC (2019)

However, more is needed, particularly on the qualitative aspect of trading. Stakeholders report a (1) lack of knowledge of where opportunities lie in the African continent for exporting, and (2) lack of understanding on where to find partners for sourcing raw materials, amongst others.

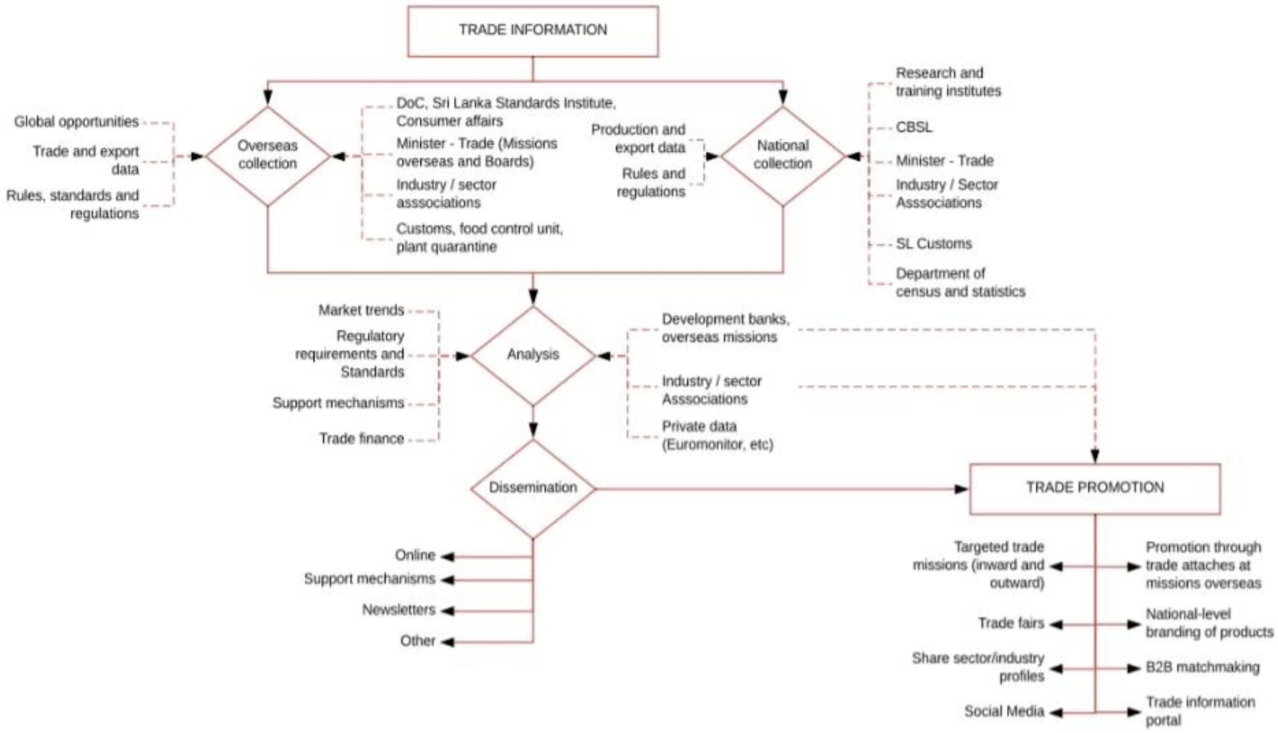
Therefore, the right trade information infrastructure needs to be put in place. There are already some initiatives in place, such as the Mauritius Trade Easy portal. However, sectoral studies, value chain analysis, studies analysing export potential, etc. are still missing. As an example to build upon, the Netherlands' Centre for the Promotion of Imports from developing countries (CBI), which falls under the acquis of the Netherlands Enterprise Agency, supports entrepreneurs to effectively enter the European market through export coaching. Additionally, the Centre publishes approximately 450 market studies on a yearly basis, covering areas such as Export Value Chain Analysis for Coffee, Fruit and Vegetables, Home Decoration and Home Textiles, to Access to Trade Finance reports and Market research for European importers (Cellich & Burgeous, 2012). In the African continent, the AU recently launched the African Trade Observatory, developed by ITC and which will be hosted in the Seychelles. However, the content and functions of such Observatory are still unknown.

**Strategic Objective 3: Reinforcing the country's Trade Promotion and Economic Diplomacy efforts**

Linked to Strategic Objective 2, Strategic Objective 3 acts as a step forward in the realisation of the opportunities identified through the capacity building efforts (see Figure 61). The main objective sought by trade promotion initiatives refer to improvements in the performance of either a particular region or a specific sector. Such improvements can refer to an increase in absolute terms, relative to the country's imports.

In this context, the private sector operators and representatives highlighted the limited amount of trade promotion initiatives being undertaken across the African continent, with the biggest challenge being the lack of a focal point for the region that can support them through the export/import exercise, such as identifying potential partners, securing permits, etc.

## Figure 61 Example of Trade Information and Trade Promotion Value Chain




Source: ITC (2018)

Investing in trade promotion is not only self-sufficient, but it is also beneficial for the overall economy. A 1% increase in export promotion budgets increases overall exports by 0.074%, meaning that USD 1 spent on export promotion generates on average USD 87 of additional exports (ITC, 2016). Similarly, investing in export promotion activities can lead to a 5%-6% increase in GDP per capita. Also, it appears that (1) those trade promotion activities focusing on a reduced number of sectors and markets have better results and impacts than those activities spanning across a wide range of sectors and markets; and (2) promoting the participation of private sector representatives in the executive board of the trade promotion authority/organisation are more effective due to the better direction, as it informs and confirms the needs of companies (ITC, 2016).

