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Trade Policy Review Body**TRADE POLICY REVIEW****REPORT BY THE SECRETARIAT****MAURITIUS**

This report, prepared for the fourth Trade Policy Review of Mauritius, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Mauritius on its trade policies and practices.

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SUMMARY

1. Mauritius is a small island with a relatively high standard of living, and it is classified as a high human development country by the UNDP. Good utilization of non-reciprocal trade preferences, sound economic policies, large investments in human capital, as well as socio-political stability, have contributed to improving the competitiveness of its economy, attracting large FDI inflows, and firming up its economic resilience. With 72% of GDP, and as a significant component of exports, the services sector plays an important role in the economy. Efforts are under way to further increase trade in services and create more employment opportunities therein, with a view to mitigating the high unemployment caused partly by the decline in non-preferential access.

2. Mauritius ranks well in various international indicators relating to governance, competitiveness and the business environment. It is consistently one of the strongest performers in Africa. Its investment regime is open and transparent. Over the review period foreign equity caps have been removed in the tourism sector. They remain in: television broadcasting, sugar companies and diving centres. Foreign law firms may only practice foreign or international law or provide legal services in relation to non-judicial proceedings; further liberalization of legal services is envisaged. Property ownership by foreigners is also subject to restrictions. Efforts to improve the environment for trade and investment have included: measures to fast-track the processing of permit approvals for large investment projects and strengthened legal protection to investors.

3. Despite the global economic crisis and weaker import demand from the EU, Mauritius' economy performed generally well during the review period. A buoyant tourism subsector, together with increased construction activities, fuelled GDP growth. In addition, supportive macroeconomic policies, i.e. fiscal stimulus and sound monetary policy, played a role in avoiding economic recession.

4. Trade continues to be important for Mauritius' economy as imports and exports together account for 115% of GDP. The current account remained in deficit during the review period, as a consequence of large deficit in trade in goods which surpasses the positive trade in services and income accounts. Clothing, textile and sugar are the main exported goods and the EU is Mauritius' main export market; while oil and food products are the main import products, mainly sourced from the EU, India and China.

5. Mauritius grants at least MFN treatment to all of its trading partners; it has never participated in any WTO dispute settlement cases as either complainant or respondent. Whilst maintaining a good record of notifications to the WTO, some remain outstanding.

6. Several measures, including tariff cuts, reduction in imports licensing, dismantlement of various subsidy schemes, were taken recently with a view to further liberalizing the economy. As a consequence of tariff cuts, Mauritius' simple average applied MFN rate has plummeted from 6.6% in 2007 to 2.3% in 2014; the most significant tariff reductions, by HS section, have been on footwear and headgear; arms and ammunition; prepared food and textiles. As a result of these reductions, MFN zero rates apply to 88.8% of Mauritius' applied tariff lines. The highest levels of tariff protection are afforded to the clothing industry, where tariff rates are as high as 488% (an ad valorem equivalent). Mauritius' very open applied regime contrasts with its limited tariff binding coverage at high rates.

7. While import and export permit requirements have been reduced over the review period, the import permit system is being used to protect domestic producers of a few agricultural products; tea, chicken and pork. Imports of onions and potatoes are controlled through an import quota system managed by the Agricultural Marketing Board.

8. Given that nearly 90% of its MFN tariff lines are duty free, Mauritius' scope for granting preferences is limited. Mauritius participates in a network of five regional trade agreements with a total of 24 partners. Over the review period key developments have been the entry into force of RTAs between Mauritius and Turkey and an interim Economic Partnership Agreement between the EU and the Eastern and Southern African States, including Mauritius. Integration within both SADC and COMESA has been strengthened and broader regional integration efforts are underway. Preferential access to key markets in the EU and US has remained pivotal to Mauritius' export performance, particularly for sugar and textiles. Customs duties are a minor and decreasing source

of government revenue, while revenue from other taxes, namely the VAT and excise duties, has risen.

9. Customs clearance times have been significantly reduced, and an Authorized Economic Operators programme was launched in 2008. Since 2013, legislative changes have made advance rulings by Customs on tariffs and origin binding, and have introduced a non-judicial independent appeal mechanism within the Mauritius Revenue Authority for customs-related disputes. Mauritius is among the WTO Members that have already notified their Category A commitments under the Trade Facilitation Agreement.

10. In 2010, a Trade (Anti-dumping and Countervailing Measures) Act was enacted. Prior to this, no such legislation existed. However, amendments to the Act are being prepared since incongruities have been found. At the same time Safeguards legislation and implementing regulations are being drafted. So far, there have been no dumping or subsidies investigations.

11. The legislative and institutional frameworks for the setting of standards and technical regulations have remained unchanged since Mauritius' previous review. Technical regulations are prepared and issued by ministries, government departments and regulators within their respective areas of responsibility; some of these are based on voluntary standards, and others not. While these bodies routinely consult with relevant stakeholders during the drafting process, there is scope to improve coordination and consultation in the process of developing and implementing technical regulations. No specific concerns have been raised over the review period about Mauritius' technical regulations or SPS measures in the respective WTO committees.

12. Mauritius maintains various incentive schemes to, *inter alia*, promote business development, encourage the growth of SMEs, support growth in the real estate sector, encourage job-related training and attract offshore companies. Many of the incentive schemes in place during Mauritius' previous review, which were largely designed to support its exports, are no longer in operation. Customs duty and VAT exemptions as well as reduced electricity tariffs are in place to assist the manufacturing, agriculture and fisheries subsectors. Mauritius continues to operate a Freeport scheme to provide a competitive logistics and distribution platform for international trade; new strategic thrusts have been to encourage value-added activities such as processing and light assembly of goods and to incentivise manufacturing companies to export to Africa. Businesses operating within the Freeport are not required to pay corporate income tax and also benefit from other fiscal and non-fiscal incentives. Under the Special Foreign Currency of Credit, onlending is available to economic operators through commercial banks with a new to minimising their exchange rate risks. Various programmes are run by Enterprise Mauritius and the Small and Medium Enterprises Development Authority (SMEDA) to support Mauritian businesses in participating in trade fairs, identifying export markets and undertaking, marketing and promotion activities.

13. A new government procurement act entered into force in 2008. Procurement is carried out by various government ministries, departments and public authorities. A Central Procurement Board is responsible for approving the award of all major contracts over certain thresholds as well as public/private partnership awards. Tenders may be limited to citizens of Mauritius or entities incorporated in Mauritius only, or a price preference may be granted to domestic or regional goods, services or contractors. In 2012, total government procurement spending amounted to MUR 9,679 million; national firms accounted for the lion's share of procurement contracts. Mauritius does not participate in the GPA.

14. The State intervenes in economic activities through various parastatal bodies. It has a direct equity stake in a number of Mauritian companies, including in telecommunications, air transport and financial services. It also invests in a wide variety of Mauritian businesses through its investment arm, the State Investment Corporation. In 2012, the Government of Mauritius, together with several commercial banks, established a private equity fund to invest in the equity or capital of Mauritian SMEs. The Fund may acquire equity of MUR 10 million to MUR 50 million, with a return on capital commensurate with the level of risk. The intention is to acquire a minority equity stake and to exit within five years.

15. Two parastatal entities are involved in the importation of agricultural products: the Agricultural Marketing Board (AMB) and the State Trading Corporation (STC). The AMB's role is to

ensure that the supply of certain basic food products is constant and their prices remain affordable. It is the sole importer of garlic; since 2008, it no longer has an import monopoly over onions, turmeric and cardamoms. The STC is the only authorized importer of petroleum products, liquefied petroleum gas and flour.

16. A new Competition Act entered into force in November 2009. The act empowers the newly established Competition Commission of Mauritius (CCM) to investigate collusive agreements, to review alleged abuses of monopoly situations and mergers leading to a substantial lessening of competition. The Act does not apply to petroleum products. Most of the CCM's investigations so far have related to reviews of monopoly situations; a first cartel investigation in the beer industry was undertaken in 2014. The Competition Commission has the power to undertake general studies on the effectiveness of competition in individual sectors of the economy. Two studies have been launched so far, relating to cement and pharmaceuticals; the CCM's intervention in the former case resulted in the liberalization of the importation and bagging of cement. Over the review period, price controls have been lifted on LPG in 12 kg cylinders destined for commercial and industrial use, but remain in place for certain other products.

17. Mauritius is seeking a broad ranging reform of its intellectual property (IP) legislation, with the objective of mainstreaming IP into its economic and social development, and promoting innovation and creativity. An Intellectual Property Development Plan (IPDP) was established in 2009. As a first step taken to implement the IPDP, a new Copyright Act was passed by the National Assembly in 2014. An Industrial Property Bill will cover trademarks, patents, industrial designs, plant breeders' rights, geographical indications, layout designs of integrated circuits and utility models; the latter four are not currently covered by existing legislation. The Government also intends to strengthen the institutional framework governing IPRs. Legislation in force allows for parallel imports, of products covered by patent rights only.

18. Sugar cane remains Mauritius' main commercial crop. The main trends in agricultural production over the review period were a continued decrease in the production of sugar cane, and a dramatic reduction in tobacco production. On the other hand, production of milk, pork and certain food crops grew fairly consistently. In 2011, Mauritius started to produce rice, mainly seed for export. Over the review period, Mauritius' agricultural policy has been focused on meeting the challenges posed by the termination of guaranteed quota access to the EU market for its sugar exports. Government strategies in this area have been focused on: diversifying sugar cane production into refined sugar, electricity and ethanol; restructuring the sugar industry; and, encouraging the production and export of other agricultural products through various incentives. Export permits are *inter alia* required for various agricultural products for food security purposes.

19. Mauritius has one of the world's largest exclusive economic zones (EEZs); nearly 90% of the total annual catch is accounted for by licenced foreign vessels. Mauritius is looking to benefit more from its ocean resources through, *inter alia*, aquaculture development and increasing the national fleet capacity. Mauritius has a seafood hub scheme in operation, for processing activities and related services.

20. The structure of the energy sector remains largely unchanged since Mauritius' previous review. Petroleum products are imported by the State Trading Corporation and sold on to four oil companies who distribute to the domestic market. The Central Electricity Board still has a monopoly on the transmission and distribution of electricity. It is engaged in electricity generation together with other independent power producers. Electricity tariffs vary according to the category of customer; lower tariffs apply to industrial and agricultural users. A new focus of energy policy is to reduce reliance on imported fossil fuels by making greater use of renewable energy and utilizing energy resources in a much more efficient manner.

21. The development of Mauritius' manufacturing sector is based on a two-pronged strategy of export-led development driven by so-called export-oriented enterprises (EOEs); these are mainly comprised of clothing companies exporting to the United States and the EU under preferences. Production geared to the domestic market is dominated by processed food, beverages and tobacco. Since Mauritius' Export Processing Zone scheme was phased out in 2006, EOEs no longer receive any special benefits or incentives.

22. Financial services remains a major pillar of the economy, contributing over 10% to GDP, and is open to foreign investment. Banking services dominate and the government has a stake in various financial services companies. There were no bank failures in Mauritius as a consequence of the global financial crisis. Over the review period, legislative and regulatory changes have been introduced to strengthen supervision and transparency of the sector and to combat illegal activities. There has been significant merger and acquisition activity in the insurance industry as companies implement a new requirement for long-term and general insurance business to be separate. Local assets cannot be insured by insurance companies based in a foreign country. However, since 2013, this restriction has not applied to insurance contracts providing for export insurance.

23. The Government aims to transform Mauritius into a regional information and communications technology hub and to make the sector a main pillar of the economy. In this context measures have been undertaken or are in the pipeline to enhance the competitiveness of the telecommunications subsector, which is dominated by the former incumbent, Mauritius Telecom, as well as to create the best enabling environment for broadband development. The Government maintains a 59% equity stake in this company. Over the review period, key trends in the sector have been an increase in the number of mobile cellular subscriptions and internet subscriptions and an exponential growth of international bandwidth capacity.

24. The State continues to maintain a strong presence in the transport sector in terms of providing port and airport operations and services. It also owns a substantial share of Mauritius' flag carrier, Air Mauritius. The Government's strategy for the maritime sector is to develop its main port into a regional maritime, logistics and business hub. In the air transport subsector, strategies to transform Mauritius into an aviation hub are focused on developing the passenger, cargo, training and maintenance, repairs and overhaul segments. Mauritius is continuing to implement a more liberal air access policy and is moving away from its policy of only allowing scheduled flights.

25. The tourism policy is to promote Mauritius as a premium destination. Over the review period, the Government has revisited its policy on investment by non-citizens in tourism-related activities to enable the signature of a bilateral investment treaty with the United States; restrictions on foreign investment in the car rental, travel agency and tour operator segments have been removed. FDI in hotels and restaurants is permitted as long as the project proposed brings added value and matches with Mauritius' quality tourism objectives. FDI in hotels and villas is being encouraged through specific schemes.

1 ECONOMIC ENVIRONMENT

1.1 Main Features of the Economy

1.1. Mauritius is a middle-income country and one of the most competitive in Africa. It is in the category of high human development countries, with a Human Development Index (HDI) of 0.771 in 2013, and ranked 63rd out of 187 countries¹. Its relatively high living standards, with GDP per capita of US\$9,500 in 2013, reflects its sound institutions, good level of human capital, and the legacy of preferential access to export markets for its key products.

1.2. Efforts made by Mauritius to address the dualism in its economy are bearing fruit. As a result, the domestic economy has been liberalized significantly. This has made the enterprises producing for exports less dependent on incentives (duty and tax concessions in particular) (see Chapter 3).

1.3. Nevertheless, the erosion of preferential access to EU sugar and textile markets, and the related consequences for the Mauritian economy in terms of, *inter alia*, higher unemployment remain a concern, despite steps taken to further diversify the economy towards services.

1.4. Sugar, textiles and clothing, financial services, and tourism remain the four pillars of the economy. The shares of agriculture and manufacturing in GDP decreased over the review period, partly as a result of efforts to promote a service-based economy. Services contributed to 72% of GDP in 2013, with tourism the main source of foreign income (Table 1.1).

1.5. Representing some 115% of GDP during the review period, international trade in goods and services has been a key determinant of Mauritius' economic performance. Mauritius relies on imports for the supply of inputs to its industries and for a large share of its food supplies. Although declining, preferential access to large external markets, such as the European Union, in the sugar and textile sectors has supported export growth, and firmed up the foundation of Mauritius' industrialization.

1.6. A business environment with efficient institutions, a strong public-private partnership, and flexible labour market regulations, supported by good macroeconomic policy has also played its part by attracting foreign direct investments.

1.7. The Mauritian rupee (MUR) is the national currency. Mauritius currently has a floating exchange rate regime.

1.2 Recent Economic Developments

1.8. During the review period, in spite of various headwinds, in particular, the decline in preferential access to foreign markets, and the global economic downturn, the Mauritian economy performed relatively well, with annual GDP growth rates averaging 4% (Table 1.1). The highest GDP growth (5.7%) was recorded in 2007 driven by a boom in tourism, construction, and industry. Although GDP growth was subdued in 2009 due to weaker demand from European markets, Mauritius avoided economic recession in the wake of the 2008-09 economic and financial downturn, reflecting effective policy responses and a well-performing services sector. A series of fiscal stimulus, together with a sound monetary policy helped the economy weather the global crisis.

1.9. Mauritius adopted an expansionary fiscal policy (high public expenditures) during most years of the review period. Two fiscal stimulus packages were implemented in 2008 and 2009 with a view to, *inter alia*, boosting infrastructure development, and supporting SMEs. In addition, the Mechanism for Transitional Support was established to rescue private firms in financial difficulties; it was a collaboration between the Government of Mauritius (GoM), commercial banks, and private firms.

¹ UNDP online information. Viewed at: <http://hdr.undp.org/en/data>.

Table 1.1 Selected macroeconomic indicators, 2007-13

	2007	2008	2009	2010	2011	2012	2013
GDP at market prices (MUR million)	243,998	274,316	282,354	299,170	323,011	343,834	366,509
GDP at market prices (US\$ million)	7,778	9,672	8,840	9,685	11,235	11,488	11,954
Real GDP growth rate at market prices (%)	5.9	5.5	3.0	4.1	3.9	3.2	3.2
Per capita GDP at market prices	6,189	7,637	6,958	7,589	8,990	9,139	9,500
Unemployment rate (%)	8.5	7.2	7.3	7.6	7.8 ^a	8.0 ^a	8.0 ^a
GDP by expenditure at constant 2006 reference prices^b	(Annual % change)						
Final consumption expenditure	3.7	5.2	2.4	2.7	2.6	2.8	2.3
Households	4.5	6.7	2.1	2.6	2.5	2.7	2.6
General government	0.6	-1.4	5.1	3.4	2.9	2.9	0.6
Gross domestic fixed capital formation	5.9	1.3	8.9	-0.7	1.4	-0.8	-3.3
Private sector	20.6	7.2	-1.3	0.0	3.4	-1.9	-2.8
Public sector	-26.6	-20.2	59.5	-2.8	-4.7	2.9	-4.9
Exports of goods & services	1.8	4.0	-3.4	14.3	5.2	3.5	4.4
Goods (f.o.b.)	-10.8	-0.6	-9.3	16.6	2.0	0.9	4.7
Services	18.9	8.5	1.7	12.4	7.8	5.4	4.2
Imports of goods & services	2.5	1.8	-10.7	9.5	6.2	1.3	6.0
Goods (f.o.b.)	-0.7	-0.4	-8.9	7.1	4.1	2.5	4.8
Services	10.7	6.6	-14.4	14.6	10.6	-0.8	8.3
GDP distribution at current basic prices	(% of GDP)						
Agriculture, forestry and fishing	4.4	4.0	3.8	3.6	3.6	3.5	3.3
Sugar cane	2.0	1.7	1.4	1.2	1.3	1.2	1.0
Other	2.4	2.3	2.4	2.4	2.3	2.2	2.2
Mining and quarrying	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Manufacturing	18.3	18.4	17.8	17.0	16.9	16.7	17
Sugar	0.5	0.5	0.4	0.3	0.4	0.4	0.3
Food excluding sugar	5.6	6.4	6.1	6.0	6.0	6.6	6.4
Textiles	6.9	5.8	5.7	5.3	5.1	4.9	4.9
Other	5.3	5.7	5.6	5.4	5.4	4.9	5.2
Electricity, gas, steam and air conditioning supply	1.2	1.6	1.9	1.8	1.6	1.4	1.4
Water supply, sewerage, waste management and remediation activities	0.4	0.4	0.3	0.3	0.3	0.4	0.4
Construction	6.3	6.9	7.0	7.0	6.6	6.3	5.5
Wholesale & retail trade; repair of motor vehicles and motorcycles	11.8	11.9	11.4	11.7	11.8	12.2	12.3
Transportation and storage	7.3	6.4	6.2	6.1	6.1	5.9	5.8
Accommodation and food service activities	8.7	7.9	6.7	7.0	7.1	7.0	6.1
Information and communication	4.6	4.5	4.8	4.9	4.7	4.5	4.4
Financial and insurance activities	9.7	9.9	10.3	10.1	10.2	10.3	10.1
Real estate activities	5.2	5.3	5.3	5.4	5.5	5.5	5.6
Professional, scientific and technical activities	3.2	3.6	3.9	4.1	4.3	4.6	4.8
Administrative and support service activities	2.1	2.1	2.2	2.3	2.4	2.5	2.6
Public administration and defence; compulsory social security	5.6	5.7	6.1	6.1	6.0	5.9	6.6
Education	4.2	4.2	4.4	4.4	4.4	4.4	4.8
Human health and social work activities	3.1	3.1	3.5	3.6	3.7	3.9	4.3
Arts, entertainment and recreation	2.0	2.2	2.5	2.6	2.7	2.9	3.1
Other service activities	1.5	1.5	1.5	1.6	1.7	1.8	1.9
GDP by economic activity at constant 2006 reference prices^b	(Annual % change)						
Agriculture, forestry and fishing	-5.0	3.0	9.1	-0.8	4.1	-0.2	0.4
Sugar cane	-14.2	4.8	12.5	-6.4	3.5	-7.3	-1.9
Other	4.6	1.4	6.4	2.4	4.4	3.7	1.7
Mining and quarrying	-5.5	1.5	-5.4	4.4	-18.9	-8.3	-4.6
Manufacturing	2.6	3.3	2.4	1.9	0.7	2.2	4.4
Sugar	-13.6	3.7	15.0	-4.0	3.8	-6.3	-1.0
Food excluding sugar	2.7	7.3	4.2	4.1	-1.4	7.6	-0.3
Textiles	9.8	0.3	0.0	0.0	3.0	-1.1	2.6
Other	-4.3	2.8	1.8	2.0	0.6	0.0	13.0
Electricity, gas, steam and air conditioning supply	3.9	7.1	0.0	4.6	4.4	4.5	4.4