### Box 16 Examples of trade promotion activities

Some examples of trade promotion activities include:

- Incentives, either in the form of fiscal and non–fiscal incentives, or matching grant programmes
- Export inspection system
- Adoption of industry–specific or region/specific branding
- Arrangement of B2B engagements
- Organisation of overseas missions
- Carry out targeted trade missions
- Disseminate enterprise portfolios
- Implement enterprise training, such as profile building or trade promotion activities
- Participate in trade fairs and international exhibitions.

Source: Cellich & Burgeous (2012)

With the merger of EM with the EDB, the EDB is now acting as a both trade promotion and investment promotion organisation. Whilst this might have some positive externalities, such as the fact that a well-coordinated approach between investment and trade policy and promotion is essential in order to exploit a country's economic development potential, there are also some potential negative externalities to consider (see Table 16).

**Table 16 Pros and cons of joint promotion**

| Pros | Cons |
|---|---|
| Better policy coherence and coordination with trade issues | Often different objectives and core investment activities/risk of focus loss |
| Shared support services and office space/ business intelligence to feed strategy development | Coordination challenges/managing staff with different mindsets/risk of increased bureaucratisation |
| Potentially one stop centre for clients (export-oriented investors) | Different clients, staff skills, rewards, business intelligence and marketing needs |
| Potential synergies in some areas: overseas promotion and country branding | Risk to concentrate in a particular area. |
| Common grounds for policy advocacy | |

Source: UNCTAD (2013)

**Strategic Objective 4: Improving the country's Transport and Logistics Connectivity with the Continent**

The weak and limited transport and logistics connectivity of Mauritius with the continent is one of the most pressing concerns highlighted by the stakeholders. The country has recently implemented a series of innovative projects aiming to tackle some of the natural constraints faced by Mauritian companies due to the country's location. The first one is the Africa Warehousing Scheme, which provides a "subsidy on the rental and administrative costs of warehouses, so as to support access and increase competitiveness of Mauritian products in African markets" (EDB, 2020). The initiative has warehouses in Tanzania and Mozambique. The second one is the Freight Rebate Scheme to Africa, where exporters are refunded 25% of the basic ocean freight costs for exports to 19 African countries (EDB, n.d.).

However, the continent remains a distant destination, particularly given the high transportation costs. As shown in Table 17, it is more expensive to send a parcel from Mauritius to Africa than doing so from France, China, India or Brazil, with the average cost representing an ad valorem equivalent (AVE) of 375%, whilst the cost of sending the goods from China to the continent represents an AVE of 198%. Even to East Africa, to which Mauritius is closely located, Mauritius faces with the second most expensive cost amongst the selected countries.

**Table 17 Bilateral Trade Costs, AdValorem Equivalent (%)**

| Country | Central Africa | East Africa | North Africa | Southern Africa | West Africa | Africa |
|---|---|---|---|---|---|---|
| Brazil | 345 | 511 | 136 | 436 | 313 | 348 |
| China | 210 | 228 | 164 | 192 | 196 | 198 |
| France | 164 | 217 | 75 | 194 | 202 | 170 |
| India | 270 | 187 | 156 | 237 | 222 | 215 |
| Mauritius | 593 | 305 | 334 | 231 | 409 | 375 |
| United Kingdom | 337 | 209 | 131 | 166 | 251 | 219 |
| United States | 271 | 297 | 143 | 227 | 252 | 238 |

Source: ESCAP-World Bank Trade Cost Database

This situation represents a significant competitive disadvantage for the island economy in front of some of the continent's main trading partners. A detailed study on the logistics challenges and a proposed roadmap to address the challenges should be commissioned.

## 6.2 INSTITUTIONAL MECHANISMS

The International Trade Division (ITD) within the Ministry of Foreign Affairs, Regional Integration and International Trade (MOFARIT) is the leading organisation responsible for the formulation, review, and assessment of the country's trade policies, and it is charged with all matters related to the negotiation and conclusion of WTO related matters and RTAs. The ITD consults with the private sector on trade policy issues, including in relation to regional and bilateral trade negotiations. The ITD also coordinates and works closely with other line ministries and relevant agencies whenever is necessary. A WTO Standing Coordinating Committee, chaired by the Minister of Foreign Affairs, Regional Integration and International Trade, is in charge with the implementation, follow-up, and coordination of trade policy issues covered by WTO Agreements (WTO, 2015).

**However, Mauritius does not currently have an established permanent committee or working group in charge of dealing with RTA-related matters.** The ITD convenes the different line ministries and sectoral associations on an ad-hoc basis, which represents a challenge to the implementation, monitoring and evaluation of the RTAs.

**In this context, an AfCFTA National Implementation Committee (NIC) is proposed, in charge of ensuring the coordination and monitoring implementation of the AfCFTA.** The implementation of this strategy will be coordinated by the NIC, which will be established under the MOFARIT and managed by the ITD. The NIC will be governed by two chairs, one appointed by MOFARIT, representing the government, and another one selected amongst the key private sector representatives. The membership of the NIC will aim to cover a representation of the public and private sector of the country, including, but not limited to, all relevant business associations, private sector players, and line ministries.

**The key functions of the NIC will be to initiate; monitor and review implementation of the AfCFTA; as well as mobilise resources for its implementation.** The NIC should cover all technical work arising from the AfCFTA, take and keep the minutes of the Committee deliberations, plan and implement the relevant activities and programmes, and be the link between national stakeholders and the government. To make the NIC fully functional, sufficient technical human and financial resources should be allocated.