	2007	2008	2009	2010	2011	2012	2013
Water supply, sewerage, waste management and remediation activities	-1.4	-0.7	-0.2	-0.3	2.5	2.2	2.5
Construction	15.7	11.8	5.9	4.3	-2.0	-3.0	-9.4
Wholesale & retail trade; repair of motor vehicles and motorcycles	4.8	4.6	0.6	4.0	3.7	3.9	3.1
Transportation and storage	4.6	3.1	2.6	3.4	2.5	2.1	2.1
Accommodation and food service activities	12.0	1.3	-6.0	6.0	3.5	0.0	2.5
Information and communication	13.8	13.2	11.6	10.9	9.0	8.6	6.8
Financial and insurance activities	7.6	10.1	4.6	4.5	5.6	5.7	5.4
Real estate activities	3.0	3.1	1.9	2.7	2.9	2.8	2.9
Professional, scientific and technical activities	13.6	15.1	7.4	6.5	7.3	7.8	7.2
Administrative and support service activities	14.0	5.4	2.5	7.6	9.2	7.5	7.4
Public administration and defence; compulsory social security	0.4	1.1	1.0	3.3	5.0	2.2	2.0
Education	2.3	2.9	2.5	3.9	3.9	2.9	2.5
Human health and social work activities	5.6	4.5	6.4	5.9	6.4	7.4	6.3
Arts, entertainment and recreation	8.7	13.9	12.7	5.8	6.9	8.5	8.3
Other service activities	6.7	4.4	3.3	9.1	7.8	6.7	6.3
Prices, interest rates, and exchange rate							
Inflation (%)	8.8	9.7	2.5	2.9	6.5	3.9	3.5
MUR/US\$ (annual average)	31.4	28.4	31.9	30.9	28.8	29.9	30.7
Nominal exchange rate	..	..	..	..	..	..	..
Real effective exchange rate	..	..	..	..	..	..	..
External sector							
(% of GDP, unless otherwise indicated)							
Trade balance (goods and services)	..	-14.2	-10.4	-12.1	-13.8	-13.1	-13.1
Exports (f.o.b.)	..	51.1	47.1	50.9	51.8	52.9	52.6
Imports (f.o.b.)	..	-65.3	-57.5	-63.1	-65.6	-66.0	-65.7
Current account	..	-10.1	-7.4	-10.4	-13.8	-7.3	-9.9
Capital and financial account	..	7.7	4.1	8.7	12.1	10.3	11.0
Gross international reserves (US\$ billion) (June)	1.7	2.1	2.0	2.2	2.9	2.8	3.4
Gross official international reserves (months of import coverage) (June)	3.9	3.8	4.7	4.5	4.6	4.6	5.2
Gross external debt stock (June) as % of GDP	..	..	..	12.9	14.1	23.3	24.0
Gross external debt stock (June) as % of export of goods & services	..	..	..	25.2	26.7	41.7	44.5
Public finance (budgetary Central Government Operations)							
Revenue	20.5 ^c	22.4 ^c	21.4	21.9	21.4	21.5	21.3
Taxes	18.4 ^c	18.8 ^c	18.4	18.5	18.3	18.9	18.6
Taxes on income, profits, and capital gains	4.1 ^c	5.5 ^c	5.3	4.7	4.2	4.3	4.3
Taxes on property	1.6 ^c	1.4 ^c	1.1	1.3	1.2	1.3	1.2
Taxes on goods & services	11.5 ^c	11.1 ^c	11.1	11.6	12.0	12.5	12.3
Taxes on international trade & transactions	1.0 ^c	0.5 ^c	0.5	0.5	0.5	0.4	0.4
Other taxes	0.3 ^c	0.2 ^c	0.3	0.4	0.4	0.4	0.3
Social contributions	0.1 ^c	0.3 ^c	0.3	0.3	0.3	0.3	0.3
Grants	0.2 ^c	1.0 ^c	1.2	0.7	0.7	0.7	0.4
Other Revenue	1.8 ^c	2.2 ^c	1.4	2.4	2.1	1.6	2.1
Total Expenditure	23.1 ^c	25.4 ^c	28.0	25.1	24.6	23.2	24.8
Net Lending / Borrowing (budget balance)	-2.7 ^c	-3.0 ^c	-6.6	-3.2	-3.2	-1.8	-3.5
Total public sector debt as % of GDP	54.3	48.3	55.5	54.5	54.3	53.2 ^d	55.1 ^a

.. Not available.

a Estimate.

b Constant values have been calculated using the annual chain link growth rates.

c Fiscal year (July to June).

d Provisional.

Source: Statistics Mauritius; Bank of Mauritius (2014), *Monthly Statistical Bulletin*, April. Viewed at: https://www.bom.mu/pdf/Research_and_Publications/Monthly_Statistical_Bulletin/Apr14/contents.htm; Bank of Mauritius (2012), *Revised Balance of Payments 2011-2012*. Viewed at: https://www.bom.mu/pdf/Communique/Revised_2011_and_2012.pdf; and information provided by the authorities.

1.10. As a consequence of the expansionary fiscal policy, the public deficit widened; the highest deficit was recorded in 2009 (Table 1.1). In general, the authorities resort to domestic debt and concessional external sources to finance the deficit. Discounted public sector debt remains in line with the 50% ceiling target established under the 2008 Public Debt Management Act.

1.11. Under the 2010-15 Economic Restructuring Competitiveness Programme (ERCP), Mauritius endeavours to reconcile its long-term diversification needs with its short-term fiscal policy. Policy measures under the ERCP are aimed at restructuring enterprises, retraining retrenched workers, improving infrastructure for competitiveness, and shifting exports to new markets.

1.12. Monetary policy has also contributed to improving competitiveness. Pursuant to the Bank of Mauritius (BoM) Act 2004, the primary objective of the policy is to maintain price stability and promote orderly and balanced economic development. A Monetary Policy Committee, which meets on quarterly basis, is in charge of deciding on the Key Repo Rate (KRR) which is the key to signal changes in the monetary policy stance.

1.13. In recent years, monetary policy has been somewhat accommodative to contain the adverse effects of the global financial crisis. Inflation accelerated in 2007 and 2008, as a consequence of rising food and oil prices. The Bank of Mauritius responded by raising the repo rate from its initial rate of 8.5% (in 2006) to 9.25% in June 2007.

1.14. In the context of the changing economic situation, i.e. episodes of subdued GDP growth and high global commodity prices, the BoM undertook a series of repo rate variations during the review period. While the repo rate was cut to 4.75% in September 2010 in response to weak external demand, it was raised in the first half of 2011 to 5.5% to contain inflation. As a consequence, inflation (measured by consumer price index) remained under control during the most part of the review period (Table 1.2). In June 2013, the KRR was reduced to 4.65% to cope with the slowdown of the domestic economy, and the rate remained unchanged following the Monetary Policy Committee decision in July 2014.

Table 1.2 Balance of payments, 2008-13

(MUR million)

	2008	2009	2010	2011 ^a	2012 ^a	2013 ^b
Current account	-27,633	-20,836	-30,986	-44,630	-25,059	-36,187
Goods and services	-38,942	-29,423	-36,340	-44,716	-44,977	-48,097
Goods	-56,597	-49,473	-58,289	-67,585	-73,813	-69,590
Exports	67,970	61,681	69,550	73,586	79,658	88,148
Imports	-124,567	-111,154	-127,839	-141,171	-153,471	-157,738
Services	17,655	20,050	21,949	22,869	28,838	21,493
Credit	72,196	71,196	82,767	93,718	102,213	104,646
Transportation	12,693	10,750	11,525	11,822	11,567	11,018
Travel	41,214	35,693	39,457	42,717	44,378	40,557
Other services	18,289	24,753	31,785	39,179	46,268	53,071
Debit	-54,541	-51,146	-60,818	-70,849	-73,375	-83,153
Transportation	-18,379	-16,303	-16,872	-17,471	-17,882	-18,073
Travel	-12,840	-11,307	-12,235	-11,483	-10,996	-13,388
Other services	-23,322	-23,536	-31,711	-41,895	-44,497	-51,692
Income	4,900	1,678	-275	-3,389	15,659	9,134
Credit	23,140	14,610	160,065	33,136	59,708	55,351
Debit	-18,240	-12,932	-160,340	-36,525	-44,049	-46,217
Current transfers	6,409	6,909	5,629	3,475	4,260	2,776
Credit	11,703	12,947	12,407	11,588	11,505	8,736
Private	9,048	9,481	10,378	9,081	8,791	7,072
Government	2,655	3,466	2,029	2,507	2,714	1,664
Debit	-5,294	-6,038	-6,778	-8,113	-7,245	-5,960
Private	-5,148	-5,621	-6,448	-7,749	-6,796	-5,728
Government	-146	-417	-330	-364	-449	-409
Capital and financial account	21,073	11,626	26,139	39,188	35,464	33,184
Capital account	-40	-59	-148	-53	-241	-123
Financial account	21,113	11,685	26,287	39,241	35,705	33,307
Direct investment	9,411	6,724	423,658	-29,009	170,204	67,213
Abroad	-1,484	-1,197	-624,359	-1,747,761	-644,065	-769,591
In Mauritius	10,895	7,921	1,048,016	1,718,752	814,269	836,804

	2008	2009	2010	2011 ^a	2012 ^a	2013 ^b
Portfolio investment	-4,868	-1,837	-300,682	256,972	42,058	59,760
Assets	-2,643	-8,129	-538,302	101,388	-25,026	-11,772
Equity securities	-2,643	-8,129	-502,021	165,673	43,654	48,052
Debt securities	0	0	-36,281	-64,285	-68,681	-59,824
Liabilities	-2,225	6,292	237,620	155,584	67,084	71,532
Equity securities	873	6,326	239,260	169,523	15,608	21,693
Debt securities	-3,098	-34	-1,640	-13,939	51,476	49,839
Other investment	21,194	18,901	-90,512	-183,475	-170,516	-77,086
Assets	15,612	-8,668	-174,172	7,270	-148,341	-40,281
Liabilities	5,582	27,569	83,660	-190,745	-22,174	-36,805
Reserve assets	-4,624	-12,103	-6,177	-5,247	-6,041	-16,580
Monetary gold	0	-2,195	0	0	0	0
Special drawing rights	-13	-4,002	248	357	-165	47
Reserve position in the Fund	-291	0	-410	-429	-96	-192
Foreign exchange	-4,320	-5,907	-6,016	-5,175	-5,780	-16,435
Other claims	0	0	0	0	0	0
Net errors and omissions	6,560	9,210	4,846	5,442	-10,405	3,003

a 2011 and 2012 data have been revised and are not strictly comparable to previous years and 2013. This is largely due to revision brought in 2011 and 2012 balance of payments statistics, which have been supplemented with results obtained from Foreign Assets and Liabilities Survey (FALS 2013) conducted last year. Direct investment data, besides equity, now also include reinvested earnings and shareholders' loan.

b Preliminary estimates and will be revised on the basis of the FALS 2014.

Note From 2010 the balance of payments includes cross-border transactions of Global Business Category 1 companies (GBC1s).

Source: Bank of Mauritius (2014), *Monthly Statistical Bulletin*, April. Viewed at: https://www.bom.mu/pdf/Research_and_Publications/Monthly_Statistical_Bulletin/Apr14/contents.htm; Bank of Mauritius (2012), *Revised Balance of Payments 2011-2012*. Viewed at: https://www.bom.mu/pdf/Communique/Revised_2011_and_2012.pdf; and information provided by the authorities.

1.15. During the review period, the Mauritius rupee varied some what, reflecting the evolution of key currencies on the global financial markets. In that context, since July 2010, the BoM has intervened occasionally in the forex market to smooth excess volatility. Consequently, Mauritius' de facto exchange rate regime has been reclassified from free-floating to floating.² In June 2012, the Bank of Mauritius embarked on the Operation Reserves Reconstitution (ORR) programme, to build up its foreign exchange reserves with a view to eventually achieving an import cover of six months. The authorities indicated that Mauritius, as a small open economy, was exposed to heightened risk in the wake of the eurozone crisis, and it was important to accumulate reserves to increase insurance against external shocks.

1.16. Foreign currency swaps were introduced in December 2009 to help exporters mitigate their foreign exchange risk. In June 2010, the Bank of Mauritius started making available to the biggest purchaser of foreign exchange on the domestic market – the State Trading Corporation – all its foreign exchange requirements to pay for food and fuel imports. In June 2012, the Bank of Mauritius introduced a Special Foreign Currency Line of Credit (in euros and U.S. dollars), for on-lending by commercial banks to economic operators willing to convert their rupee-denominated liabilities into foreign currency debt, with a view to minimizing their exchange rate risks. Furthermore, in December 2012, the Bank of Mauritius issued directives to banks and foreign exchange dealers to lower their spreads on their indicative rates for the three major currencies to 3% and 4% for telegraphic transfers (TT) and notes, respectively. According to the authorities, these measures helped to smooth out volatilities in the exchange rates, and to maintain price and financial stability.

1.17. In 2011, the authorities announced the creation of a Sovereign Wealth Fund that will be invested in some designated assets abroad. However, it is yet to enter into operation.

1.18. The current account balance remained in deficit during the review period, driven by large trade in goods deficits. The trade in services and income accounts were positive (Table 1.2).

² IMF (2014).

1.19. The authorities recently announced the preparation of a blueprint, the Inclusive High Income Economy vision, geared at transforming Mauritius by 2020 through solid and equitably distributed output growth.³ The pathways to the Inclusive High Income Economy include: the development of new economic activities such as the ocean economy, a health centre of excellence, biotechnology, an aviation hub, and a knowledge hub; the implementation of the New Africa Strategy to tap investment opportunities in Africa, and investing significantly in the physical infrastructure of the economy. The objective is to ensure economic growth, social equity, and sustainability.

1.20. The Inclusive High Income Economy vision is being designed to be consistent with the Maurice Ile Durable vision, which seeks to promote sustainable economic growth through, *inter alia*, sound environmental management, employment promotion, and efficient use of energy.

1.21. According to the authorities, overall, the economy is projected to perform positively in the short term and medium term. The various development strategies undertaken to boost trade in services and strengthen human capital through improved education and training are expected to maintain economic and social stability in a context of steady GDP growth. In addition, projected investments in infrastructure are expected to further reduce costs of doing business in Mauritius and promote the competitiveness of the economy. Efforts to deepen regional integration with other African countries would create a larger regional market. In addition, sound macroeconomic policy is to keep inflation and interest rates low with a view to expanding production activities.

1.22. In a favourable scenario, Mauritius' economy is projected to grow by an annual average rate of nearly 4% in the medium term. The current account deficit is projected to narrow down to an average of 6.5% of GDP.⁴

1.23. Prolonged global economic downturns, high government expenditure, and debt-related risks constitute threats to Mauritius' positive economic outcome.

1.3 Trade Performance

1.24. Trade in goods and services remains fundamental to Mauritius' economy. It averaged some 115% of GDP during the review period, of which trade in goods accounted for nearly a half (Table 1.2).

1.25. Mauritius's main exports are clothing (over 30% of exports, including re-exports), textiles (nearly 5%), and sugar products (Chart 1.1 and Table A1.1).

1.26. The EU market continues to be the leading export destination for Mauritius. However its share in total exports shrank from 64% in 2007 to 57% in 2013 (Chart 1.2 and Table A1.2). Over the same period, the shares of exports to Africa (mainly South Africa and Madagascar), Asia, and the United States increased.

1.27. The main imports into Mauritius were food and oil products, amounting to about 40% of total imports (Chart 1.1 and Table A1.3). Machinery and transport equipment also comprise a significant share of imports, at nearly 20% of total imports.

1.28. The EU, India, and China are the main import sources for Mauritius. Their relative shares have remained relatively unchanged since 2007 (Chart 1.2 and Table A1.4).

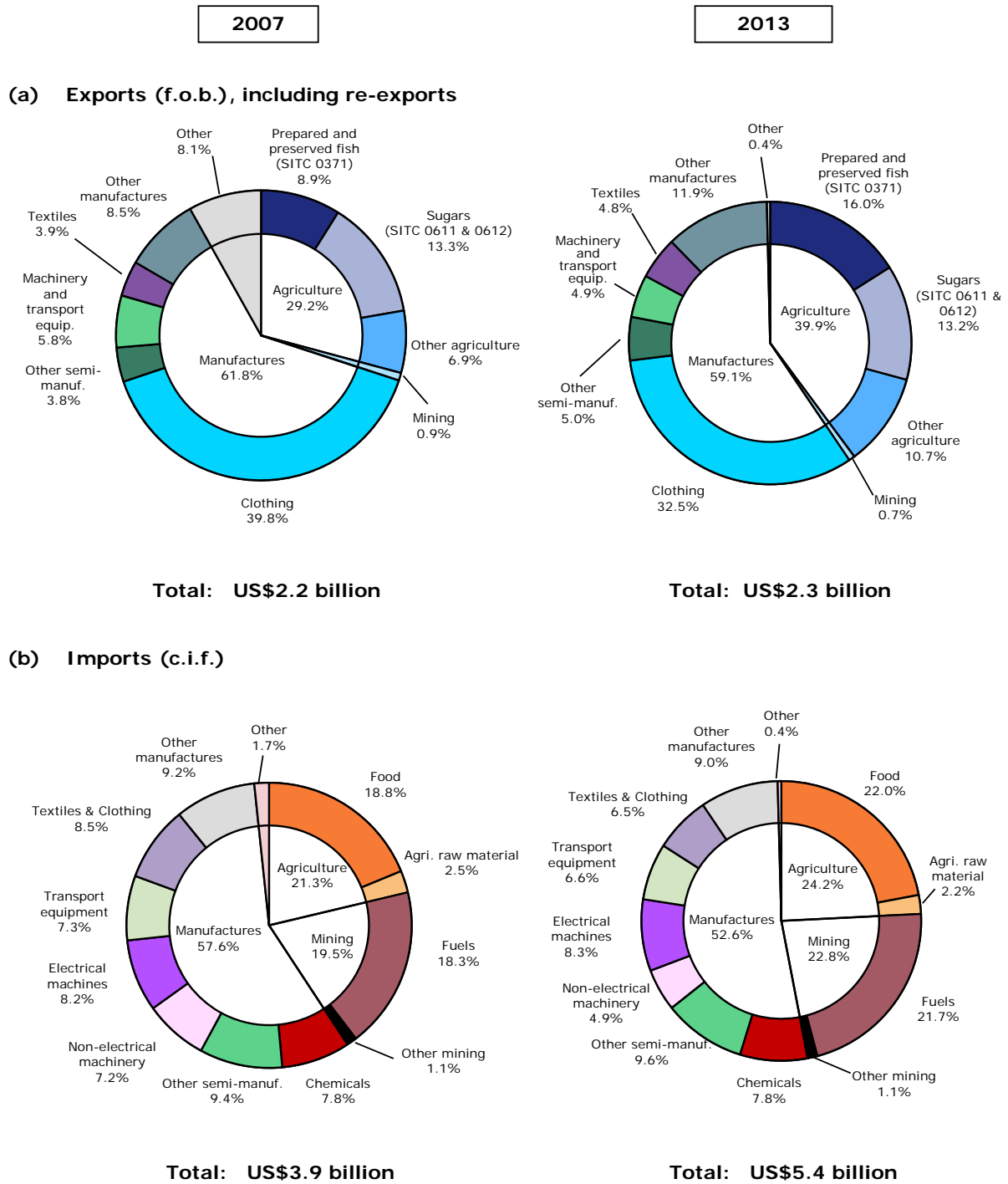
1.29. Mauritius is a net exporter of services. Both imports and exports of services increased steadily during the period under review, except in 2009 in the context of the global economic crisis; travel services were the most affected by the downturn. Main traded services include travel services, transport, telecommunications, and business services. The range of services exports is relatively wide and the authorities have expressed their intention to diversify it further (Table 1.3).

³ African Development Bank (2014).

⁴ IMF (2014).

Chart 1.1 Product composition of merchandise trade, 2007 and 2013

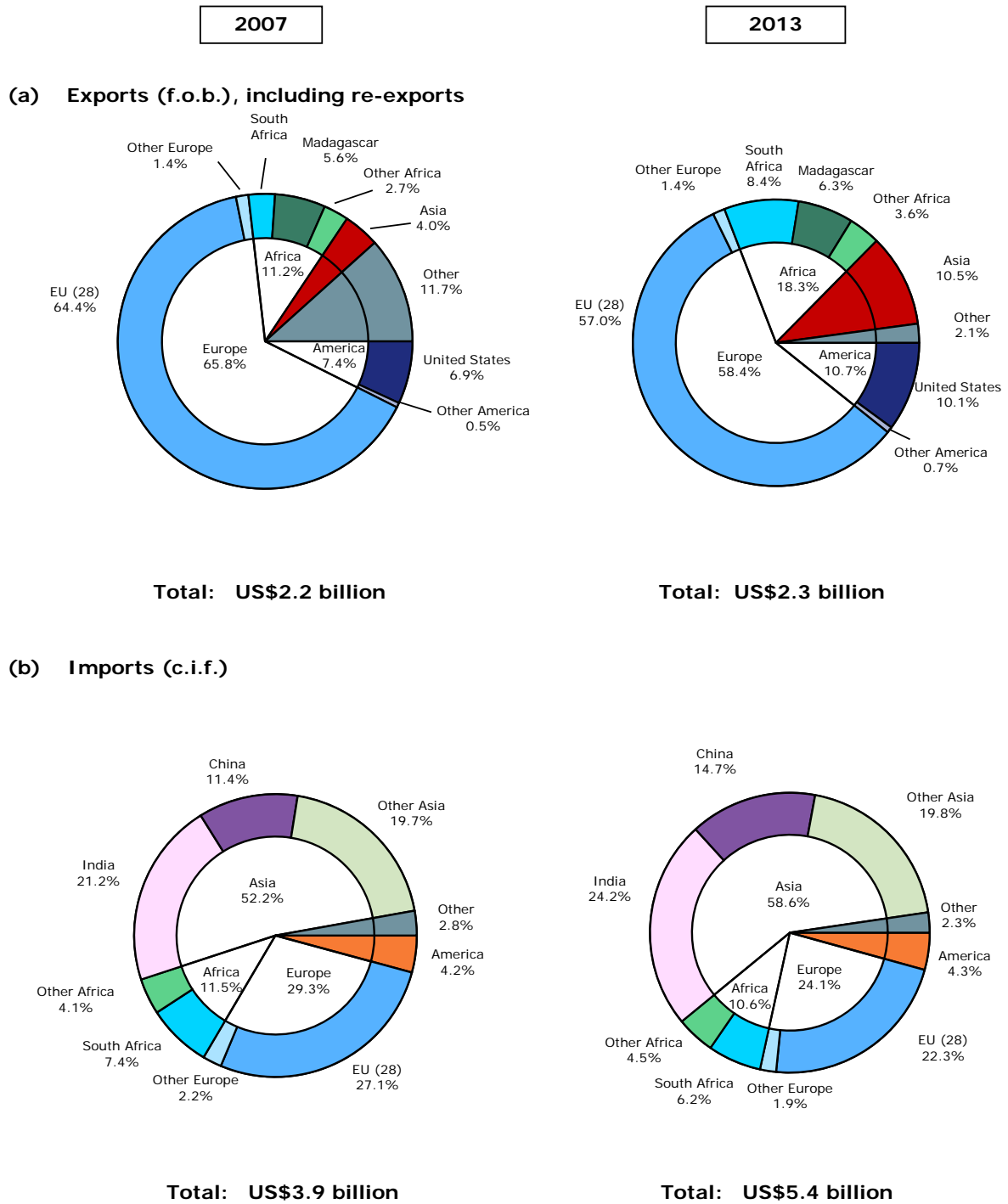
(%)



Source: UNSD, Comtrade database (SITC Rev.3).

Chart 1.2 Direction of merchandise trade, 2007 and 2013

(%)



Source: UNSD, Comtrade database.

Table 1.3 Exports and imports of services, 2008-13

(US\$ million)

	2008	2009	2010	2011	2012	2013	Share of total in 2012 (%)
Exports	2,546	2,229	2,679	3,288	3,415	3,413	100.0
Transportation services	448	337	373	411	386	359	11.3
Travel services	1,453	1,117	1,277	1,486	1,483	1,323	43.4
Other services	645	775	1,029	1,391	1,546	1,731	45.3
of which							
Postal and courier services	4	2	1	5	4	..	0.1
Telecommunications services	73	50	72	103	107	..	3.1
Construction services	10	7	34	49	35	..	1.0
Insurance services	15	26	34	50	56	..	1.6
Financial services	48	72	55	163	138	..	4.0
Computer and information services	16	31	29	63	64	..	1.9
Royalties and license fees	0	0	1	2	1	..	0.0
Merchandising and other trade related services	170	215	130	222	118	..	3.5
Operational leasing services	2	2	3	1	0	..	0.0
Miscellaneous business, professional, and technical services	288	353	617	650	920	..	26.9
Audiovisual and related services	0	0	1	6	2	..	0.1
Other personal, cultural and recreational services	5	4	13	29	56	..	1.6
Government services, n.i.e	14	14	39	46	45	..	1.3
Imports	1,923	1,601	1,969	2,492	2,447	2,712	100.0
Transportation services	648	510	546	608	598	589	24.4
Travel services	453	354	396	399	367	437	15.0
Other services	822	737	1,027	1,485	1,482	1,686	60.6
of which							
Postal and courier services	2	2	5	6	4	..	0.2
Telecommunications services	30	37	51	75	57	..	2.3
Construction services	21	12	49	16	11	..	0.5
Insurance services	70	54	64	72	56	..	2.3
Financial services	36	31	84	226	137	..	5.6
Computer and information services	6	8	12	18	17	..	0.7
Royalties and license fees	6	5	12	15	16	..	0.6
Merchandising and other trade related services	95	127	96	269	144	..	5.9
Operational leasing services	42	36	29	2	3	..	0.1
Miscellaneous business, professional, and technical services	464	348	535	673	914	..	37.4
Audiovisual and related services	7	9	8	17	15	..	0.6
Other personal, cultural and recreational services	32	46	54	52	46	..	1.9
Government services, n.i.e	11	22	28	43	61	..	2.5

.. Not available.

Source: Information provided by the authorities.

1.4 Foreign Direct Investment

1.30. Mauritius performs well in term of FDI inflows. Its major assets include stable economic and political environments, modern infrastructure, a solid judicial system, a highly skilled and dynamic workforce, and various incentive schemes such as duty and tax concessions.

1.31. FDIs grew consistently during the years up to the global economic crisis.

1.32. In 2009, there was a tremendous drop in inward FDI flows due to the global financial crisis. However, since 2010 figures have improved; reflecting increased investor confidence in the Mauritian economy (Table 1.4). It is noted that direct investment data for 2011 and 2012, besides equity capital, also include reinvested earnings and shareholders' loans.

Table 1.4 Foreign direct investment flows, 2007-13

(US\$ million)

	2007	2008	2009	2010	2011 ^a	2012 ^a	2013 ^b	Share of total in 2013 (%)
Total FDI in Mauritius	367.0	402.6	275.3	451.5	448.5	680.7	310.3	100.0
By sector								
Real estate activities	121.8	159.5	134.8	110.8	182.1	252.4	193.2	62.3
of which - IRS/RES/HIS ^c	89.0	93.0	64.9	65.8	116.6	141.3	149.9	48.3
Construction	1.4	2.4	6.6	41.8	73.6	77.0	24.9	8.0
Financial and insurance activities	129.3	160.9	42.9	150.4	68.6	184.2	23.4	7.5
Agriculture, forestry and fishing	0.6	15.8	0.0	0.0	7.5	4.2	22.1	7.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	1.2	3.6	9.1	4.0	20.9	24.9	10.7	3.4
Accommodation and food service activities	101.6	47.5	57.9	27.1	34.7	61.4	10.2	3.3
Manufacturing	8.6	5.2	15.2	2.0	23.3	53.4	9.1	2.9
Other	2.5	7.6	8.8	115.4	37.8	23.2	16.7	5.4
By geographical origin								
EU (27)	146.5	132.1	153.0	232.1	242.4	314.9	129.3	41.7
France	37.5	41.1	73.0	51.7	141.5	143.5	88.4	28.5
United Kingdom	89.3	72.1	46.7	150.0	80.5	136.2	16.4	5.3
Switzerland	41.0	21.4	14.0	19.1	2.0	5.3	18.4	5.9
United States	75.9	37.5	21.2	4.3	8.0	13.0	6.9	2.2
Reunion	18.4	1.7	6.1	4.4	8.6	4.9	5.0	1.6
South Africa	15.9	49.9	16.0	47.5	104.5	178.5	48.9	15.7
United Arab Emirates	41.0	29.9	12.0	10.9	13.7	11.2	7.4	2.4
India	19.4	67.7	10.0	93.5	17.8	23.1	2.4	0.8
China	0.0	2.8	9.5	9.0	8.5	85.5	53.1	17.1
Other	9.0	59.7	33.4	30.7	43.1	44.3	38.9	12.5
Direct investment abroad	58.2	56.8	44.2	129.8	212.2	185.4	134.9	100.0
By sector								
Accommodation and food service activities	34.1	32.5	22.3	32.4	64.3	34.0	78.2	58.0
Real estate activities	7.8	7.5	10.3	4.0	5.7	8.5	28.1	20.8
Financial and insurance activities	3.6	7.4	6.5	34.4	43.6	79.6	17.5	12.9
Manufacturing	7.5	7.2	3.6	11.2	34.5	15.0	4.0	3.0
Other	5.3	2.3	1.5	47.7	64.1	48.3	7.1	5.2
By geographical destination								
EU (27)	4.7	10.0	11.2	3.0	6.4	24.3	19.6	14.6
France	2.1	5.3	9.0	0.3	1.5	6.1	6.9	5.1
Switzerland	0.0	0.0	0.0	25.5	2.1	0.0	3.5	2.6
United States	3.0	0.4	0.8	1.8	0.9	0.2	2.8	2.1
Africa	37.8	20.8	21.0	41.7	156.6	108.8	97.6	72.4
Madagascar	8.5	8.3	3.0	2.3	41.1	5.0	14.8	11.0
Mozambique	4.7	0.3	0.3	0.3	23.3	2.6	0.1	0.1
Reunion	4.1	4.9	2.7	3.2	12.3	1.8	2.1	1.5
South Africa	1.1	0.7	2.2	10.5	2.7	2.6	1.2	0.9
United Arab Emirates	0.0	0.0	0.0	0.0	1.6	0.0	5.3	3.9
India	1.0	1.0	0.4	33.2	2.1	10.3	0.1	0.1
China	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.1
Oceania	1.1	0.1	0.4	0.0	7.6	1.5	1.6	1.2
Other	10.5	24.5	10.6	24.5	34.9	40.2	4.2	3.1

a Data for 2011 and 2012 have been revised and are not strictly comparable to previous years and 2013. This is largely due to revisions in 2011 and 2012 balance-of-payments statistics, supplemented with results obtained from the Foreign Assets and Liabilities Survey (FALS 2013).

Direct investment data, besides equity, now also include reinvested earnings and shareholders' loans.

b Preliminary estimates and will be revised on the basis of the FALS 2014.

c IRS/RES/HIS refer to Integrated Resorts Scheme (IRS), Real Estate Scheme (REC), and Invest-Hotel Scheme (HIS), respectively.

Note: Excluding Global Business Category 1 companies (GBC1s).

Source: Bank of Mauritius (2014), *Monthly Statistical Bulletin*, April. Viewed at: https://www.bom.mu/pdf/Research_and_Publications/Monthly_Statistical_Bulletin/Apr14/contents.htm.

1.33. The EU (mainly the United Kingdom) remains the largest investor in Mauritius, followed by Switzerland, the United States, and the United Arab Emirates.

1.34. Financial services, tourism, real estate, and manufacturing attract most of FDI.

1.35. Mauritius is also an important investor abroad, mainly in tourism, manufacturing, and agriculture.

2 TRADE AND INVESTMENT REGIMES

2.1 General Framework

2.1. The structure of the executive, legislative, and judicial branches of government remain unchanged since Mauritius' previous Review in 2008 (Table A2.1).

2.2. Mauritius' trade policies may be viewed within the overall context of its national economic strategy, articulated in the Government Programme for 2012-2015. This sets out a road map to drive forward Mauritius' transformation from a middle-income to a high-income economy, with an emphasis on integrating economic growth with social development and environmental enhancement. From an economic perspective the programme seeks to achieve growth based on high productivity and innovation, and places priority on the need for investment in infrastructure and people. It is looking to attract MUR 200 billion in investments (both public and private) over 2012-22, with priority on upgrading Mauritius' air, maritime, and road transport infrastructure. Mauritius is also considering how to tap the economic potential of its large Exclusive Economic Zone (EEZ).¹ Separately, a master plan to grow the services sector is also being developed.²

2.3. Primary responsibility for the formulation, review, and assessment of trade policies rests with the Ministry of Foreign Affairs, Regional Integration and International Trade, through its International Trade Division (formerly the Trade Policy Unit (TPU)).³ The Minister of Foreign Affairs, Regional Integration and International Trade is charged with negotiating and signing WTO Agreements and RTAs. Where a policy decision has been taken to negotiate an agreement, government officials are mandated to conduct the negotiations and, where authorized, to sign the agreement on behalf of the State. The ratification process consists in presenting the agreement to Cabinet for approval, followed by elaboration of an Act of Parliament or a set of regulations that incorporate the agreement's obligations into domestic law.

2.4. The International Trade Division continues to consult with the private sector on trade policy issues, including in relation to regional and bilateral trade negotiations. A WTO Standing Coordinating Committee, chaired by the Minister of Foreign Affairs, Regional Integration and International Trade deals with implementation, follow-up, and coordination of trade policy issues covered by WTO Agreements. This committee meets as necessary and brings together representatives from the public and private sectors.

2.5. Various other government agencies have trade policy-related functions (see Chapters 3 and 4). Since 2008, institutional changes have included the creation of an Investigating Authority to undertake anti-dumping and countervailing investigations (see section 3.1.5); a Central Procurement Board and Procurement Policy Office (see section 3.3.1); a Competition Commission (see section 3.3.4); as well as a National Agricultural Products Regulatory Office (NAPRO) and a Mauritius Sugar Cane Industry Authority (see section 4.1.2). Consideration is being given to establishing a Mauritius IP Office (see section 3.3.5) and an independent Utility Regulatory Authority (see section 4.2).

2.6. The Joint Economic Council (JEC) is the coordinating body of the private sector; its membership includes the nine main business organizations of Mauritius.⁴ The Mauritius Chamber of Commerce and Industry is the main institution representing private sector interests on trade and industrial issues.

¹ Government Programme 2012-2015. Viewed at: http://primeminister.gov.mu/English/Documents/Govt_Prog2012-15.pdf.

² Mauritius Trade Portal online information. Viewed at: <http://www.mauritiustrade.mu/en/trading-with-mauritius/news/new/191.master-plan-on-services>.

³ Since Mauritius' previous Review, the name has changed from the Ministry of Foreign Affairs, International Trade and Cooperation. However, the portfolio remains the same.

⁴ These business organizations are: the Mauritius Chamber of Commerce and Industry; the Mauritius Chamber of Agriculture; the Mauritius Employers' Federation; the Mauritius Sugar Producers' Association; the Mauritius Export Association; the Mauritius Bankers' Association; the Mauritius Insurers' Association; the "Association des Hôteliers et Restaurateurs de l'Île Maurice"; and the Association of Mauritian Manufacturers.

2.7. The Constitution is the supreme law of Mauritius. It takes precedence over all legislation, international treaties and agreements. Acts of Parliament and subsidiary legislation are subordinate to and operate within the Constitution. There have been no changes to the process by which acts and subsidiary legislation are formulated since 2008.⁵ Over the review period, the following new laws entered into force: the Merchant Shipping Act (2010); the Competition Act (2008); the Small and Medium Enterprises Development Authority Act (2009); the Trade (Antidumping and Countervailing Measures) Act (2010); the Mauritius Cane Industry Authority Act (2012); and the Sugar Industry Efficiency (Amendment) Act (2013). Several existing laws were amended. The main trade-related laws (including sector-specific laws in areas considered by this report) are listed in Table A2.2.

2.2 Trade Agreements and Arrangements

2.2.1 WTO

2.8. Mauritius is an original Member of the WTO and grants at least MFN treatment to all of its trading partners. It is an observer to the Committee on Trade in Civil Aircraft but is not a member of the Agreement on Government Procurement (GPA), or an observer to the GPA committee. It has never participated in a WTO dispute settlement case as a complainant or respondent, but has been a third party in six cases.