**MOFARIT is the main responsible for implementing this AfCFTA Strategy. However, it cannot do so without the direct support and decision-making power laying on the line ministries and private sector players.**

**The NIC will also be the key institution undertaking the AfCFTA and the strategy's M&E.** The strategy should also be periodically reviewed and updated, ensuring that the implementation remains focused on delivering its strategic objectives and expected desired results.

## 6.3 MONITORING & EVALUATION

Nowadays, Monitoring and Evaluation (M&E) frameworks play a critical role in supporting the implementation of public policies and strategies. The use of M&E frameworks to measure the progress of regional integration processes, however, is not a new phenomenon. For example, the ASEAN Economic Community Scorecard or the EAC Market Scorecard are designed to monitor the implementation of regionally agreed commitments (i.e., monitor compliance with implementing provisions of the agreements) in one or more policy area. A similar system could be adopted, at the national level, to ensure that (1) the Agreement and the Strategy are being implemented; and (2) track the impacts arising from the implementation of the Agreement and the Strategy, allowing policymakers to adopt the relevant mitigation measures.

In order to evaluate whether the AfCFTA is promoting inclusive and sustainable development, and gender equality as a precondition for achieving this objective, it will be necessary to mainstream gender in the M&E framework. A gender-sensitive M&E framework can inform a better understanding of the gender, inclusion and AfCFTA linkages, while helping to track the evolution of gender inequalities, before and after AfCFTA implementation. As part of this process, it will be necessary to strengthen the capacity of countries to collect and compile gender-focused trade statistics and sex-disaggregated data to support evidence-informed AfCFTA policies. All indicators should include accurate gender-disaggregated data to measure the overall impact of the Agreement on women and men, as well as to allow for a gender analysis of specific interventions. Further consideration should be given to the establishment of a specialized Gender and Trade Committee to process empirical evidence on the gender impact of the AfCFTA and provide recommendations on how to mitigate identified and future externalities.

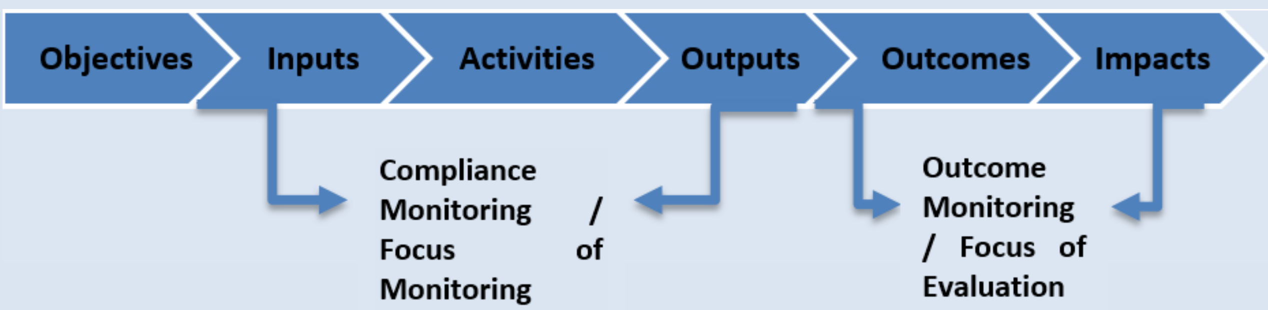
### Box 17 Objectives of a M&E Platform

M&E systems can have two main objectives: compliance monitoring and outcome monitoring:

- **Compliance Monitoring can be defined as the** continuous process of gathering and analysing information on the implementation of Regional Economic Integration (REI), usually covering the legal obligations of individual member states, harmonisation of laws and regulations, and measures agreed from respective REC protocols.
- **Outcome Monitoring refers to the collection and** analysis of information on changes resulting from implementation by the RECs. Outcome monitoring shows a rather more systematic observation of key indicators, including both qualitative and quantitative, effects of compliance, changes and challenges faced, and so on.

Such objectives are not exclusive, but rather complementary: a complete and comprehensive M&E framework needs to include both compliance and outcome monitoring that measure the inputs, impacts, outcomes and outputs at regional and national level.

Figure 62 M&E Frameworks' Objectives




Source: Author's adaptation from Morra-Imas & Rist (2009)

**Building the M&E Plan will follow a three-phase approach.** The M&E implementation plan can be divided into three main phases: Conception, Engineering, and Implementation:

- The main aim of the Conception Phase will be to elaborate the Theory of Change and the design thinking, elaborate the table of indicators for monitoring purposes, agreeing on the format of collection methods of data, assigning responsibilities for collection, monitoring and analysis, frequency of steps and approval processes, and agreeing on the principles of public dissemination of results and the format for reporting purposes.
- The Engineering Phase will consist in engineering and building the actual M&E tool. This phase will represent the implementation of the technical aspects, such as the baseline data collection task, which might entail surveys or tracing studies, dealing with missing data, normalisation of data, weighting and aggregation, etc.

Such activities would be led by MoFARIT, with inputs from the relevant ministries, such as the Ministry of Finance and Economic Development, Ministry of Agriculture, the EDB, etc, Statistics Mauritius, national universities and think tanks. International support, such as through UNECA, might also be retained.