2.9. Whist Mauritius has maintained a solid record of notifications to the WTO, some remain outstanding. These include: agriculture (export subsidies and domestic support); TRIPS (checklist of issues on enforcement); import licensing; quantitative restrictions; customs valuation (interest charges); subsidies (both new and full notification as well as semi-annual notifications); import data for 2012; and state-trading enterprises. Mauritius made no notifications over the review period under GATS Article III.3 and GATS Article VII.4, and it has not notified its RTAs with Pakistan and the Indian Ocean Commission (applying only Madagascar). Notifications made over the review period are listed in Table A2.3.

2.2.2 Regional Trade Agreements (RTAs)⁶

2.10. Mauritius' network of regional trade agreements (RTAs) covers 6 agreements with a total of 24 trading partners (counting the EU as one trading partner).⁷ These agreements cover almost all tariff lines, with the exception of that between Mauritius and Pakistan, which is of limited scope. The main features of each of these agreements are set out in Table 2.1. Mauritius is not a signatory to the Agreement on Global System of Trade Preferences (GSTP).

⁵ As noted in Mauritius' previous Review, each Ministry formulates policies within its field and thereafter instructs the Attorney-General's Office to draft the required Bill. The Bill is submitted to Cabinet for approval, then introduced into Parliament for three readings. Bills are adopted by a simple majority (except those on human rights and democratic principles or those aimed at altering the Constitution, for which a qualified majority or referendum is required). Once adopted, the Bill needs Presidential assent to become law. The President may withhold assent (with some exceptions) and send a Bill back to Parliament (only once) for reconsideration. All laws are Acts of Parliament and are published in the *Government Gazette* (WTO document WT/TPR/S/198/Rev.1, 11 June 2008).

⁶ Agreements involving reciprocal concessions.

⁷ The 24 trading partners are: Burundi, Comoros, Djibouti, Egypt, Kenya, Libya Arab Jamahiriya, Rwanda, South Sudan, Madagascar, Seychelles, Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe, Turkey, European Union, and Pakistan.

Table 2.1 RTAs in force, 2014

RTAs	
Common Market for Eastern and Southern Africa (COMESA) Free Trade Area	
Parties	Burundi; Comoros; Djibouti; Egypt; Kenya; Libya Arab Jamahiriya; Madagascar; Malawi; Mauritius; Rwanda; Seychelles; South Sudan; Zambia; and Zimbabwe
Date of signature/entry into force	1993/1994
End of transition period for Mauritius (goods liberalization)	Since 2000, 100% duty-free treatment to goods coming from member states party to the COMESA FTA (Group I). A 90% reduction on the MFN rate for member states that have not yet joined the FTA (Group II: Democratic Republic of Congo; Eritrea; Ethiopia; Swaziland and Uganda),
Coverage (selected features)	Common external tariff (yet to be implemented); competition; government procurement; intellectual property rights; investment; cooperation on environment; harmonization of standards, SPS measures and customs procedures; regional payment and settlement system; and monetary union (yet to be implemented). Protocol on the Free Movement of Persons, Labour, Services, Right of Establishment and Residence adopted in 2001 but only ratified by Burundi. Regulations on trade in services adopted by COMESA Council of Ministers and request-offer exercise for market access liberalization is ongoing. COMESA Common Investment Areas (CCIA) adopted by the COMESA Council. However, no member state has yet ratified it.
WTO consideration status	Factual abstract distributed
Mauritius' merchandise trade with COMESA (2013)	3.3% of total imports; 8.8% of total exports (including re-exports). Mauritius' main trading partner is Madagascar.
WTO document series	WT/COMTD/N/3, 29 June 1995
Southern African Development Community (SADC)	
Parties	Angola; Botswana; Lesotho; Malawi; Mauritius; Mozambique; Namibia; South Africa; Swaziland; Tanzania; Zambia; and Zimbabwe ^a
Date of signature/entry into force	SADC Trade Protocol: 1996/2000. The Protocol set an 8-year transition period after entry into force for completion of the free-trade area (by 2008), with substantially all trade liberalized
End of transition period for Mauritius (goods liberalization)	December 2013: Mauritius has liberalized all tariff lines vis-à-vis SADC member states
Coverage (selected features)	Protection of infant industries; cross border investment; competition policy; trade facilitation. Trade in services protocol adopted in 2012; negotiations to liberalize trade in services ongoing
WTO consideration status	Factual presentation distributed (date of consideration: 14 May 2007)
Mauritius' merchandise trade with main SADC trading partners (2013)	7.2% of total imports; 9.0% of total exports. Mauritius' main trading partner is South Africa.
WTO document series	WT/REG176
Trade Agreement between the Republic of Mauritius and the Islamic Republic of Pakistan	
Date of signature/entry into force	2007/2007
End of transition period for Mauritius (goods liberalization)	2009: under the agreement, Mauritius has fully or partially liberalized 102 tariff lines (at the 6-digit tariff level)
Selected features	Services not covered
WTO consideration status	None
Mauritius' merchandise trade with Pakistan (2013)	0.5% of total imports; 0.02% of total exports
WTO document series	Not notified to the WTO ^b

RTAs	
European Union - Eastern and Southern African States Interim Economic Partnership Agreement (IEPA)	
Parties	EU member states; Madagascar; Mauritius; Seychelles; and Zimbabwe
Date of signature/entry into force	2009/2012
End of transition period for Mauritius (goods liberalization)	2022: 97% of tariff lines will be duty free; 193 tariff lines exempt from liberalization, with tariffs ranging from 0% and 30%, mainly biscuits, meat, pasta, soaps, and steel products
Selected features	Bilateral safeguard; fisheries; economic development cooperation; private-sector development; infrastructure; natural resources and environment. Services are not covered
WTO consideration status	Factual presentation not distributed
Mauritius' merchandise trade with the European Union (2013)	22.3% of total imports; 57% of total exports (including re-exports)
WTO document series	WT/REG307
Free Trade Agreement between the Republic of Mauritius and the Republic of Turkey	
Date of signature/entry into force	2011/2013
End of transition period for Mauritius (goods liberalization)	2022: 98.1% of tariff lines will be duty free; 117 tariff lines will continue to attract duty, mainly covering, <i>inter alia</i> , biscuits, meat, pasta, soaps, and steel products
Selected features	Taxation and regulation, intellectual and industrial property. Services not covered.
WTO consideration status	Factual presentation distributed. Date of consideration in WTO: 23-24 June 2014.
Mauritius' merchandise trade with Turkey (2013)	0.9% of total imports; 0.2% of total exports
WTO document series	WT/REG341
Indian Ocean Commission (IOC) RTA with Madagascar	
Date of signature/entry into force	Not available
End of transition period for Mauritius (goods liberalization)	Completed (date of completion not available)
Selected features	Not available
WTO consideration status	None
Mauritius' merchandise trade with Madagascar (2013)	0.5% of total imports; 6.3% of total exports
WTO document series	None

- a Congo DR, Madagascar, and Seychelles have not yet implemented the SADC Trade Protocol.
 b The authorities indicated that procedures consultations with Pakistan are ongoing for a joint Mauritius-Pakistan notification of the RTA to the WTO.

Source: WTO Secretariat RTA Database; and Mauritius Trade online information. Viewed at: <http://www.mauritiustrade.mu/en/trade-agreements>.

2.2.2.1 RTA developments since 2008

2.11. Key developments during the review period were the entry into force of RTAs between Mauritius and Turkey, and an interim Economic Partnership Agreement (EPA) between the EU and the Eastern and Southern African States. Integration within both SADC and COMESA has been strengthened and efforts are under way to create a tripartite free-trade agreement between COMESA, SADC, and the East African Community (EAC), and in the longer term a Continental Free Trade Area within Africa (see below).

2.12. Mauritius has finalized a bilateral RTA with India covering 100 tariff lines; implementation of this RTA is awaiting the finalization of the Comprehensive Economic Cooperation Partnership Agreement. Discussions are ongoing regarding the possible launch of RTA negotiations with Brazil and China, and for further expanding the RTA between Mauritius and Pakistan. Additionally, certain

members of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) have been discussing the feasibility of establishing an RTA for some time.⁸

2.2.2.1.1 Mauritius-Turkey RTA

2.13. The RTA between Mauritius and Turkey was signed on 9 September 2011 and entered into force on 1 June 2013.⁹ It is partly based on the IEPA with the European Union. It provides duty-free and quota-free access for all Mauritian exports of industrial products to Turkey, except for a list of 70 clothing items on which duties will be phased down over a four-year period. Mauritius benefits from preferential access for 40 agricultural products on a tariff-quota basis. In return, Mauritius committed to a phased schedule of tariff liberalization over 2013-22. Prior to the RTA's entry into force, 88.9% of Mauritius' tariff lines were duty free on an MFN basis; an additional 0.6% of lines were liberalized in 2013; a further 0.8% will be liberalized in 2017, and 7.8% in 2022. By the end of the implementation period, 117 tariff lines will remain dutiable, representing 1.9% of the total lines in Mauritius' tariff schedule. However these tariff lines still account for a significant portion of Turkey's trade with Mauritius (some 21.5% of the value of Mauritius' total imports from Turkey over 2010-12).¹⁰

2.2.2.2 Interim Economic Partnership Agreement (IEPA) with the European Union

2.14. An IEPA was signed on 29 August 2009, between the European Commission and four Eastern and Southern African (ESA) economies: Madagascar, Mauritius, Seychelles, and Zimbabwe. The agreement entered into force on 14 May 2012.¹¹ It provides for duty-free access for all ESA exports to the EU market except for sugar and rice, whereby liberalization is staggered over a transitional period up until September 2015. Mauritius' trade liberalization schedule is set out in Annex II to the IEPA. Various raw materials and capital goods, some 1,342 tariff lines (at the 6-digit level) were liberalized in January 2013; there is a phased schedule for full liberalization of certain intermediate and capital goods over 2013-17 (2,453 tariff lines); and phased liberalization of other products over 2013-22 (1,068 tariff lines); 193 tariff lines are exempt from liberalization. Negotiations between the parties are in train to conclude a full EPA. According to the authorities, this would include trade in goods, trade in services, competition policy, intellectual property rights, and trade facilitation.¹²

2.2.2.3 RTAs with other African countries

2.15. Since 2008, regional integration within COMESA has broadened, with the admission of two new member states (South Sudan and Uganda), and deepened, with various new reforms being achieved or set in train.¹³ In June 2009, the COMESA Customs Union was launched by the heads of State and Government with a three-year transition period aimed at allowing member states to define their sensitive products list and align their national tariff structures to COMESA's Common External Tariff and Common Tariff Nomenclature (CTN). This was to commence in June 2012, but was postponed to 2014 as member states had not yet finalized tariff alignment schedules. Additionally, the COMESA Regional Payment and Settlement System (REPSS) became operational in October 2012. The REPSS is a cross-border payment system which establishes a simpler, more secure, and faster payment infrastructure for traders within COMESA, through their respective central bank. It enables importers and exporters to pay or invoice for their products in their local

⁸ Iran, Kenya, Mauritius, Oman, Sri Lanka, Tanzania, and Yemen prepared a concept paper on the feasibility of establishing an RTA, and a Framework Agreement was drafted in 2003 (<http://iorarc.org/projects/flagship-projects/preferential-trade-agreement.aspx> and http://www.iorarc.org/media/25571/speech_by_h.e._yousouf_bin_alawi_abdullah_sultanate_of_oman.pdf).

⁹ The agreement may be viewed at: <http://www.mauritiustrade.mu/en/trade-agreements/turkey>.

¹⁰ WTO document WT/REG341/1, 18 March 2014.

¹¹ Prior to the entry into force of the IEPA, trade with the EU was governed by Market Access Regulations 1528, under which preferential access was provided for all products except rice and sugar.

¹² Areas for future cooperation are set out in Chapter V of the Interim EPA. Viewed at: <http://www.mauritiustrade.mu/ressources/pdf/EPA-interim-text.pdf>.

¹³ South Sudan joined COMESA in 2011 as a Group I member, and Uganda in 2012 as a Group II member. As noted in Mauritius' previous Review, the main objectives of COMESA include the creation of a free-trade area; the establishment of a customs union; free movement of capital and investment, supported by the adoption of a common investment area; a gradual establishment of a payment union based on the COMESA Clearing House, and the eventual establishment of a monetary union; and the adoption of common visa arrangements, leading eventually to the free movement of persons.

currencies and removes the need for confirmed letters of credit and associated costs.¹⁴ The COMESA Clearing House owns and operates the REPSS and the Bank of Mauritius is the Settlement Bank. COMESA's Competition Commission (CCC) became operational on 14 January 2013 (see section 3.3.4).¹⁵ Negotiations to create a COMESA-EAC-SADC Tripartite Free Trade Area are under way (see below).

2.16. SADC launched its FTA in August 2008, with 85% of tariff lines traded on a duty-free basis.¹⁶ Additionally, the SADC Trade Protocol was amended in July 2008 with the adoption of an annex dedicated to SPS measures.¹⁷ The objectives of the annex are, *inter alia*, to improve member states' implementation of the WTO Agreement on the Application of SPS Measures, to enhance their technical capacity to monitor SPS measures, and to provide a forum for addressing SPS-related matters, including disputes. The SADC Protocol on Trade in Services was approved by the 32nd SADC Summit of Heads of State and Government in Maputo, Mozambique in August 2012.¹⁸ It seeks progressive liberalization of trade in services with a view to creating ultimately a single market for trade in services. Promoting sustainable economic growth and enhancing the capacity and competitiveness of services sectors are also among its objectives. A first round of negotiations to liberalize services in six priority areas commenced in April 2012 with the development of a roadmap for negotiations. The round is expected to be completed in three years. The six priority areas are: communication services, construction services, energy-related services, financial services, tourism services, and transport services.¹⁹ In terms of the overall regional integration agenda, SADC has deferred the launch of a Customs Union initially set for 2010.²⁰

2.17. Negotiations to establish an enlarged free-trade area encompassing the members of COMESA, SADC, and the EAC, were launched in 2008.²¹ The ultimate goal is to achieve a single customs union. The authorities noted that the motivation for embarking on a tripartite free-trade agreement is to resolve challenges of multiple memberships (many African countries belong to two or more regional blocks).²² The negotiations will seek to harmonize trade policies among the member states of the three trade agreements. The tripartite free-trade agreement was initially expected to be concluded by January 2015. However, as of mid-2014, major elements were still outstanding. In an effort to make transparent and reduce non-tariff barriers to trade (NTBs), SADC, COMESA, and EAC members have also implemented a NTB reporting, monitoring, and eliminating mechanism, which contains timelines for the removal of NTBs in the region.²³

2.18. At the 2012 African Union (AU) Summit, heads of State endorsed a plan to establish a Continental Free Trade Agreement (CFTA) by 2017, building upon a finalized EAC-COMESA-SADC tripartite agreement. The following milestones were set: (a) completion of free-trade agreements by non-tripartite regional economic communities, through parallel arrangements similar to the EAC-COMESA-SADC tripartite initiative, between 2012 and 2014; (b) consolidation of the tripartite and other regional FTAs into a CFTA between 2015 and 2016; and (c) establishment of the CFTA by 2017 with the option to review the target date according to progress made.²⁴ The AU organized a follow-up meeting of African Trade Ministers in April 2014 to brainstorm on the guiding principles and modalities for the CFTA negotiations.

¹⁴ For more information see:

http://www.comesa.int/index.php?option=com_content&view=article&id=395:comesas-regional-payment-and-settlement-system-repss-goes-live&catid=5:latest-news&Itemid=41 and <http://www.mcci.org/documents/REPSS2.pdf>.

¹⁵ The CCC and the Board of Commissioners are the two competition bodies of COMESA. Viewed at: <http://www.lexology.com/library/detail.aspx?g=10adeb55-34f0-4736-8aeb-0262abb1bc78>.

¹⁶ In January 2014, Mauritius liberalized the remaining 15%.

¹⁷ SPS annex viewed at: http://www.sadc.int/files/7413/5817/6371/SADC_Sanitary_and_Phyto_Sanitary_ANNEX.pdf.

¹⁸ SADC online information. Viewed at: http://www.sadc.int/files/7313/6439/6118/Protocol_on_Trade_in_Services_-_2012_-_English.pdf.

¹⁹ SADC online information. Viewed at: <http://tis.sadc.int/>.

²⁰ All Africa online information. Viewed at: <http://allafrica.com/stories/201308180126.html>.

²¹ COMESA-EAC-SADC Tripartite Summit, Kampala 2008.

²² For members of the COMESA and SADC agreements, see Table 2.2. EAC Member states are: Burundi, Kenya, Rwanda, Tanzania, and Uganda.

²³ The mechanism may be viewed at: www.tradebarriers.org and it allows operators to directly report, and monitor the resolution of, barriers encountered in the participating member states. The system is publically accessible to all.

²⁴ ICTSD online information. Viewed at: <http://ictsd.org/i/news/bridgesweekly/124188/>.

2.2.3 Preferential Trade Agreements²⁵

2.2.3.1 Generalized System of Preferences (GSP)

2.19. Mauritius benefits from preferential tariff treatment granted under the GSP schemes of the EU, Japan, and Norway (since 1971); New Zealand and Switzerland (since 1972); Australia and Canada (since 1974); Turkey and Bulgaria (since 2002); and the Russian Federation, Belarus, and Kazakhstan (since 2010).²⁶ The GSP scheme of the Russian Federation, Belarus, and Kazakhstan was notified to the WTO in March 2013. Under the latter scheme, selected products originating from Mauritius (and other developing country beneficiaries) are eligible for a 25% reduction on the MFN duty, while those originating from LDCs benefit from duty-free access.²⁷ The U.S. GSP programme expired on 31 July 2013 and the U.S. Congress is considering legislation that would renew it.²⁸

2.2.3.2 African Growth and Opportunity Act (AGOA)

2.20. Under the United States' AGOA scheme, Mauritius is granted duty-free and quota-free access to the U.S. market for a specific range of products, mainly textiles and apparel.²⁹ Mauritius has also qualified for Lesser Developed Country status since October 2008³⁰, which permits more flexible rules of origin in allowing Mauritius to use third-country fabrics in clothing exports. The third-country fabric provision was extended in August 2012.³¹ The AGOA is scheduled to expire in 2015, but the parties are discussing its renewal past this date. Total Mauritian exports to the United States under the AGOA scheme amounted to just under US\$188 million in 2013. Virtually all exports under the scheme were textile and apparel products (Chart 2.1). An AGOA levy was abolished as a result of Mauritius' 2013 budget; it had been levied on apparel made from third-country fabric for export to the United States under AGOA preferences in order to pay a lobbyist in Washington to safeguard Mauritius' AGOA benefits.

²⁵ Agreements involving unilateral concessions.

²⁶ WTO online information. Viewed at: <http://ptadb.wto.org/Country.aspx?code=480> and Government of Mauritius online information. Viewed at: http://www.gov.mu/portal/sites/mfa_web/gspchemes/gsp_schemes.html.

²⁷ WTO document WT/COMTD/N/42, 5 April 2013.