### Box 18 Implementation lags in a M&E Platform

It takes time to implement an M&E framework. A pertinent example is how long a process it was for the Africa, Caribbean and Pacific Secretariat to set up such a framework. The ACP Monitoring Regional Integration Project, funded by the EU and implemented by the ACP Secretariat, was implemented over a period of 20 months:

– During Phase I (November 2008–April 2009), baseline analysis, the experts reviewed existing systems of Regional Integration indicators and monitoring practices, and subsequently prepared a fully-fledged proposal for an ACP MRI system technical framework.

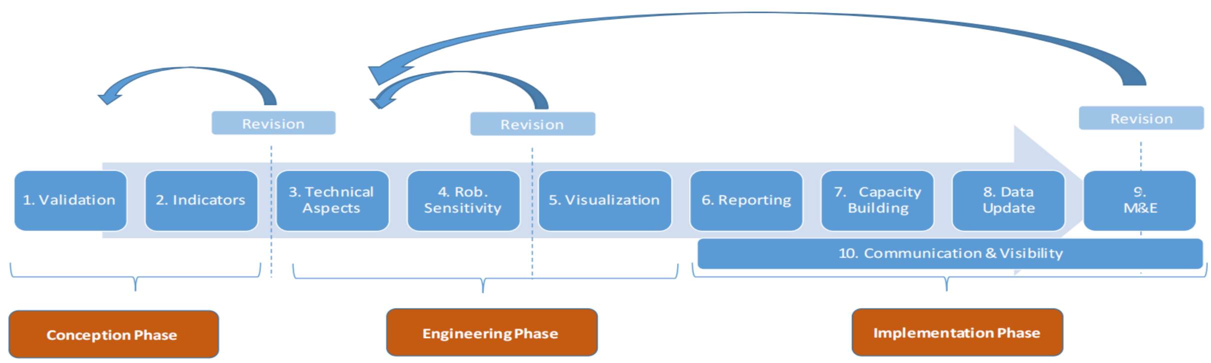
– During Phase II (May 2009–June 2010), consultation and coordination, the proposal was introduced to stakeholders and international experts, and then discussed at field level with a close consultation process within the relevant Regional Integration Organisations (RIOs), before being fine-tuned after comments were received. This led to the final proposal of the technical framework being endorsed by the representatives of all RIOs involved.

Source: Salmon, J.M. (2017)

The Implementation Phase will consist of using the indicators developed. Thus, the different steps highlighted here are cyclical in nature, having to be repeated every certain period of time in order to keep the tool alive.

This last phase might be undertaken internally by MoFARIT or the relevant Ministry, or it may be assigned to an external entity that will ensure that the results arising from the M&E tool are independently collected.

### Figure 63 M&E Implementation Plan




Source: International Economics (2018)

## 6.4 COMMUNICATION PLAN

The engagement from both the public and private sector toward the implementation of the AfCFTA and the AfCFTA Strategy is crucial. The AfCFTA and its strategy are important policy documents that, if fully implemented, have a changing impact on the economic landscape of Mauritius.

It is, therefore, necessary to have a proactive Communication Strategy to enhance the knowledge and understanding of the AfCFTA, to further garner the interest and support of all stakeholders – particularly line ministries – as well as to closely engage partner entities from the private sector and donor community in the implementation.

Different communication messages will be tailored according to specific circumstances. However, overall, the communication pieces will emphasise the outcomes and impact from the AfCFTA. The main communication messages will be every three to six months to reflect the changes and impacts brought about by the strategy's implementation. Other big messages can also be anchored on the achievement of milestones, such as workshops, publications, etc. Individual messages/stories can be posted when available (for example, observation of an exporter, success stories, etc.).

In terms of target audience, the immediate target audience will be the line ministries and private sector actors to garner their interest and support in the implementation of the AfCFTA and the Strategy. In this context, organisations such as Business Mauritius (BM), the Mauritius Chamber of Commerce and Industry (MCCI), and the Mauritius Exporters Association (MEXA), amongst others, play a crucial role as intermediaries between the public and private sectors. The creation of a stable public-private dialogue should be a priority for the aforementioned institutions to transmit not only the potential of the AfCFTA, but also to identify and address any barriers and challenges that might arise.

The Communication Strategy offers the opportunity to expand inclusiveness in AfCFTA implementation, specifically through outreach and advocacy engagements that target marginalized groups - in general - and women in trade in particular. The main purpose of these engagements should be to sensitise women in their roles as workers (wage workers and self-employed), producers, entrepreneurs (owners of informal and formal enterprises), small-scale and informal cross-borders on how to harness the benefits of the AfCFTA Agreement, and to prepare for potential risks. Specific attention must be paid in all sensitisation engagements to understanding gender-specific challenges confronting women in the Mauritian economy. AfCFTA sensitization materials and messages must be targeted and crafted accordingly.

The communication strategy should also target development partners (resident and non-resident) who will be investing in the implementation of the AfCFTA.