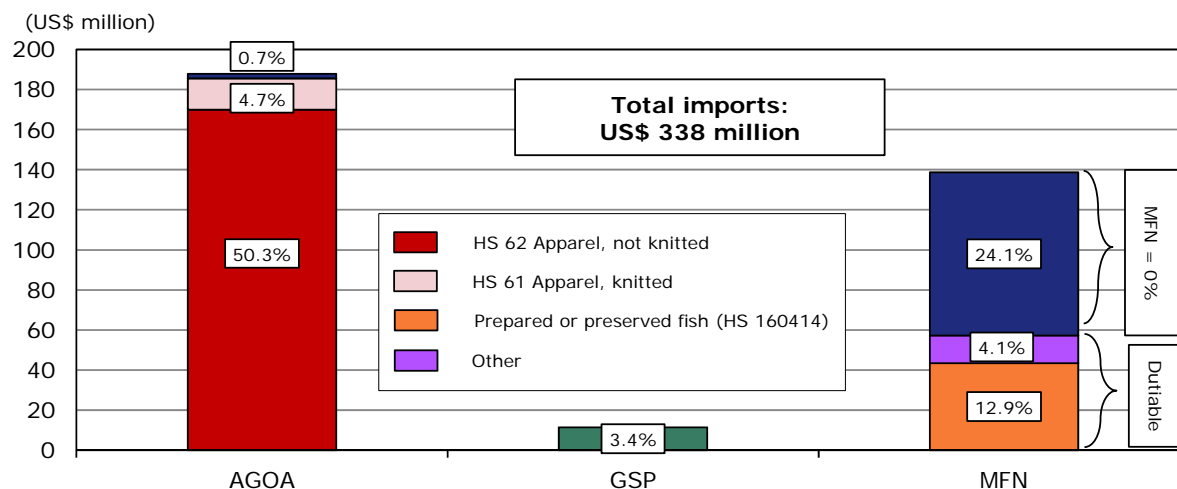
²⁸ USTR online information. Viewed at: <http://www.ustr.gov/trade-topics/trade-development/preference-programs/generalized-system-preference-gsp>.

²⁹ As of 1 June 2013, 39 SSA countries were eligible for AGOA trade benefits.

³⁰ Amendment HR 7222 of AGOA provisions by Public Law 110-436 enacted on 16 October 2008 considers Mauritius as a "lesser developed beneficiary sub-Saharan African country". Viewed at: http://agoa.info/images/documents/2629/Law_110-436.pdf. A presidential proclamation, dated 23 December 2009, renewed Mauritius' eligibility for the third-country fabric provision. Viewed at: <http://www.whitehouse.gov/the-press-office/presidential-proclamation-take-certain-actions-under-african-growth-and-opportunity>.

³¹ USTR online information. Viewed at: <http://www.ustr.gov/about-us/press-office/press-releases/2012/august/kirk-applauds-agoa-caftadr-renewal>, and <http://www.ustr.gov/countries-regions/africa>. The TCF provision was due to expire on 30 September 2012. Delay in renewing the provision was much criticized as it fuelled uncertainty and entailed losses in U.S.-Africa apparel trade. Viewed at: <http://magazine.cottonafrica.com/magazine/?p=1327>.

Chart 2.1 U.S. imports from Mauritius, 2013



Note: Percentage figures indicate the share of total imports.

Source: US International Trade Commission. Viewed at: <http://dataweb.usitc.gov/>. [Februray 2014].

2.2.4 Other regional cooperation schemes and agreements

2.21. Mauritius is a signatory to various other economic cooperation schemes and agreements that, *inter alia*, involve strengthening and expanding trade and investment linkages but do not involve trade preferences (Table 2.2). Since 2008, it has signed the Mauritius-EFTA Joint Declaration of Cooperation (in 2010) and the Mauritius-Union of Comoros Framework Agreement on Cooperation (in 2014). Mauritius also joined the South Asian Association for Regional Cooperation (SAARC) as an observer in 2008.³²

Table 2.2 Regional cooperation schemes and agreements, 2014

Scheme (date of signature)	Members	Trade and investment-related developments since 2008
Indian Ocean Commission (IOC) (1984)	Mauritius, Union of Comoros, Reunion, Madagascar, and Seychelles	In 2010, the IOC Council of Ministers urged the creation of an economic and commercial zone. The objective is to eliminate all obstacles to trade and investment within the IOC region. Modalities have yet to be developed and agreed.
Mauritius-US Trade and Investment Framework Agreement (TIFA) (2006)	Mauritius and United States	Annual meetings have focused on areas of priority interest (AGOA implementation, agricultural trade and agri-business linkages, intellectual property rights, a proposed bilateral investment treaty, trade in services, and capacity building). Parties have concluded an agreement on ICT principles. Consideration is also being given to the possibility of concluding a bilateral customs cooperation and trade facilitation agreement.
Mauritius-European Free Trade Association Joint Declaration of Cooperation (2010)	Mauritius, Iceland, Norway, Switzerland, and Lichtenstein	The first Mauritius-EFTA Joint Committee meeting on 10 June 2013, involved a review of bilateral trade and investment; exchange of information on preferential trade activities; and potential areas for closer cooperation. A second meeting will be held in the light of developments taking place in the EPA negotiations.
Mauritius-Union of Comoros Framework Agreement on Cooperation (2014)	Mauritius and Union of Comoros	Information not available.

Source: Government of Mauritius online information. Viewed at: <http://www.mauritiustrade.mu> and <http://www.gov.mu>; and EFTA online information. Viewed at: <http://www.efta.int>.

³² The SAARC was set up in December 1985 to accelerate economic and social development in its member states through increased intra-regional cooperation. Current members are Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Australia, China, the EU, Japan, Iran, Myanmar, South Korea, and the United States also have observer status (see: <http://saarc-sec.org>).

2.3 Investment Regime

2.3.1 General framework

2.22. Mauritius has several investment-related laws (Table A2.2). The Investment Promotion Act (2000) established the Board of Investment (BOI) as Mauritius' national investment promotion agency. The BOI is the first point of contact for businesses wishing to establish operations in Mauritius and coordinates with other public agencies to facilitate the implementation of investment projects. It issues registration certificates to enterprises wishing to benefit from investment promotion schemes and has the mandate to negotiate bilateral investment treaties.³³ In 2013, the Investment Promotion Act was amended to provide for the establishment of an Investment Projects Fast-Track Committee (IPFTC). The IPFTC's mandate is to coordinate and expedite the processing of permit approvals for large investment projects deemed to be in the economic interest of Mauritius. The Business Facilitation (Miscellaneous Provisions) Act 2006 amended various laws in order to allow businesses to start their operations on the basis of self-adherence to established guidelines and for ex-post control of compliance, to facilitate business activities and acquisition of property by foreigners and to enable small enterprises to start business activities within three working days.³⁴

2.23. The legal framework for levying corporate tax is the Income Tax Act 1995, as amended by annual finance laws. In 2014, corporate tax was levied at a rate of 15% (unchanged since Mauritius' previous Review). Certain tax exemptions or deductions apply to offshore companies.³⁵ Mauritius has introduced a Corporate Social Responsibility (CSR) Tax whereby profitable companies must spend 2% of the previous year's chargeable income to implement an approved programme by the company or an approved programme under the National Empowerment Foundation, or finance a non-governmental organization (NGO).³⁶ Mauritius does not levy a capital gains tax. Over the review period, new levies were applied to banks (see section 4.4.1) and telecommunication companies (see section 4.4.2).

2.24. The investment promotion and protection agreements (IPPAs) to which Mauritius is a signatory require Mauritius to grant national treatment to foreign investors. Since 2008, new IPPAs have entered into force with Burundi, Senegal, Belgium/Luxembourg, the Republic of Korea, Finland, and Tanzania. Additionally new double-taxation avoidance agreements (DTAAs) have entered into force with Germany, Sweden, Tunisia, Qatar, Bangladesh, and Zambia (Box 2.1).

2.25. The International Arbitration (Miscellaneous Provisions) Act (Act No. 8 of 2013), enacted in 2013³⁷, amends the Code de Procédure Civile, the Convention on the Recognition and Enforcement of Foreign Arbitral Awards Act, and the International Arbitration Act. The main effect of the amendment is that foreign arbitral awards are no longer governed by the Code de Procédure Civile but by the latter Acts. More specifically: (a) the New York Convention now applies to the recognition and enforcement of all arbitral awards made in the territory of a State other than Mauritius, whether or not there is reciprocity on the part of that State; (b) for the purposes of Article IV of the New York Convention, any arbitral award made in the English or French language is now deemed to have been made in an official language of Mauritius; and (c) no limitation or prescription period provided for in the laws of Mauritius now applies to the recognition and enforcement of an arbitral award under the New York Convention.

³³ For more information on the functions of the Board see: <http://www.investmauritius.com/about-us/the-board-of-investment.aspx>. The Board certifies the Real Estate Development Scheme, the Invest Hotel Scheme, and the freeport scheme.

³⁴ Business Facilitation (Miscellaneous Provisions) Act 2006. Viewed at: <http://www.gov.mu/portal/sites/smeportal/documents/legislations/bizlegact.pdf>.

³⁵ Offshore companies (holding a Category 1 Global Business Licence) pay 15% tax and a tax credit of up to 80% is available. Offshore international companies (holding a Category 2 Global Business Licence) are tax exempt. PKF online information. Viewed at: http://www.pkf.com/media/387149/mauritius_2012.pdf.

³⁶ Certain entities are not considered as companies for CSR purposes: (a) a company holding a Category 1 Global Business Licence; (b) a bank holding a banking licence under the Banking Act in respect of its income derived from its banking transactions with non-residents or corporations holding a Global Business Licence; (c) an Integrated Resort Scheme (IRS) Company; and (d) a non-resident société, a trust or a trustee of a unit trust scheme.

³⁷ International Arbitration (Miscellaneous Provisions) Act 2013. Viewed at: [http://attorneygeneral.gov.mu/English/Documents/Acts%20By%20Year/2013/INTERNATIONAL%20ARBITRATION%20\(MISCELLANEOUS%20PROVISIONS\)%20ACT%202013.pdf](http://attorneygeneral.gov.mu/English/Documents/Acts%20By%20Year/2013/INTERNATIONAL%20ARBITRATION%20(MISCELLANEOUS%20PROVISIONS)%20ACT%202013.pdf).

Box 2.1 Investment-related treaties and international agreements, 2014

Investment Promotion and Protection Agreements (IPPAs)
<ul style="list-style-type: none"> <i>In force (date of entry into force)</i>: Barbados (2005); Belgium/Luxembourg Economic Union (2010); Burundi (2009); China (1997); Czech Republic (2000); Finland (2008); France (1974); Germany (1973); India (2000); Indonesia (2000); Madagascar (2005); Mozambique (2003); Pakistan (1997); Portugal (1999); Republic of Korea (2008); Romania (2000); Senegal (2009); Singapore (2000); South Africa (1998); Sweden (2005); Switzerland (2000); Tanzania (2013); and UK and Northern Ireland (1986). <i>Signed but not yet in force (date of signature)</i>: Benin (2001); Cameroon (2001); Chad (2001); Comoros (2001); Egypt (2014); Gabon (2013); Ghana (2001); Guinea Republic (2001); Kenya (2012); Kuwait (2013); Mauritania (2001); Nepal (1999); Republic of Congo (2010); Rwanda (2001); Swaziland (2000); Turkey (2013); and Zimbabwe (2000).
Participation in international arbitral conventions/bodies
<ul style="list-style-type: none"> Signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards since 1996 (New York Convention) Member of the International Centre for Settlement of Investment Disputes (ICSID) since 1969.
Other
<ul style="list-style-type: none"> Member of the Multilateral Investment Guarantee Agency (MIGA); Agreement between the Government of the United States and COMESA concerning the development of Trade and Investment Relations (signed 2001)
Double-taxation avoidance agreements treaties (DTAAs)
<ul style="list-style-type: none"> <i>In force (date of entry into force)</i>: Bangladesh (2010); Barbados (2005); Belgium (1999); Botswana (1996); China (1995); Croatia (2003); Cyprus (2000); France (1982); Germany (2012); India (1985); Italy (1995); Kuwait (1998); Lesotho (2004); Luxembourg (1996); Madagascar (1995); Malaysia (1993); Mozambique (1999); Namibia (1996); Nepal (1999); Oman (1998); Pakistan (1995); Qatar (2009); Rwanda (2003); Senegal (2004); Seychelles (2005); Singapore (1996); South Africa (1997); Sri Lanka (1997); Swaziland (1994); Sweden (2012); Thailand (1998); Tunisia (2008); Uganda (2004); United Arab Emirates (2007); United Kingdom (1987); Zambia (2012); and Zimbabwe (1992). <i>Signed but not yet in force (date of signature)</i>: Egypt (2012); Gabon (2013); Kenya (2012); Monaco (2013); Nigeria (2012); Republic of Congo (2010); and Russian Federation (1995).

Source: Information provided by the authorities.

2.26. There is no general government approval requirement for investment projects. However, BOI approval is required for investment projects submitted under the Real Estate Development Scheme and Freeport. Permits may be required from different government agencies.

2.27. Mauritius maintains a transparent and open investment regime; restrictions to foreign investment are maintained in only a few sectors (Table 2.3). The authorities note that liberalization of the legal services market is envisaged.

Table 2.3 Foreign investment restrictions, 2014

Sector/activity	Restriction
Television broadcasting	Foreign capital in a company must be less than 20%.
Sugar companies	Non-citizens may not hold more than 15% of shares in listed sugar companies without prior written consent of the Financial Services Commission.
Real estate property	A certificate of authorization from the Prime Minister's Office non-citizens require to acquire real estate property in Mauritius, or to acquire shares in a company that owns immovable property in Mauritius. Purchases must be financed with funds transferred from abroad through the banking system.
Banks holding immovable property in Mauritius	Approvals are required from the Prime Minister and Minister of Home Affairs for investments in banks that hold immovable property in Mauritius.
Diving centres	Maximum foreign equity participation of 30%
Legal services	Foreign law firms can provide legal services only in relation to non-judicial proceedings (arbitration, mediation, conciliation and other forms of consensual dispute resolution), or in relation to foreign law or international law.
Fisheries	Licences to operate a Mauritian fishing vessel may only be granted to Mauritian nationals or to bodies incorporated in Mauritius and having a place of business in Mauritius.

Source: Board of Investment.

2.28. In the context of this Review, the authorities confirmed that Mauritius maintains no local-content requirements, and is fully compliant with WTO TRIMs provisions.

2.3.2 Recent reforms

2.29. Mauritius ranks well in various international indicators and is consistently one of the strongest performers in the Africa. The World Bank ranked Mauritius 20th out of 189 countries in terms of the ease of doing business in 2014³⁸, and The World Economic Forum ranked Mauritius 29th out of 138 economies for enseeing trade. The most problematic factors for importing have been identified as: high costs of, or delays caused by international transportation; burdensome import procedures; and customs tariffs. On the other hand, according to the WEF, Mauritius ranks well for the adequacy of its domestic telecoms and transport infrastructure, for general personal security, and for lack of border corruption.³⁹ The latter is also reflected in Mauritius' relatively positive position in Transparency International's Corruption Perceptions Index 2013 (52nd place out 175 countries).⁴⁰ In terms of competitiveness the WEF places Mauritius 45th out of 139 countries in 2013-14, an improvement of nine places over the previous year. It is noted that the country benefits from relatively strong and transparent financial institutions, clear property rights, strong judicial independence, an efficient government, strong investor protection and well developed infrastructure by regional standards. It is also noted that financial markets have deepened and that the country has an efficient goods market driven by greater foreign prevalence and more competition. On the negative side, the WEF notes that Mauritius does not deploy its talent effectively; suffers from an incapacity to retain talent and low participation of women in the labour force.⁴¹

2.30. According to the World Bank, Mauritius has taken various initiatives to improve the business environment since 2008.⁴² Judicial and non-judicial processes for commercial cases have been improved through the establishment in 2009 of a Commercial Court as a division of the Supreme Court, and more recently its staffing has been increased. Mauritius has made its property register fully electronic, and statutory time-limits now apply to property registration. Redundancy provisions in labour laws have been made more flexible.⁴³ In July 2008, the Banking Act was amended to allow the Bank of Mauritius to license private credit bureaus covering all credit facilities. The Bank of Mauritius Act was also amended, to enable the Bank of Mauritius to impart information maintained in the Credit Information Bureau (set up under the aegis of the Bank of Mauritius) to such bodies as it considers appropriate for credit rating purposes. The coverage of the Bureau has been extended to all institutions offering credit in Mauritius, including leasing facilities, hire purchase, and utility companies. A new insolvency law was passed in 2009 and further reforms in 2013 introduced out-of-court restructuring, and standardization of the process of registration, suspension, and removal of insolvency practitioners.⁴⁴

2.31. The authorities noted that, several additional reforms to improve the business environment are being undertaken or are planned as a result of annual budgetary processes. These include: initiatives to align the skills of the workforce with the needs of business and to encourage investment in educational infrastructure specifically for technical and vocational training; an overhaul in government IT services and the introduction of mobile payments; strengthening privacy laws for cloud computing; support to SMEs; and the extension of existing or introduction of new incentives (fiscal and non-fiscal) (see section 3.3.2).

³⁸ World Bank (2013).

³⁹ World Economic Forum (2014).

⁴⁰ Transparency International (2013).

⁴¹ World Economic Forum (2013a).

⁴² World Bank online information. Viewed at: <http://doingbusiness.org/reports/global-reports/-/media/giawb/doing%20business/documents/profiles/country/mus.pdf>.

⁴³ Redundancies of 1 or more workers for economic reasons no longer require authorization; the notice period for redundancy is now 30 calendar days; and severance pay is mandatory only if the grounds for redundancy are found to be invalid.

⁴⁴ As noted in World Bank (2010) the law establishes a rehabilitation procedure for companies as an alternative to winding up. The law sets clear time-limits, defines rights and obligations of creditors and debtors, and outlines sanctions for those who abuse the system.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and valuation

3.1. All importers must be registered with the Mauritius Revenue Authority (MRA) and with the Registrar of Businesses, from which they receive a Tax Account Number (TAN) and Business Registration Number (BRN), respectively. The TAN is used in customs declarations.¹ The use of licensed customs brokers in Mauritius is not compulsory.²

3.2. Electronic submission of all customs declarations is mandatory. TradeNet, the single window system, allows declarants who have obtained the enabling software, to submit customs declarations and other required documents online to Customs through its Customs Management System (CMS).³ It allows for the electronic payment of customs duties and other taxes as well as submission of applications for import (and export) permits regulated by the Ministry of Industry, Commerce and Consumer Protection (MICCP) (see below). As at June 2014, applications for import permits and authorizations from government agencies other than MICCP must be obtained directly from the agencies concerned. A project is being implemented to enhance the single window to gradually integrate these agencies into the TradeNet, and thus process all import permits and effect electronic payment of applicable fees and charges electronically.