**Table 18 Communications Plan**

| Channel | Description | Target Audience |
|---|---|---|
| Website | Sub-site to be hosted under the Mauritius Trade Easy website to show the implementation progress, therefore enhancing the knowledge and understanding of the AfCFTA and its Strategy, as well as cultivate the interest and support of all stakeholders for effective implementation. | Line Ministries, Development Partners and Private Sector |
| Social Media (LinkedIn, Facebook, Twitter) | Through MOFARIT's and EDB's account, and in coordination with the relevant partners (MCCI, MEXA, AMM, etc.) share AfCFTA-related messages, focusing on individual stories, implementation status, case studies, etc. | Development Partners, Civil Society and Private Sector |
| Newspapers | Prepare short summary article or interview of Minister on the quarterly/semi-annual results of the AfCFTA, focusing on achievements and impacts. | Line Ministries, Development Partners, Civil Society and Private Sector |

| Channel | Description | Target Audience |
|---|---|---|
| Public-Private Dialogue | An annual event showcasing success stories arising from intra-African trade, serving as a platform to collect feedback on on-going challenges | Line Ministries, Civil Society and Private Sector |
| Partners' platforms | Disseminate the findings from M&E reports onto donor platforms where possible. | Line Ministries, Development Partners, Civil Society and Private Sector |

Source: Authors' own

## 6.5 FINANCING THE AfCFTA IMPLEMENTATION

**The financial resources needed to put into practice the AfCFTA Implementation Strategy will have to be mobilized from government, local financial sector, the private sector, and international development partners.** Local and regional development institutions, such as the Trade and Development Bank, the Development Bank of Mauritius or the African Development Bank, as well as commercial and other financial institutions are expected to be main sources of domestic finance.

**Mauritius is better prepared than other regional peers to raise the resources necessary to fund the strategy.** However, the country's FDI is mainly targeted towards the real estate sector, and with the increasing public sector debt, the ability of the Government to fund all the planned activities might be limited. Given this scenario, the options available to the country to bridge the finance gap include:

- Approaching African and regional institutions such the AFREXIMBANK, African Trade Insurance Agency, Trade and Development Bank (COMESA) for concessionary loans for trade finance;
- Seeking technical assistance from cooperating partners, including bilateral sources such as the EU, the People's Republic of China and India;
- Diversifying sources of infrastructural development financing by promoting strategic PPPs;
- Leveraging technical assistance available through the AU and the RECs to finance regional components of the strategy;
- FDI, particularly into the resource based extractive sectors, leveraging on the country's abundant mineral resources and the recent discovery of new minerals; and
- Harnessing the diaspora's investments.

## 6.6 ACTION PLAN

| | Recommended Intervention | Indicators | Expected Output | Lead Agency | Timeline |
|---|---|---|---|---|---|
| Strategic Objective 1: Adopt the Necessary Institutional Framework to Implement and Benefit from the AfCFTA | | | | | |
| 1.1 | Establish an Africa Export Advisory Committee made of public–private representatives and held quarterly meetings to:<br>• Confirm the strategic market orientation of key industries.<br>• Plan annual implementation of export-related projects.<br>• Track implementation progress of projects by lead implementers.<br>• Assess adequate support mechanisms (policy, regulations, institutions, etc.). | Terms of Reference for the Africa Export Advisory Committee published | Africa Export Advisory Committee established and meeting regularly | EDB, MoFARIT | ST |
| 1.2 | Establish the AfCFTA National Implementation Committee, and its secretariat | Terms of Reference for the AfCFTA National Implementation Committee and its Secretariat published | AfCFTA National Implementation Committee and its Secretariat established | MoFARIT | ST |
| 1.3 | Strictly adopt sustainable impact assessment (SIA) best practice guidelines for future AfCFTA negotiations, with particular focus on publishing and disseminating non-sensitive information, and managing effectively broad ranging consultation processes. | Sustainable impact assessment guidelines adopted internally | Sustainable impact assessment undertaken. | MoFARIT | ST |
| 1.4 | Establish mechanism for the monitoring of the agreement and practices of countries. Link to the African Trade Observatory of the AU | Terms of Reference for the M&E system published, and M&E system designed | M&E system put in place and regularly updated | MoFARIT | ST |
| Strategic Objective 2: Building the capacity of business players to exploit the opportunities of the AfCFTA | | | | | |

| | Recommended Intervention | Indicators | Expected Output | Lead Agency | Timeline |
|---|---|---|---|---|---|
| 2.1 | Under the umbrella of the EDB, and in collaboration with MEXA and MCCI, launch an export coaching programme to make SMEs export market ready aimed at SMEs with no or limited experience in exporting, preparing the company to take on export markets in Africa by reviewing internal and external factors. The SME will be coached by an internationalization consultant, resulting in a customised export plan. The programme will also provide specific market analysis and analyses of competitors, partner search, company establishment or public affairs, innovation activities, such as access to funding and international start-up ecosystems or business innovation development. | Export coaching programme designed and implemented | Increased number of companies doing business in Africa | EDB, MEXA, MCC. | ST |
| 2.2 | Undertake an evaluation of the Go-Export programme previously implemented by Enterprise Mauritius, with a strong set of lessons learnt that will feed into the new programmes and adapted to the needs for accessing the African market. | Evaluation of the Go-Export programme took place | Lessons learnt implemented through the Evaluation implemented | EDB | ST |
| 2.3 | Establish entrepreneurship centresthrough PPP to help companies to identify new business partners, funding and business opportunities in one or several locations across the African continent. Such centres will provide companies with access to international ecosystems and connections to key players in the priority countries. | Entrepreneurship centres created across the continent | Increased number of companies doing business in Africa | EDB, MoFARIT | MT |
| 2.4 | Establish a market information portal or database, which will showcase the information collected by the Embassies and Consulates' trade advisors on the basic facts of the specific market on a daily basis and on the latest changes within the local operating environment.<br><br>Complement the database with a supply chain finder, allowing Mauritian suppliers and buyers to connect with partners in the Continent; and with a tender, investor and business-to-business connection portal. | Market information / database created and periodically updated | Information about African markets made more accessible for Mauritian firms | EDB, MEXA, MCC. | ST |

| | Recommended Intervention | Indicators | Expected Output | Lead Agency | Timeline |
|---|---|---|---|---|---|
| 2.5 | Task and provide assistance to the EDB, MEXA or MCCI with giving guidance and counselling to start-ups and SMEs with high ambitions for growth in African markets, offering experts help a company to identify the need for development and offer targeted counselling on the next steps for development. | The capacity of EDB/MEXA/MCCI to counsel start-ups and SMEs on interesting | Start-ups and SMEs are better prepared to do business in the continent. | EDB, MEXA, MCC. | MT |
| 2.6 | Organise regular trade missions to selected African countries in which a minimum number of companies can join in order to plan B2B meetings.<br>Set up a grant system for joint export promotion, through which a set of companies can establish contacts with potential cooperation and business partners and increase the participating companies' knowledge about local market and business conditions. | Trade missions regularly organised.<br>Grant system for joint export promotion established | Increased number of companies doing business in Africa | EDB, MOFED | ST |
| 2.7 | Facilitate trade finance through export credit guarantees, which can be used to insure export transactions against economic and political risks. Consider the feasibility of tapping into offerings from regional and pan-African banks, including AFRXIM bank and PTB Bank. | Export credit guarantees put in place | Increased eased of doing business with Africa. | Bank of Mauritius, Ministry of Finance, Economic Planning and Development | ST |
| 2.8 | In collaboration with a local African organisation, set up a boot camp through which the companies can establish contacts with domestic firms and other partners – including angel investors[16] – in African markets where opportunities have been identified. The boot camp will enable the companies to present ideas and business models to potential investors and public financing entities, exchange good practices and communicate successful experiences with other companies and structure business models that make these opportunities economically viable for the company. | Boot camp put in place | Start-ups and SMEs are better prepared to do business in the continent. | EDB | ST |
| Strategic Objective 3: Reinforcing the country's Trade Promotion and Economic Diplomacy efforts | | | | | |
| 3.1 | Strengthen the network of diplomatic agents and trade advisors – either through embassies, consular offices or dedicated trade envoys located in-country – to serve as the first line of information. They will advise Mauritian firms on market intelligence, customs and export conditions in the specific market. | Number of diplomatic agents and trade advisors in Africa increased | Information about African markets made more accessible for Mauritian firms | MoFARIT, EDB | ST |
| 3.2 | Review the portfolio of the EDB to ensure that its activities also adequately cover trade promotion efforts in Africa. | EDB's portfolio reviewed | Trade promotion activities strengthened | EDB | MT |

16 An angel investor (also known as a private investor, seed investor or angel funder) is a high-net-worth individual who provides financial backing for small startups or entrepreneurs, typically in exchange for ownership equity in the company. See: Investopedia – Angel Investor. Available from: https://www.investopedia.com/terms/a/angelinvestor.asp#:~:text=An%20angel%20investor%20(also%20known,an%20entrepreneur's%20family%20and%20friends.

| | Recommended Intervention | Indicators | Expected Output | Lead Agency | Timeline |
|---|---|---|---|---|---|
| 3.3 | Develop and roll out a training course, periodically, to build the capacities of sector associations in online research, data collection, market profiling, marketing / promotion techniques, and preparation for trade fairs and events in Africa. | Training course designed and implemented | Capabilities of sectoral associations strengthened | EDB | MT |
| 3.4 | Boost ties with African Governments through procurement ties, ensuring that Mauritian-based firms can access procurement contracts in the continent, and consider opening up the procurement market of Mauritius to African firms. | Bilateral procurement agreements signed with African countries | Increased number of companies doing business in Africa | MoFARIT, Prime Minister's Office (PMO) | ST |
| 3.5 | Identify and engage Business Champions from the Private Sector across the key target countries to promote the image of Mauritius as key and stable business partner across the targeted African countries. | Business Champions identified and engaged | Increased visibility of Mauritius as potential business partner | EDB | MT |
| 3.6 | Through the new Embassies and Consulates, facilitate contact between Mauritian firms with host countries, organise events and provides information concerning topical events or tendering processes. | Number of bilateral events held in foreign countries | Increased number of companies doing business in Africa | MoFARIT, EDB | MT |
| 3.7 | Task Trade Advisors with identifying all relevant trade fairs and commercial events related to priority export sectors on a regular basis. Distribute such list through the market information portal or through a dedicated newsletter. | Newsletter template created and distributed | Information about African markets made more accessible for Mauritian firms | MoFARIT, EDB | MT |
| 3.8 | For priority fairs, EDB and the Embassies to coordinate with sector associations to prepare for meetings with potential buyers or investors during the fairs, ensuring that the participants have received trainings in advance of the overseas missions to ensure the effectiveness of the contacts. | Priority fairs identified, participants trained, and attendance confirmed | Increased number of companies doing business in Africa | , EDB | MT |
| 3.9 | Establish Trade and Cooperation Roundtables with selected priority African countries, at the Ministerial level, to discuss and solve any issue impeding trade between the two countries. | Trade and Cooperation Roundtables created | Number of NTBs reduced | MoFARIT | MT |
| | Negotiate double taxation avoidance agreements with African nations to promote trade between them | Double taxation avoidance agreements signed and implemented | Incidence of double taxation reduced | BoM and Ministry of Finance, Economic Planning and Development | LT |