3.3. The customs declaration is validated by the CMS and a message is sent back to the declarant and the payment of the customs duty and other taxes (if any) is made. The customs declaration is channelled to the Customs Compliance Section. The compliance officer, based on a documentary check, may : (a) release the goods; (b) require clarifications about the documents submitted; (c) direct for scanning; or (d) channel the declaration for verification by customs officers from the examination team and/or other controlling agencies. Since July 2013, declarants (including importers and brokers) have been able to track the status of their declarations on their mobile phones (including the status of payment and whether the consignment has been cleared).⁴

3.4. Mauritius' risk-management system comprises four channels. The channels are assigned automatically by the CMS based on a combination of criteria such as selected products, sensitivity, value, and consistency of data.⁵ Most imports, being subject to permit or inspection requirements from different government departments, pass through the yellow channel and are subject to a detailed document verification. Customs clearance times have been reduced significantly as a result of recent reforms (Table 3.1).

3.5. Since 2012, under the E-Customs project, importers no longer need to present hard copies of declarations and relevant documents at Customs. Scanned copies of required documents must be attached to the customs declaration and submitted online, and originals must be kept for five years.

¹ The Registrar of Business and the Income Tax Department are under the responsibility of the Ministry of Finance and Economic Development.

² As set out in Article 119 of the Customs Act, customs brokers must be licensed by the Director-General of Customs. Mauritian citizenship is not a requirement in order to apply for a licence. Viewed at: <http://mra.gov.mu/download/TheCustomsAct1988asatFA2013.pdf>.

³ Importers must be registered with the Customs Department to allow their declarations to be processed through the CMS. Documents required by Customs are a scanned copy of the original of the invoice(s), bill of lading or airway bill, certificates of origin, and when applicable, permits and authorizations as may be required.

⁴ MRA online information. Viewed at: <http://mra.gov.mu/index.php/importexport-a-others/import>.

⁵ At the time of Mauritius' previous Review a new white channel was due to be implemented. Under the proposed white channel, it was envisaged that Customs would authorize provisional release of goods pending final clearance by the government agency concerned. However, as at June 2014, this channel had not yet been implemented.

Table 3.1 Use of risk-management channels, 2013

Channel	Checks	Application	Average customs clearance time (2010)	Average customs clearance time (2013)	Value of imports in 2013 (MUR)
Green	Cursory document check	Low risk imports	Sea: 3 hours Air: 45 minutes	Sea: 21 minutes Air: 9 minutes	20,326,147,461 (10.68%)
Yellow	Detailed document verification	Imports subject to permit or inspection requirements of different government departments	Sea: 5 hours Air: 53 minutes	Sea: 2 hours, 28 minutes Air: 26 minutes	147,374,397,008 (77.40%)
Red	Detailed document verification and mandatory physical inspection	High risk imports	Sea: 25 hours Air: 31	Sea: 12 hours, 48 minutes Air: 10 hours, 13 minutes	16,931,578,145 (8.89%)
Blue	None	Companies with a good history of compliance, registered under the Cargo Fast Track Programme	Immediate	Immediate	5,772,530,274 (3.03%)

Source: WTO (2008); and information provided by the authorities.

3.6. There are 34 operators registered under the Cargo Fast Track Programme, which has been operational since 2007. In 2008, Mauritius launched an Authorized Economic Operators (AEO) programme as an extension of the Cargo Fast Track Programme; as at June 2014, there were two certified AEOs. Companies must apply to MRA Customs for certification under these schemes.⁶ Criteria for certification relate to financial solvency, compliance, safety and security, and a proper system of records. Certified operators receive various benefits depending on the type of certification they obtain. These include: simplified declaration procedures, a low level of physical examination, expedited release of goods; the services of a Customs Relations Manager; and fast-track processing of certificates of origin and tariff rulings. The authorities noted that the incentive to join these two schemes has been diminished by the implementation of the E-Customs project, since many of the benefits afforded to participants in the Cargo Fast Track and the AEO programmes are now available to all importers.

3.7. Customs may provide advance rulings on tariffs and origin. Since 2013, changes to the Customs Act have made these rulings binding on Customs.

3.8. Rules on customs valuation are set out in the Customs Regulations. Mauritius primarily uses the transaction value for assessing the customs value of imports, except for imports of used machinery and equipment and second-hand motor vehicles.⁷ Where the transaction method cannot be used, the five other methods set out in the WTO Customs Valuation Agreement may be applied (the order of deductive and computed methods can be reversed on request by the importer). A 2010 amendment to the Customs Regulations requires fuller information to be supplied on the invoice, including the contact details of the exporter and importer, the date of issue of the invoice, and the quantity and description of the goods.⁸ Invoice amounts must be converted into Mauritian

⁶ The implementing regulations for the schemes are the Customs (Cargo Community System) Regulations 2008. Viewed at: <http://www.mcci.org/Photos/customscargocommunitysystemregulations.pdf>. Two types of certificate are available for participants in the Cargo Fast Track Programme: a security and safety facilitations certificate or a customs simplifications certificate. For AEOs, a customs simplifications/security and safety facilitations certificate is issued. For more information on the AEO scheme, see: <http://mra.gov.mu/download/AEOGeneralInfo.pdf>.

⁷ Under the Customs (Amendment No 2) Regulations of 2003, the customs value of used machinery and equipment is established based on the f.o.b. value of such goods when new, reduced by a maximum of 15% for each year of use, subject to a maximum reduction of 60%. For second-hand motor vehicles, the value is based on the f.o.b. value of the vehicle when new, reduced by 9% for the first month, and 1% for each subsequent month of use, up to a maximum of 56%. The Customs Regulations also allow guide books or publications to be used to determine the value of second-hand motor vehicles in instances where the f.o.b. value is not available.

⁸ Customs Regulations (1989, as amended). Viewed at: <http://mra.gov.mu/download/TheCustomRegulations1989asJan2013GN196of2012.pdf>.

rupees using the exchange rate in force on the date of entry of the imports. The exchange rates used by Customs are the rates received from the Bank of Mauritius. They are set for a one week period, are published in the *Government Gazette* and made available three to four days in advance at Customs offices. The CMS is updated accordingly. The authorities note that Mauritius continues to encounter difficulties in identifying real value in cases of undervaluation. As part of its efforts to deal with this problem, Mauritius maintains an updated valuation database, incorporating reference values, which is used as a risk-management tool. It also imposes a 50% penalty for underpaid duties and taxes.

3.9. Changes to the Customs Act in 2013 provided for recourse by importers to an independent appeal mechanism within the MRA to consider disputes relating to customs valuation, classification, and origin, prior to making representations to the Assessment Review Committee (ARC) (in operation at the time of Mauritius' previous Review).⁹ The objective of establishing a non-judicial complaint-handling processes was to save time and costs incurred by traders having their grievances addressed. If disputes are unresolved at this level, operators may, take their case to the ARC within 28 days, asking for review of the assessment, claim or decision. The decisions of the ARC may be appealed to the Supreme Court.¹⁰ Over the review period, most ARC cases related to valuation (Table 3.2).

Table 3.2 ARC caseload, 2008-13

Subject	2008	2009	2010	2011	2012	2013
Classification	1	9	6	10	6	13
Valuation	45	89	11	8	17	23
Origin	0	2	0	0	0	0

Source: Information provided by the authorities.

3.1.2 Rules of origin

3.10. Mauritius has no non-preferential rules of origin. Preferential rules of origin are set out in the trade agreements to which Mauritius is a signatory (see Chapter 2). As noted in Mauritius' previous Review, origin is generally conferred on goods wholly produced within the country of export or if not wholly produced, when : (a) the c.i.f. value of foreign materials does not exceed 60% of the total cost; (b) the value-added from production processes accounts for 35% of the ex-factory costs of the good (or 25% in some cases); or (c) there is a change in tariff heading. The COMESA and SADC regimes provide for origin cumulation among participating members. The FTA between Mauritius and Turkey allows for cumulation between the EU member states, Mauritius, Turkey, and ACP states (under certain conditions). The Interim EPA between the EU and ESA also allows for cumulation among EU member states, ESA member countries, Overseas Countries and Territories (OCTs), ACP states and neighbouring developing countries (subject to certain conditions).¹¹

3.1.3 Tariffs and other duties and taxes

3.1.3.1 General features

3.11. Goods imported into Mauritius may be subject to customs duty, VAT, and excise duty. Excise duty and VAT are also applied to locally manufactured goods. Together these taxes amounted to 60% of total government tax revenue in 2013.¹²

3.12. Revenue obtained from customs duties has declined considerably, from MUR 2.6 billion in 2007/8 to MUR 1.4 billion in 2013, while revenues from VAT and excise taxes have continued to rise. This trend was already highlighted in Mauritius' previous Review (Table 3.3).

⁹ Customs Act, Section 24A.

¹⁰ The ARC's mandate is set out in the Mauritius Revenue Authority Act. Viewed at: <http://attorneygeneral.gov.mu/English/Documents/A-Z%20Acts/M/Page%205/MAURITIUSREVENUEAUTHORITY1.pdf>.

¹¹ For the rules of origin of each of these agreements see: <http://www.mauritiustrade.mu/en/trade-agreements>.

¹² Total tax revenue in 2013 amounted to MUR 68,421 million.

Table 3.3 Revenue from customs duties, VAT and excise taxes, 2007/08-2013

(MUR million)

	2007/08	2008/09	2009 (July to Dec.)	2010 ^a	2011	2012	2013
VAT	18,508	19,044	9,895	21,088	22,710	24,926	26,016
Excise	7,900	8,506	4,633	9,331	11,487	13,039	13,577
Customs duties	2,636	1,501	802	1,525	1,560	1,506	1,389

a Accounting period changed from financial year to calendar year from 2010.

Source: Information provided by the authorities.

3.13. Mauritius has developed an online trade portal, the "Mauritius Trade Portal", which incorporates a system that provides information on import procedures and applicable charges (including customs duties and local taxes, applicable regulations and required shipping documents) by tariff line.¹³ The site also incorporates a landed-cost calculator, which enables exporters to view all import charges and to incorporate them into a duty-paid price.¹⁴

3.1.3.2 MFN applied tariffs

3.14. Mauritius' 2013 applied MFN tariff is based on the HS2012 nomenclature and consists of 6,295 lines at the 8-digit level. As a consequence of tariff cuts (see below), Mauritius' simple average applied MFN rate has dropped significantly, from 6.6% in 2007 to 2.3% in 2014. Mauritius does not apply tariff quotas. Non-*ad valorem* tariffs apply to 4.8% of all tariff lines (Table 3.4).

Table 3.4 Structure of applied MFN tariffs in Mauritius, 2007 and 2014

(%)

	2007	2014	Final bound ^a
1. Bound tariff lines (% of all tariff lines)	..	..	17.6
2. Simple average tariff rate	6.6	2.3	94.0
- Agricultural products (WTO definition)	8.5	1.8	119.5
- Non-agricultural products (WTO definition)	6.3	2.3	24.0
- Agriculture, hunting, forestry and fishing (ISIC 1)	4.9	0.6	117.4
- Mining and quarrying (ISIC 2)	1.5	0.3	Unbound
- Manufacturing (ISIC 3)	6.8	2.4	86.6
3. Duty-free tariff lines (% of all tariff lines)	79.0	88.8	3.0 (17.3)
4. Simple average rate of dutiable lines only	32.2	20.6	113.7
5. Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
6. Non- <i>ad valorem</i> tariffs (% of all tariff lines)	5.9	4.8	0.0
7. Non- <i>ad valorem</i> tariffs with no AVEs (% of all tariff lines)	0.7	0.2	0.0
8. Domestic tariff peaks (% of all tariff lines) ^b	11.4	10.0	0.0
9. International tariff peaks (% of all tariff lines) ^c	11.6	3.8	14.5 (82.7)
10. Overall standard deviation of applied rates	18.7	10.3	47.1
11. Nuisance applied rates (% of all tariff lines) ^d	0.0	0.1	0.0

.. Not available.

a Final bound rates are based on the Consolidated Tariff Schedule (CTS) in HS07 nomenclature.

Calculations are based on total tariff lines. Figures in brackets are based on only bound tariff lines.

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%.

d Nuisance rates are those greater than zero, but less than or equal to 2%.

Note: The 2007 tariff is based on HS07 nomenclature consisting of 6,238 tariff lines (at 8-digit tariff line level). The 2014 tariff is based on HS12 nomenclature consisting of 6,343 tariff lines (at 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were estimated based on 2013 import data at the 8-digit tariff from Statistics Mauritius. Where AVEs were not available, the *ad valorem* part is used for alternate rates.

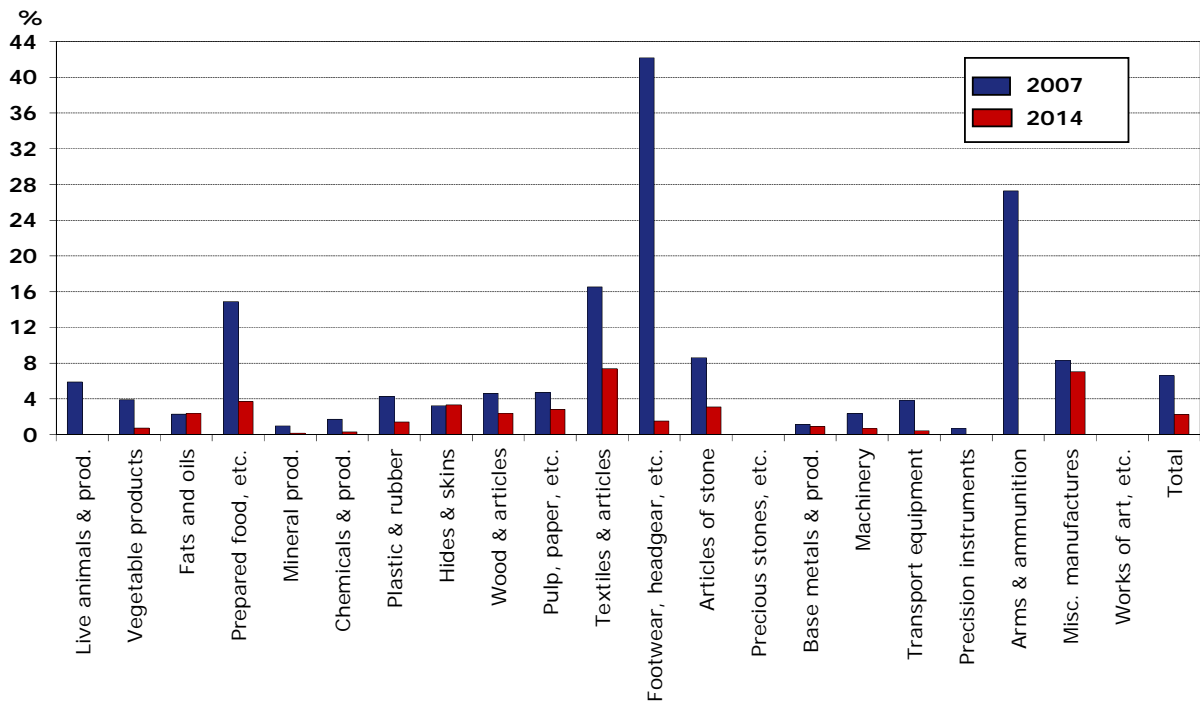
Source: WTO Secretariat calculations, based on tariff information provided by the authorities and WTO CTS database.

¹³ Mauritius Trade Portal online information. Viewed at: <http://www.mauritiustrade.mu/en/import-procedures>.

¹⁴ Mauritius Trade Portal online information. Viewed at: <http://www.mauritiustrade.mu/en/trading-with-mauritius/landed-cost-calculator>.

3.15. Tariff changes are generally carried out in the context of the annual budgets and the approval of Parliament is required. However, the Minister of Finance is also empowered to make tariff rate changes by way of regulations (which do not require Parliamentary approval). Since its previous TPR, Mauritius has further rationalized its tariff. Unilateral MFN tariff reductions have been substantial, covering a range of merchandise goods. The most significant tariff reductions, by HS section, have been on footwear and headgear; arms and ammunition; prepared food; and textiles (Chart 3.1).

Chart 3.1 Simple average applied MFN tariff rates, by HS section, 2007 and 2014



Note: Including *ad valorem* equivalents (AVEs). The *ad valorem* part of alternate rates are used where AVEs are not available.

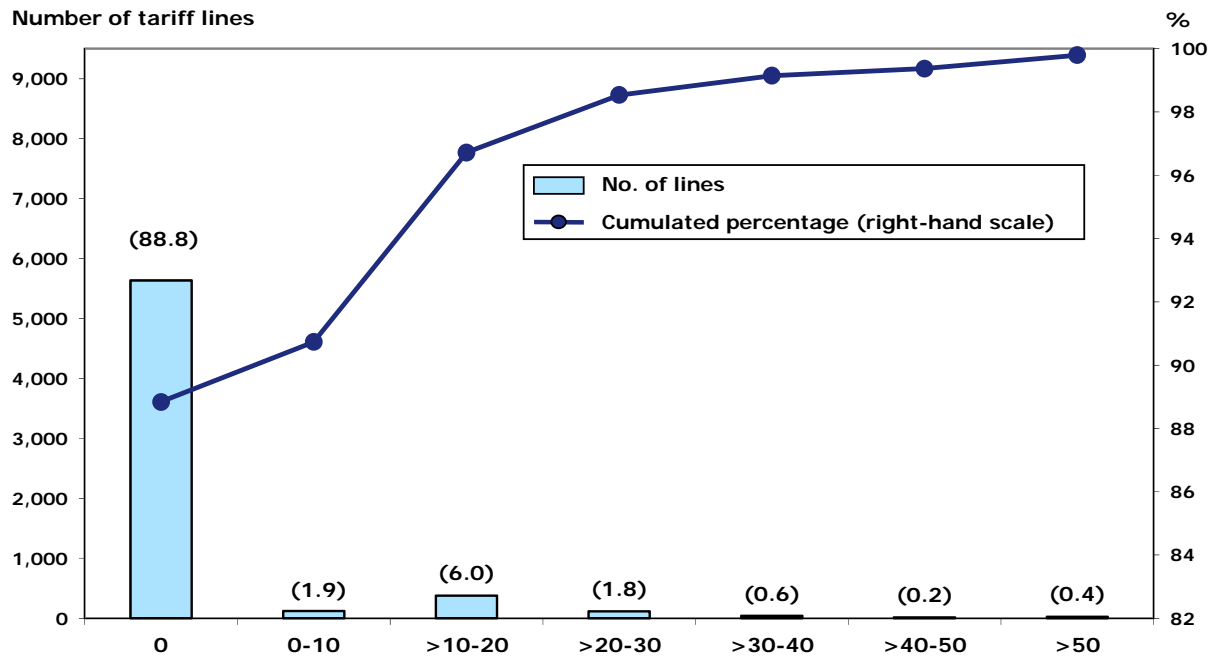
Source: WTO Secretariat calculations, based on data provided by the authorities.

3.16. As a result of tariff reductions, MFN zero rates apply to 88.8% of Mauritius' applied tariff lines. Some 1.2% of tariff lines attract rates over 30% (Chart 3.2). The highest levels of tariff protection are afforded to the clothing industry, where tariff rates (largely non-*ad valorem*) are as high as 488%. The items attracting the highest tariffs are various suits.¹⁵ On certain items (e.g. clothing products), high nominal tariff protection has resulted from the imposition of non-*ad valorem* duties: the downward trend in the import price in rupees partly explains the increase in the *ad valorem* equivalent of the duties.

3.17. The simple average MFN applied tariff for agricultural products (WTO definition) is 1.8% (down from 8.5% in 2007) with tariffs ranging from zero to 30%. The simple average applied tariff for non-agricultural products (WTO definition) is 2.3% (down from 6.3% in 2007), with rates ranging from zero to 488%. Mining and quarrying, followed by agriculture are the least tariff-protected sectors under ISIC (Rev. 2) (Table 3.5). Due to the imposition of non-*ad valorem* duties the levels of nominal tariff protection are highly dispersed with a coefficient of variation of 4.6.

¹⁵ Tariffs of more than 50% (based upon WTO calculations of AVEs of non-*ad valorem* tariffs) affect HS lines 6103; 6104; 6113; 6114; 6204; 6206; 6210 and 6211.

Chart 3.2 Breakdown of applied MFN tariffs, 2014



Note: Figures in parentheses indicate the share of total lines. They do not add to 100% since some AVEs were not available (0.1% of all lines).

Source: WTO Secretariat calculations, based on information provided by the authorities.

Table 3.5 Mauritius tariff summary, 2014

	No. of lines	Average (%)	Range (%)	Share of duty-free lines (%)	Share of Non-ad valorem rates (%)	Coefficient of variation (CV)
Total	6,343	2.3	0-488.1	88.8	4.8	4.6
HS 01-24	1,040	1.5	0-30	89.1	0.2	2.9
HS 25-97	5,303	2.4	0-488.1	88.8	5.7	4.6
By WTO category						
WTO Agriculture	879	1.8	0-30	87.1	0.2	2.7
Animals and products thereof	116	0.1	0-11.9	98.3	1.7	10.7
Dairy products	23	0.0	0.0	100.0	0.0	0.0
Fruit, vegetables and plants	214	0.0	0.0	100.0	0.0	0.0
Coffee and tea	25	2.4	0-30	92.0	0.0	3.4
Cereals and preparations	112	0.4	0-15	97.3	0.0	6.0
Oil seeds, fats and oils and their products	85	1.4	0-15	87.1	0.0	2.6
Sugars and confectionary	31	0.0	0.0	100.0	0.0	0.0
Beverages, spirits and tobacco	119	9.6	0-15	36.1	0.0	0.8
Cotton	5	0.0	0.0	100.0	0.0	0.0
Other agricultural products n.e.s.	149	1.4	0-15	87.2	0.0	2.7
WTO non-agriculture (incl. petroleum)	5,464	2.3	0-488.1	89.1	5.5	4.7
Fish and fishery products	230	0.0	0.0	100.0	0.0	0.0
Minerals and metals	1,010	1.1	0-30	92.6	0.0	3.6
Chemicals and photographic supplies	947	0.6	0-30	96.2	0.0	5.2
Wood, pulp, paper and furniture	304	4.6	0-30	80.3	0.0	2.2
Textiles	605	1.0	0-30	93.9	0.0	4.1
Clothing	491	15.7	0-488.1	38.7	61.3	2.0
Leather, rubber, footwear and travel goods	170	0.8	0-30	97.1	0.0	5.9
Non-electric machinery	557	0.2	0-15	98.6	0.0	8.3
Electric machinery	280	1.6	0-30	92.9	0.0	3.8
Transport equipment	419	0.5	0-30	96.4	0.0	6.5
Non-agriculture articles n.e.s.	434	1.5	0-30	91.2	0.0	3.4
Petroleum	17	0.0	0.0	100.0	0.0	0.0
By ISIC sector^a						
ISIC 1 - Agriculture, hunting and fishing	378	0.6	0-15	94.4	0.5	4.3
ISIC 2 - Mining and quarrying	100	0.3	0-15	98.0	0.0	7.0
ISIC 3 - Manufacturing	5,865	2.4	0-488.1	88.3	5.1	4.4
By stage of processing						
First stage of processing	755	0.4	0-30	96.7	0.3	6.0

	No. of lines	Average (%)	Range (%)	Share of duty-free lines (%)	Share of Non- <i>ad valorem</i> rates (%)	Coefficient of variation (CV)
Semi-processed products	1,855	0.3	0-15	98.2	0.0	7.4
Fully processed products	3,733	3.6	0-488.1	82.6	8.1	3.6
By HS section						
Live animals & prod.	344	0.0	0-11.9	99.4	0.6	18.5
Vegetable products	317	0.7	0-30	94.0	0.0	4.5
Fats & oils	50	2.4	0-15	78.0	0.0	1.9
Prepared food etc.	329	3.7	0-15	75.4	0.0	1.7
Minerals	162	0.2	0-15	98.8	0.0	8.9
Chemical & prod.	864	0.3	0-15	98.0	0.0	7.1
Plastics & rubber	245	1.4	0-30	91.0	0.0	3.3
Hides & skins	72	3.3	0-30	88.9	0.0	2.8
Wood & articles	101	2.4	0-30	85.1	0.0	2.6
Pulp, paper etc.	164	2.8	0-30	86.6	0.0	2.7
Textile & articles	1,088	7.4	0-488.1	69.7	27.7	3.0
Footwear, headgear	49	1.5	0-15	89.8	0.0	3.0
Articles of stone	169	3.1	0-30	79.3	0.0	2.0
Precious stones, etc.	55	0.0	0.0	100.0	0.0	0.0
Base metals & prod.	634	0.9	0-15	94.0	0.0	4.0
Machinery	838	0.7	0-30	96.7	0.0	5.7
Transport equipment	433	0.4	0-30	96.5	0.0	6.6
Precision equipment	221	0.0	0.0	100.0	0.0	0.0
Arms & ammunition	20	0.0	0.0	100.0	0.0	0.0
Miscellaneous manufacturing	181	7.0	0-30	68.0	0.0	1.6
Works of art, etc.	7	0.0	0.0	100.0	0.0	0.0

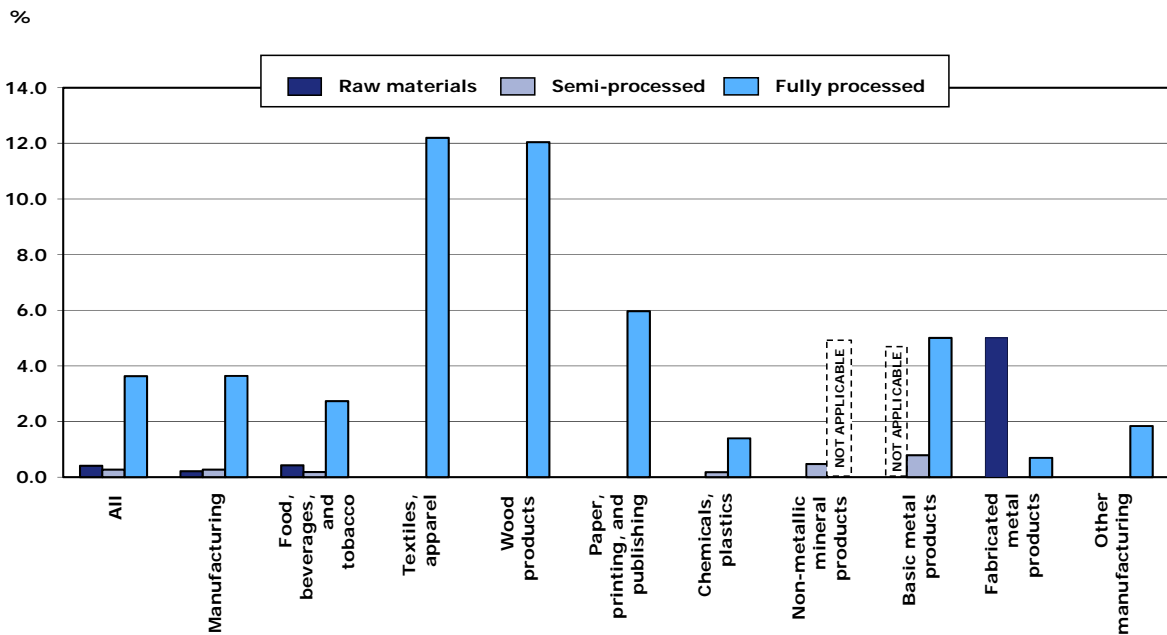
a International Standard Industrial Classification (Rev.2). Electricity, gas and water are excluded (1 tariff line).

Note: The 2013 tariff is based on HS12 nomenclature consisting of 6,295 tariff lines (at 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were estimated based on import data at the 8-digit tariff line from Statistics Mauritius. The *ad valorem* part is used for alternate rates.

Source: WTO Secretariat calculations, based on data provided by the authorities.

3.18. Tariff rationalization has reduced the need for duty and tax concessions but has increased tariff escalation, which is now present in most industries (Chart 3.3).

Chart 3.3 Tariff escalation by manufacturing sector, 2014



Source: WTO Secretariat estimates, based on data provided by the authorities.

3.1.3.3 Bindings

3.19. Mauritius' very open applied regime contrasts with its limited binding coverage and high bound rates. Mauritius has bound only 17.6% of its tariff lines. Its simple average bound tariff rate is 94% overall, with averages of 119.5% for agricultural products (WTO definition) and 24% for non-agricultural products (Table 3.4).¹⁶

3.20. "Other duties and charges" were bound at 17% for all products subject to tariff binding commitments, except for frozen boneless bovine meat, milk and cream, processed cheese, potato seed, peas, maize, and printed matter, for which they were bound at zero.¹⁷

3.1.3.4 Tariff preferences

3.21. Given that nearly 90% of Mauritius' MFN applied tariff is duty free, the scope for it to grant preferences is relatively limited. Transition periods for the liberalization of goods have been completed under Mauritius' RTAs with Madagascar (under the IOC Agreement), COMESA, SADC and Pakistan (see Chapter 2). All imports from COMESA FTA (Group 1) members, SADC members, and Madagascar (under the IOC agreement) are duty free. The overall simple average applied tariff on imports from Pakistan is 2.2% (just under the simple average MFN applied rate of 2.3%). The transition period for goods liberalization under Mauritius' IEPA with the EU and its RTA with Turkey ends in 2022: in 2014, the simple average applied preferential rates for both were 1.6% (Table 3.6).

Table 3.6 Preferential tariff rates, 2014

(%)

	Non- <i>ad valorem</i> rates ^a	Duty-free rates ^a	Simple average (%)				
			Overall	WTO agriculture	WTO non-agriculture	Textiles ^b	Clothing ^b
Applied MFN	4.8	88.8	2.3	1.8	2.3	1.0	15.7
COMESA Group 1	0.0	100.0	0.0	0.0	0.0	0.0	0.0
COMESA Group 2	4.8	88.8	0.2	0.2	0.2	0.1	1.6
EU	4.7	89.4	1.6	1.5	1.7	1.0	9.8
IOC (Madagascar)	0.0	100.0	0.0	0.0	0.0	0.0	0.0
Pakistan	4.8	89.1	2.2	1.8	2.3	0.6	15.7
SADC	0.0	100.0	0.0	0.0	0.0	0.0	0.0
Turkey	4.7	89.4	1.6	1.5	1.7	1.0	9.8

a As a percentage of total tariff lines.

b Based on WTO category.

Note: The 2014 tariff is based on HS12 nomenclature consisting of 6,343 tariff lines (at 8-digit tariff line level). *Ad valorem* equivalents (AVEs) were estimated based on import data at the 8-digit tariff from Statistics Mauritius. The *ad valorem* part is used for alternate rates. COMESA Group 1 includes Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Rwanda, Seychelles, Sudan, Zambia, and Zimbabwe. COMESA Group 2 includes DR Congo, Eritrea, Ethiopia, Swaziland, and Uganda.

Source: WTO calculations, based on data provided by the authorities.

3.1.3.5 Tariff exemptions and concessions

3.22. As at June 2014, there were 54 categories of "unclassified" tariff exemptions on, *inter alia*, machinery equipment (and parts thereof) and inputs to be used in various manufacturing industries or in agriculture, fisheries, and aquaculture; equipment, fuels, and lubricants used by airlines and companies providing ground and passenger handling services; and construction equipment.¹⁸ Wheat flour imported by the State Trading Corporation on behalf of the Government is also exempt.

3.23. As at June 2014, reduced tariff rates applied on various imports, classified under 11 groups, including: parts and accessories for processing and assembly of machinery; components for

¹⁶ For a fuller description of Mauritius' bound tariff regime, which remains unchanged see WTO document WT/TPR/S/198/Rev.1, 11 June 2008.

¹⁷ Schedule CXVIII, 15 April 1994.

¹⁸ Customs Tariff Act, Part II, First Schedule.

building construction and renovation; riding boots; certain items used in horticulture and livestock breeding; training equipment; certain pharmaceuticals; and car gas kits.¹⁹ The Minister in charge of finance no longer has the authority to grant ad hoc exemptions or concessions.

3.24. Goods in transit or transshipment are exempt from customs duty payments (as well as excise duties and VAT).²⁰ Duty drawback is granted on raw materials and intermediate goods used to produce exports; and there is an exemption from customs duties on all goods imported into Mauritius' freeport (see section 3.2.4.1). Customs duty exemptions are granted under the inward processing scheme for 100% export oriented enterprises.

3.25. In 2013, revenue forgone as a result of customs duty exemptions was MUR 593,235,026.

3.1.3.6 VAT

3.26. A VAT is levied on the sale price (including excise duty) of all taxable supplies of goods and services produced in Mauritius as well as on the duty-inclusive value of imports (the customs value plus border charges and excise duty).²¹ A flat rate of 15% remains unchanged since 2002. In 2013, 4,904 tariff lines were subject to the rate of 15%, 685 were subject to 0%, and 725 lines were exempt.

3.27. Exempt items include certain: basic foodstuffs; medical and educational goods and services; goods to support the agricultural, fisheries, construction, jewellery-making, textiles, clothing, and footwear industries; transport-related goods and services; financial and postal services; and reimported and transhipped goods (Table A3.1). Exported goods and services are zero-rated for VAT as are goods and services supplied to businesses operating in freeports; electricity and wastewater management services; certain foods; fertilizers; animal feeds; books; fuel; textiles and clothing-related items; and pharmaceutical products (Table A3.2). VAT exemptions and zero-ratings are provided on a non-discriminatory basis. Since 2008, there have been a few changes to these lists.²² A VAT Refund Scheme for agri-industrial, fisheries, and bakery business was introduced for purchases of certain equipment during the 2013 calendar year only.²³ As at the time of Mauritius' previous Review, certain persons or bodies are exempt from the VAT.²⁴ Revenue forgone as a result of VAT exemptions was MUR 1,785,601,868 in 2013. The value of VAT collected on domestic production largely mirrors the value collected on imports (Table 3.7).

¹⁹ Customs Tariff Act, Part IIA, First Schedule.

²⁰ Customs Act, Part XII. Viewed at:

<http://www.mra.mu/download/TheCustomsAct1988asatFA2013.pdf>.

²¹ VAT Act (Consolidated Version with amendments to 1 September 2013). Viewed at:

http://mra.gov.mu/download/VATAct_Proclamation_38_2013.pdf; and 2013 VAT Regulations. Viewed at:

<http://mra.gov.mu/download/VATregGN192of2013August2013.pdf>.

²² VAT exemptions are listed in the First Schedule to the VAT Act and items that are zero-rated are listed in the Fifth Schedule. Since 2008, two new zero-rated items have been introduced: sugar cane, and the construction of semi-industrial fishing vessels during the period 1 January to 31 December 2013. The following new items have been added to VAT exemptions: registered residential care homes; registered educational and training services; Islamic banking services; services provided by insurance agents, brokers, and salesmen; minted gold bars, imported, purchased or offered for sale by the Bank of Mauritius; anti-smoking chewing gum and anti-smoking patches; life jackets; parts of footwear; buckles and shoe lasts, and shoe welt; and spare parts, post-harvest equipment and other agricultural equipment and materials for small planters and small breeders. A VAT exemption on cosmetic surgery has also been reintroduced to boost medical tourism. Certain antibiotics and pharmaceutical products have been removed from the list of exempted goods. The value of goods imported by post that are VAT-exempt, was increased from a value of MUR 1,000 to MUR 2,000.

²³ MRA online information. Viewed at: <http://www.mra.mu/download/VATRefundScheme2013.pdf>.

²⁴ These persons/bodies are listed in Column 1 of the ninth schedule to the VAT Act, and relate to the goods or services provided in Column 2 VAT Act. Viewed at:

http://mra.gov.mu/download/VATAct_Proclamation_38_2013.pdf.

Table 3.7 VAT collected on domestic production and imports, 2008-13

(MUR million)

	2008-2009	2009 (July to December)	2010	2011	2012	2013
VAT on domestic production	12,243	6,211	13,527	14,798	15,419	16,595
VAT on imports	12,119	6,168	13,056	14,203	15,906	15,220
Repayment ^a	-5,318	-2,484	-5,495	-6,292	-6,399	-5,800

a Repayments relate to refunds on capital equipment and zero-rated items.

Source: Information provided by the authorities.

3.1.3.7 Excise duties

3.28. Excise duties are levied on caviar, syrups, water in cans or plastic bottles, alcoholic beverages, tobacco, fuel products, beer in cans, plastic bags, vehicles, outboard motors of HP exceeding 150cc and hydrotherapy/hydro massage equipment (totalling 401 tariff lines). Excise duties are levied on the tariff inclusive c.i.f. value of imports and the ex-factory price of domestic goods, and there is no discrimination in the application of these taxes. Exports are exempt. Since 2008, increases in excise duties have been implemented on most items. New duties have been applied to caviar and caviar substitutes (at a rate of 30%); on the sugar content of beverages (at 3 cents per gram of sugar); water heaters (15%); various vehicles (rates vary); boats (50% on the value of outboard motors); and hydrotherapy/hydro massage equipment (15%). Taxes on certain cans and plastic carrier bags are now also levied at a rate of MUR 2 per bag/can.²⁵ Excise duties have been reduced for certain electric cars and eliminated on jet fuel. Various persons or bodies are fully or partially exempt from excise duty for certain goods, *inter alia*, to assist certain manufacturers, SMEs, farmers, and fishermen.²⁶

3.29. Under a CO₂ levy/rebate scheme on motor vehicles introduced in 2011, a rebate is deducted from the excise duty payable on an imported car if its CO₂ emission per kilometre falls below the threshold of 150 grams. The threshold is revised yearly.

3.30. In 2013, excise duties on imported goods amounted to MUR 9,322 million representing just over 60% of all excise taxes collected (Table 3.8). Excise duty revenue on domestic production is generated mainly from alcoholic beverages, and to a lesser extent from plastic bags, cans, and sugar content of beverages.

Table 3.8 Excise duties on domestic production and imports, 2013

(MUR million)

	Import	Domestic production	Total
Alcoholic beverages	779	3,286	4,066
Tobacco products	3,696	None	3,696
Motor vehicles	2,464	None	2,464
Petroleum products	2,798	None	2,798
Plastic bags	3	219	223
Cans	18	36	55
Sugar content in beverages	9	57	67
CO ₂ levy payable	87	None	87
Refund under CO ₂ rebate scheme	-549	None	-549
Other	12	None	12
Total	9,322	3,601	12,924

Source: Information provided by the authorities.

²⁵ For excise tax rates levied at the time of Mauritius' previous Review see WTO document WT/TPR/S/198/Rev.1, 11 June 2008, Table AIII.3. Excise tax rates (as at April 2014). Viewed at: <http://www.mra.mu/download/EXCISEACT1994-GN65of2014.pdf>.