| | Recommended Intervention | Indicators | Expected Output | Lead Agency | Timeline |
|---|---|---|---|---|---|
| 3.11 | Promote mutual recognition of standards and recognition of competent authorities for the certification of SPS and TBT measures | Mutual recognition and/ or Harmonisation agreements signed amongst contracting parties | Number of NTMs reported | Ministry of Agro-industry and Food Security, Mauritius Standards Bureau MoFARIT | LT |
| Strategic Objective 4: Improving the country's Transport and Logistics Connectivity with the Continent | | | | | |
| 4.1 | Issue a call for proposals to identify, and ultimately implement, innovative solutions to help reduce the trade costs into Africa faced by the locally based companies. The Government, whilst studying and implementing such proposals, should work with the industry leaders to co-create the solutions. | Call for proposals launched | Trade costs with Africa reduced | EDB | MT |
| 4.2 | Collaborate with major logistics services providers to implement a digital consolidation Platform for Africa – thereby merging multiple small parcels into a single container – which will help freight forwarders and shippers to become more efficient and effective, thereby lowering freight rates. | Discussions with logistics services providers launched and regularly held | Digital consolidation platform launched | EDB | LT |
| 4.3 | Supplement the Africa Warehousing Scheme by incorporating an offsite consolidation centre, in which, before delivering to the countries in the continent, trucks with available cargo space will consolidate and sort their goods. This will enable goods to be delivered to their intended destinations on a single truck, thereby reducing the number of trucks needed, improving truck load utilisation, and ultimately reducing the cost. | Offsite consolidation centre created | Trade costs with Africa reduced | EDB | LT |

| | Recommended Intervention | Indicators | Expected Output | Lead Agency | Timeline |
|---|---|---|---|---|---|
| 4.4 | Position Mauritius as a regional trans-shipment hub and International Maritime Centre through the Establishment of a Maritime Transportation Network. Steps should include:<br>1. Designing and proposing the optimal maritime transportation network by analyzing the existing maritime transport network considering the flow of maritime transport within and outside of the Indian Ocean Countries, and the situation of major ports.<br>2. Selecting the base port to realize an optimal transport network, identifying areas for improvement for infrastructure, and supporting the construction of mooring facilities.<br>3. Analysing of international cruise maritime tourism network and sea freight transport | Terms of Reference for the regional trans-shipment hub published | Trade costs with Africa reduced | EDB | LT |
| 4.5 | Create a committee with the leading logistic transport providers to leverage and create new connections with the African continent to facilitate seamless cross-border connectivity between the AfCFTA partners and spur more economic activities in the region, leading to more jobs and enhanced business linkages. | Terms of Reference for the committee published | Committee meeting regularly | EDB | LT |

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# ANNEX 1. METHODOLOGY FOR CALCULATING EXPORT POTENTIAL

## CAGR Mauritius trade balance

The first parameter included in the scorecard was the Compound Annual Growth Rate (CAGR) of the trade balance of the 71 products listed in the sectors from Table 1. The CAGR was calculated over 5 years, from 2015 to 2019.

Box 19 Compound annual growth rate

The compound annual growth rate (CAGR) is the annualised average rate of revenue growth between two given years, assuming growth takes place at an exponentially compounded rate.

The CAGR between given years X and Z, where Z – X = N, is the number of years between the two given years, is calculated as follows:

***CAGR, year X to year Z = [(value in year Z/value in year X) ^ (1/N)-1]***

*Source:* Gartner (n.d.)

**Score weight**

The CAGR for all the shortlisted products in the chosen sectors were calculated. The range of score attributed to the CAGR of the trade balance is between 0 and 10. The lowest CAGR score was -719 and the highest was 246.

**Score calculation**

The CAGR for Mauritius trade balance was allocated a score weight of 10. The scores were calculated using the logistic S curve function:

$$CAGR\ Mauritius\ trade\ balance\ score_i = \frac{L}{1 + e^{-y\,(X_i - z)}}$$

Where L is the maximum value of the weight which is 10, y is the steepness of the curve, z is the midpoint of the curve and $X_i$ $X_i$ is the CAGR of product *i*.

## CAGR Imports from the African country

The second parameter included in the scorecard was the Compound annual growth rate (CAGR) of the imports of the 71 products listed in the sectors. The CAGR was calculated over 5 years, from 2015 to 2019.

**Score weight**

The CAGR for all the shortlisted products in the chosen sectors was calculated. The range of score attributed to the CAGR of the trade balance is between 0 and 20. The lowest CAGR score was -100 and the highest was 1,408.

**Score calculation:**

The CAGR for the imports is allocated a score weight of 20. The scores are calculated using the logistic function:

$$CAGR\ Imports\ score_i = \frac{L}{1 + e^{-y\,(X_i - z)}}$$

Where L is the maximum value of the index, y is the steepness of the curve, z is the midpoint of the curve and $X_i$ $X_i$ is the CAGR import of product *i*.

## Bilateral Trade cost Ad Valorem Equivalent (AVE)

The third parameter included in the scorecard was the bilateral trade cost Ad Valorem Equivalent (AVE) extracted from ESCAP-World Bank between Mauritius and the destination markets.

The trade costs AVE includes all costs involved in trading goods internationally with another partner (i.e. bilaterally) relative to those involved in trading goods domestically (i.e., internationally) and captures trade costs in its wider sense, including not only international transport costs and tariffs but also other trade cost components discussed in Anderson and van Wincoop (2004), such as direct and indirect costs associated with differences in languages, currencies as well as cumbersome import or export procedures.

## Box 20 Bilateral Trade cost

Following Novy (2012), bilateral comprehensive trade cost is defined as follows:

$$\tau_{ijkt} \equiv \left(\frac{t_{ijkt}t_{jikt}}{t_{iikt}t_{jjkt}}\right)^{\frac{1}{2}} - 1 = \left(\frac{x_{iikt}x_{jjkt}}{x_{ijkt}x_{jikt}}\right)^{\frac{1}{2(\sigma_k - 1)}} - 1 \qquad \text{; at sector } k\text{, time } t$$

where $\tau_{ij}$ denotes geometric average trade costs between country $i$ and country $j$
$t_{ij}$ denotes international trade costs from country $i$ to country $j$
$t_{ji}$ denotes international trade costs from country $j$ to country $i$
$t_{ii}$ denotes intranational trade costs of country $i$
$t_{jj}$ denotes intranational trade costs of country $j$
$x_{ij}$ denotes international trade flows from country $i$ to country $j$
$x_{ji}$ denotes international trade flows from country $j$ to country $i$
$x_{ii}$ denotes intranational trade of country $i$
$x_{jj}$ denotes intranational trade of country $j$
$\sigma_k$ denotes sector-specific elasticity of substitution between goods in the sector[3]

Source: UNESCAP

Score weight

The range of scores attributed to the trade cost index is between 0 and 20. The Trade cost value was 78.56 and the highest was 217.87.

Score calculation

The trade cost was allocated a score weight ranging from 0 to 20. The scores were calculated using the logistic function:

$$\mathit{Bilateral\ Trade\ Cost\ score}_i = \frac{L}{1 + e^{-y\,(z - X_i)}}$$

Where L is the maximum value of the weight which is 20, y is the steepness of the curve, z is the midpoint of the curve and $X_i$ $X_i$ is the trade cost to country *i*.

Note: The results of the logistics function are reversed so that higher trade costs were attributed to lower scores and lower trade costs get the higher scores.

Tariff advantage

The fourth parameter included in the scorecard was the tariff advantage Mauritius has in the importing markets. The tariff advantage is calculated as follows:

*Tariff advantage = General tariff/MFN tariff – preferential tariff due to trade agreements*

Score weight

The range of scores attributed to the tariff advantage was between 0 and 20. The Trade cost value was 0 and the highest was 19.8.

Score calculation

The tariff advantage was allocated a score weight in the range of 0 to 20. The scores were calculated usin g the logistic function:

$$Tariff\ Advantage\ score_i = \frac{L}{1 + e^{-y\,(X_i - z)}}$$

Where L is the maximum value of the weight which is 20,y is the steepness of the curve,z is the midpoint of the curve and $X_i$ $X_i$ is the tariff advantage country $i$ for Mauritius.

Trade potential

The 5th parameter included in the scorecard was the trade potential Mauritius has towards the importing markets. The trade potential was calculated as follows:

## Box 21 Trade Potential estimates

| |
|---|
| If Mauritius exporting value to world <= African country importing value from the world, then Trade Potential =Mauri tius exportingg value to World - Mauritius exporting value into the country. Else if Afri can country importing value fro m the world < Mauritius exporting value to the world, then Trade Poten tial = Importer importing value from the wor ld - Mauritius exporting value into the country.<br>Source: Authors' Own |

Score weight

The range of score attributed to the trade potential is between 0 and 30. The lowest trade potential value was -687K and the highest was 184M.

Score calculation

The trade potential is allocated a score weight of 30. The scores are calculated using the logistic function:

$$Trade\ Potential\ score_i = \frac{L}{1 + e^{-y\,(X_i - z)}}$$

Where L is the maximum value of the weight which is 30,y is the steepness of the curve,z is the midpoint of the curve and $X_i$ $X_i$ is the trade potential of product $i$.

Final score

The final score attributed to the product and destination African market pair combination is the total of the scores for each of the parameters as described in table 4 below. The maximum achievable score is over 10 0.

Parameters and weights

| Parameter Summary | Description | Score |
|---|---|---|
| CAGR Mauritius trade balance | 1. CAGR of Mauritius trade balance (2015-2019) | A |
| CAGR imports of the African country | 2. CAGR of imports from the African country (2015-2019) | B |
| Trade costs | 3. Trade costs AVE between Mauritius and importing African countries | C |
| Tariff advantage | 4. Tariff advantage (if any) for Mauritius against MFN or General tariffs applied by importing country | D |
| Trade potential | 5. Trade potential of Mauritius HS6 product in the African country | E |
| | **Final Score** | **=SUM(A+B+C+D+E)** |

## ANNEX 2. INSTITUTIONAL STRUCTURE OF THE AfCFTA

| Institutional structure of the AfCFTA | |
|---|---|
| The Assembly | Comprises all members of AU Heads of States of Government. It is the highest decision-making organ of the African Union (AU) The AU assembly provides oversight and guidance on the AfCFTA, including the Boost Intra-African Trade (BIAT). |
| The Council of Ministers | Comprises of Ministers of Trade or other nominees designated by State Parties. Its mandate is to take decisions in accordance with the Agreement and work in collaboration with the relevant AU organs and institutions. It reports to the Assembly through the Executive council of the AU and makes recommendations to the Assembly for the adoption of an authoritative interpretation of the Agreement. |
| The Committee of Senior Trade Officials | Consists of Permanent Secretaries or other Officials designated by State Parties. It is responsible for development of programmes and action plans for the Implementation of the AfCFTA Agreement. |
| The AfCFTA Secretariat | It is the administrative organ responsible for coordination and the implementation of the AfCFTA. |
| The Dispute Settlement Mechanism | It is the body established to administer the provisions of the dedicated protocol on Rules and Procedures on the Settlement of Disputes. Only State Parties can bring disputes before the dispute settlement body. |