²⁶ These bodies/persons are listed in Part IA of the Excise Tax Act. They include manufacturers using excisable goods as inputs, for the production and processing of other goods; manufacturers purchasing gas oils for use in stationary engines and boilers; purchases of certain vehicles by small-scale farmers, fishermen's cooperative societies, rice producers and certain SMEs; and purchases of ethyl alcohol for use in the manufacture of medical devices.

3.1.3.8 Other taxes

3.31. The MID levy is collected on various fuels and a levy is collected on various energy-inefficient household appliances (refrigerators, dishwashing machines, ovens, household room air conditioners, tumble dryers, and electric lamps). The authorities noted that, these are measures to protect the environment in the context of the Maurice Ile Durable project (see section 4.2).

3.32. Processed tea is subject to a clearance fee of MUR 20 per kg or part thereof for black tea products for blending purposes, MUR 40 per kg or part thereof for green tea products in packets of 125g or above, and MUR 300 per kg or part thereof for other tea products.

3.1.4 Import prohibitions, restrictions, and licensing

3.33. Import prohibitions and restrictions are mainly listed in the Consumer Protection (Control of Imports) Regulations 1999 (as amended), made under the Consumer Protection (Price and Supplies Control) Act. Mauritius' most recent notification responding to the questionnaire on import licensing procedures was in 2008.²⁷

3.34. Import prohibitions (set out in the second schedule to the regulations) are mainly in place for health and safety reasons (Table A3.3). Since 2008, prohibitions have been lifted on: diamonds (including rough) imported from Liberia and second-hand motor-vehicle tyres. New prohibitions have been introduced on various refrigerating devices and small-size fishing hooks.²⁸

3.35. The importation of certain drugs is prohibited under the Dangerous Drugs Act.²⁹ The importation for resale of used, scrapped, and second-hand goods other than essential second-hand motor-vehicle parts and accessories is prohibited for reasons of security and environmental protection.³⁰

3.36. Information was not available on the total number of tariff lines subject to import permits.

3.37. Permit requirements for controlled imports under the Consumer Protection (Control of Imports) Regulations affect 307 tariff lines, and are issued by the Ministry of Industry, Commerce and Consumer Protection. According to the authorities, these are in place for reasons of health, safety, security, sensitivity, environmental protection, and strategy. Over the review period, several permit requirements have been removed from the list of controlled items. These are: chilled or frozen fish; milks (fresh/liquid, infant milk and milk powder); potatoes; onions and shallots; garlic; lemons and limes; cardamoms; turmeric; coconut oil; animal or vegetable fats and oils; margarine; animal or vegetable fats or oils; canned corned beef, corned mutton and pilchards; nutrient supplements; pharmaceutical products, ayurvedic and other traditional medicines; diagnostic materials of biological origin; plastic bags; life jackets; used pneumatic tyres of rubber; syringes with or without needles; sutures and ligatures; sirolimus and other drug-eluting stents and brooms. According to the authorities, in some cases these items were removed to prevent duplication with permit requirements for the same products by other government agencies; in other cases it was deemed that permit requirements were no longer necessary. Items added to the list are: outboard motors (above 15HP); low pressure, non-adjustable regulators for use with butane and LPG specifications; and games operated by various means of payment (Table A3.4). Information was not available on whether these permits are issued automatically or non-automatically.

3.38. Other ministries that maintain import permit include: (a) the Ministry of Agro-Industries and Fisheries for various agricultural items; (b) the Government Pharmacist, for pharmaceutical

²⁷ WTO documents G/LIC/N/3/MUS/3, 17 March 2008 and G/LIC/N/3/MUS/3/Corr.1, 9 October 2009.

²⁸ These devices are: refrigerators, freezers, refrigerating cabinets, showcases, counters and other refrigerating or freezing furniture; chilling units; coolers; airconditioners (including motor vehicle airconditioners); automatic beverage-vending machines, incorporating refrigerating devices; cold-room equipment; refrigerated transport vehicles; refrigerator insulation; freezer insulation; foam packings; dehumidifiers; fishing boat refrigeration equipment; and, styrofoam.

²⁹ These drugs are listed in Schedule 1 of the DANGEROUS DRUGS Act 2000. Viewed at: <http://dpp.gov.mu/English/Documents/Legislation/DANGEROUS%20DRUGS.pdf>.

³⁰ Import Control Regulations GN 135 of 1999.

products; (c) the Veterinary/Quarantine service, for live animals ; and (d) the Mauritius Standards Bureau, for toys and other consumer products.³¹ In some cases, notably with respect to tea, chicken, pork, and certain vegetables, the import permit system is used to protect domestic producers of these products.

3.1.5 Anti-dumping, countervailing, and safeguard measures

3.39. The Trade (Anti-dumping and Countervailing Measures) Act, enacted in July 2010, is the first such legislation in Mauritius.³² The authorities noted that in preparing its implementing regulations, they discovered several incongruities and anomalies the Act. Hence amendments to the Act are being drafted to ensure that there are no practical difficulties in applying it, and to ensure that it is fully WTO-compliant. Simultaneously, the Act's implementing regulations are being finalized, and a Safeguards Bill is being drafted. Once the comprehensive set of legislation on trade remedies is ready, Mauritius will make a notification to the WTO (it had not done so previously due to the problems identified). As at mid-June 2014, there had been no dumping or subsidies investigations under existing legislation.

3.1.6 Standards and other technical requirements

3.1.6.1 Standards

3.40. There have been no changes to the institutional or legal framework governing the setting of standards in Mauritius since its last Review. The governing law is the 1993 Mauritius Standards Bureau Act, and the Mauritius Standards Bureau (MSB) is responsible for developing standards and providing metrology, calibration, testing, and quality assurance services.³³ The MSB is supervised by the Standards Council, which meets on a regular basis and is responsible for giving policy and strategy direction to the MSB, and for controlling its finances.³⁴ The Standards Council is under the responsibility of the Ministry of Industry, Commerce and Consumer Protection (MICCP). Technical regulations are developed by the relevant national ministries. The MSB is a full member of the International Organization for Standardization (ISO) and the African Regional Organization for Standardization (ARSO). It is also an adherent to the WTO Code of Good Practice for the Preparation, Adoption and Application of Standards, and is the national enquiry point for the WTO.

3.41. The MSB publishes a work programme twice a year (in January and in July) delineating its standards development activities, including development and revision of standards.³⁵ Over the review period efforts were made to improve the efficiency of the standard-setting process by setting more rigorous timeframes for standards development, using IT systems and tools, and establishing standards committees (see below).³⁶ The stated general policy of standards development in Mauritius is to adopt mature standards from international and foreign standards bodies. Mauritian standards are revised every five years with a view to aligning them with international standards.

3.42. Standards are developed in the MSB's 13 standards committees and their respective sub-committees.³⁷ Any stakeholder, including foreign stakeholders, wishing to join a standards

³¹ MRA online information. Viewed at: <http://www.mra.mu/index.php/importexport-a-others/import/commercial-importers#permits>.

³² The Trade (Anti-dumping and Countervailing Measures) Act 2010. Viewed at: <http://attorneygeneral.gov.mu>.

³³ The Mauritius Standards Bureau Act. Viewed at: <http://attorneygeneral.gov.mu/English/Documents/A-Z%20Acts/M/Page%206/MAURITIUSSTANDARDSBUREAU1.pdf>. The Act was last amended in 1999.

³⁴ The composition of the Standards Council is set out in Article 5 of the Mauritius Standards Bureau Act. It brings together representatives from industry, scientific and academic institutions, consumer organizations and professional bodies.

³⁵ For further information on the current work programme see: <http://msb.intnet.mu/English/Standards/Pages/Standardisation-Programme.aspx>.

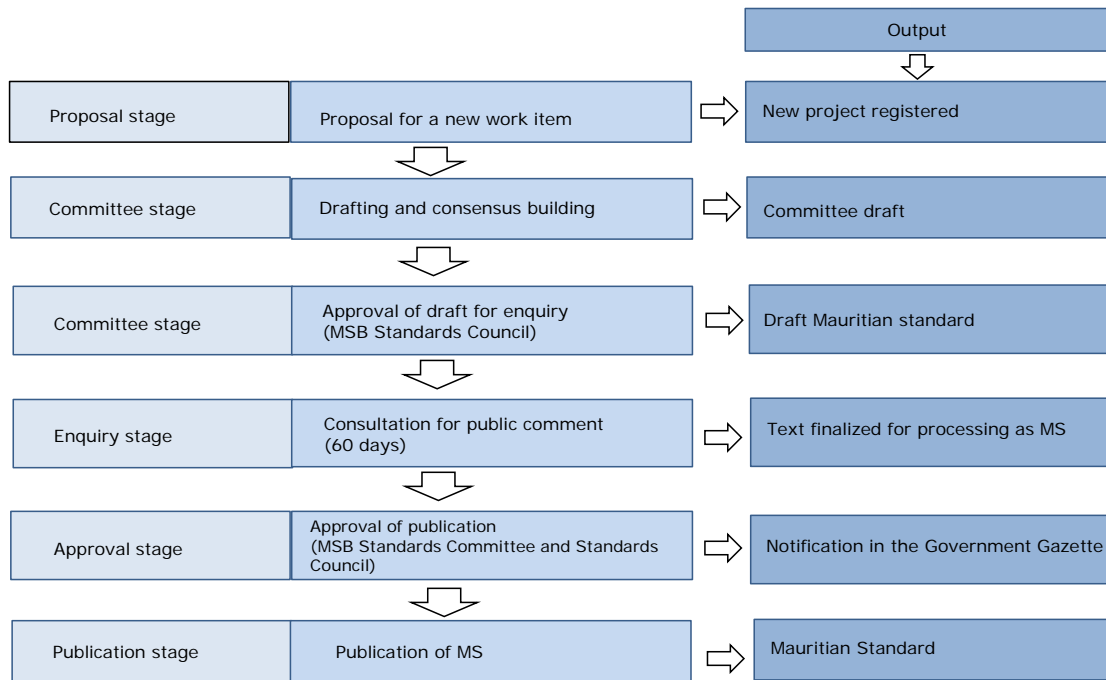
³⁶ Mauritius Standards Bureau (2012).

³⁷ The Standards Committees deal with: building and construction standards; chemicals standards; conformity assessment standards; electrical engineering standards; energy management standards; environmental management standards; food products standards; information technology standards; mechanical engineering standards; metrology standards; quality management standards; societal security standards; textiles, paper, and footwear standards.

committee must make a written request to the Director of the MSB or the technical secretary of the proposed committee or sub-committee, giving information on their line of work and interest in the committee's work.

3.43. Procedures for initiating, drafting, and finalizing standards are as set out in Chart 3.4. Proposals for a new draft standard may be put forward from a public or private entity, MSB Secretariat, MSB technical committee or an individual. Proposals are examined by the MSB Secretariat and the relevant Standards Committees to see if the project is viable and in the national interest.

Chart 3.4 Development of Mauritian Standards



Source: Mauritius Standards Bureau. Viewed at: <http://msb.intnet.mu/English/Standards/Pages/Standards-Development.aspx>.

3.44. As at May 2013, Mauritius had 457 standards in place, of which 160 were Mauritian standards, 240 were international standards, and 57 were European standards. The subject matter of these standards is set out in the 2013 Standards Catalogue.³⁸

3.45. Over the review period, a main focus of attention was the development of standards to support the Government's green policies as set out in the Maurice Ile Durable Programme (see section 4.2).³⁹

3.1.6.2 Technical regulations

3.46. Technical regulations are prepared and issued by ministries, government departments, and regulators within their respective areas of responsibility. According to the authorities, the entities most active in this area are those responsible for commerce, industry, health, agri-industry, energy, and the environment. Some technical regulations are based on voluntary standards that have been made mandatory. As reported in Mauritius' previous Review, all technical regulations apply to imports and locally produced goods. The authorities indicated that in developing technical regulations, ministries, government departments, and regulators routinely hold consultations with

³⁸ 2013 Standards Catalogue. Viewed at: http://msb.intnet.mu/English/Documents/MSB/Standards/latest_cat.pdf.

³⁹ Mauritius Standards Bureau (2012).

the relevant stakeholders, including the private sector. Announcements of technical regulations are published in the *Government Gazette*.⁴⁰

3.47. The authorities noted that there is scope for improving coordination among government departments, regulatory bodies, and conformity assessment bodies so as to effectively administer technical regulations and to implement regional and multilateral commitments in this area. Consideration, albeit in its early stages, is being given to developing a national common framework for the development and implementation of technical regulations.

3.48. Mauritius does not maintain a consolidated list of technical regulations in force. However, information on regulatory requirements affecting imports of all products may be found on the Mauritius Trade Portal.⁴¹ Since its last TPR, Mauritius has notified one technical regulation to the WTO, relating to the characteristics of Basmati rice and import conditions applying to this product.⁴² No specific trade concerns were raised about Mauritius' technical regulations in the WTO TBT Committee over the review period.

3.49. Imports of products subject to technical regulations are subject to clearance from the ministry in charge of commerce, on their arrival at the border. The MSB Quality Assurance Unit is responsible for verifying conformity certificates accompanying these imports. If a product has been certified by a recognized body (i.e. an accredited body), no local certification is needed; if not, testing is carried out by the MSB. Testing fees levied by MSB vary between MUR 100 and MUR 2,000. The inspection is generally done by the private companies. Import inspections are also done by the MAIF (Division of Veterinary Services), MoHQL (Health Inspectorate), and the ministry responsible for consumer protection.

3.1.6.3 Accreditation, conformity assessment, and marking

3.50. The accreditation body MAURITAS is responsible for providing accreditation to conformity assessment bodies such as certification bodies, inspection bodies and testing and calibration laboratories.⁴³ MAURITAS is an associate member of the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF). It is also a member of the Southern African Development Community Accreditation (SADCA) and African Accreditation Cooperation (AFRAC) which, *inter alia*, aim at promoting multilateral recognition agreements (MRAs) among countries.

3.51. The MSB operates a third-party certification mark scheme (MAURICERT). Businesses (including foreign companies) whose products and processes meet the requirements of the relevant Mauritian standard may apply for a licence to use the MSB Certification Mark.⁴⁴ Prior to awarding a licence, the MSB conducts a preliminary visit to ensure the adequacy of the company's quality plan and of its implementation, and to test samples. Testing is undertaken by MSB laboratories or other accredited private-sector laboratories. Licences are awarded for two years (renewable) and the Bureau conducts regular surveillance visits (around four to six visits a year).⁴⁵ As at 11 June 2014, a total of 52 MSB Certification Mark licences were operational.

3.1.6.4 Other

3.52. Labelling requirements apply to pre-packed goods (under the Legal Metrology (Pre-packed Commodities) Regulations, 2006).⁴⁶ Minor amendments were introduced in 2011.⁴⁷

⁴⁰ WTO document G/TBT/2/Add.40, 17 September 1997.

⁴¹ Mauritius Trade Portal. Viewed at: www.mauritiustrade.mu.

⁴² WTO document G/TBT/N/MUS/3, 23 July 2012.

⁴³ For a full list of entities accredited by Mauritas see: <http://mauritas.org/entities.php>.

⁴⁴ The legal provisions governing the Certification Mark scheme are section 21 of the Mauritius Standards Bureau Act 1993 (as amended) and the Mauritius Standards Bureau (Certification Mark) Regulations 2012. Viewed at:

<http://msb.intnet.mu/English/Documents/MSB/Certification%20Schemes/General/regulations.pdf>.

⁴⁵ MSB online information. Viewed at:

<http://msb.intnet.mu/English/Certification%20Schemes/Pages/Product-Certification-Mark.aspx>.

⁴⁶ The regulations are described in detail in WT/TPR/S/198/Rev.1, 11 June 2008.

⁴⁷ Regulations viewed at:

[http://commerce.gov.mu/English/Legislations/Documents/LMS/Acts_Regulations/Legal%20Metrology%20\(%20](http://commerce.gov.mu/English/Legislations/Documents/LMS/Acts_Regulations/Legal%20Metrology%20(%20)

3.53. Under tobacco labelling requirements one of eight specified texts and pictures must take up 60% of the front of the packet (in French) and 70% of the back (in English). The Genetically Modified Organisms Act 2004 (only partially enacted, see below), will require GMOs to be labelled (the labelling part is not yet proclaimed).

3.1.7 Sanitary and phytosanitary requirements

3.54. Mauritius has made no SPS notifications since 2008, or notifications of recognition of equivalence; and no specific concerns regarding Mauritius' SPS measures have been raised in the WTO SPS Committee. Mauritius has notified the National Plant Protection Office at the Ministry of Agro-Industry and Food Security as its WTO enquiry point, and the International Trade Division at the Ministry of Foreign Affairs, International Trade and Regional Cooperation as its national notification authority. Mauritius is a member of the International Plant Convention, the FAO/WHO Codex Alimentarius Commission, and the World Organization for Animal Health (OIE). At the regional level, Mauritius is cooperating with other members of COMESA, SADC, and the African Union to arrive at a common policy on SPS issues and for taking action, where necessary, on a regional basis. The authorities indicated that SPS measures are reviewed as and when required, in consultation with all stakeholders concerned.

3.1.7.1 Plants and plant products

3.55. Procedures for the import (and export) of plants and plant products are covered by the Plant Protection Act 2006.⁴⁸ The Plant Protection Regulations have been submitted to the State Law Office for finalization and vetting. The National Plant Protection Office (NPPO), within the Ministry of Agro-Industry and Food Security, is responsible for enforcement of the Act, including for establishing Mauritius phytosanitary requirements and for controlling imports and exports.

3.56. Plant import permits (PIPs) issued by the NPPO are required for imports of plants and plant parts and various other regulated items.⁴⁹ In total, they apply to 453 tariff lines. A PIP is required for each consignment; it is valid for four months and subject to a fee of MUR 50. In some cases, PIPs will only be granted for imports of a certain commodity during a specified time of the year: for example, under a phytosanitary import protocol concluded between Pakistan and Mauritius, imports of Pakistani mangoes into Mauritius are only permitted during the off-season.⁵⁰ For some sensitive products, such as certain vegetables where there is nascent domestic production, import volumes may be specified in import permits. However, there is no limitation on the number of import permits that may be applied for. According to the authorities, permits may be issued within 3-5 working days for commodities that are regularly imported. The process takes longer for applications to import moderate-to high-risk commodities for the first time, as the NPPO needs to undertake a pest-risk analysis. The NPPO is in the process of removing import permit requirements for low-risk products, in line with IPPC standards.

3.57. A phytosanitary certificate issued by the official plant protection authority of the exporting country (no more than 14 days prior to shipment) must accompany all imports. The import permit and the phytosanitary certificate may be submitted online through TradeNet. Since the NPPO is not yet integrated in to the TradeNet system, applications for import permits are still submitted manually.

3.58. Imported plants, plant products, and other regulated articles are subject to phytosanitary clearance by the NPPO Plant Quarantine Service, either at the point of entry or at the final destination. Inspection fees of MUR 100 per consignment apply. Importation of high-risk planting materials may be subject to post-entry quarantine. Selected agricultural commodities may be subject to phytosanitary treatments (heat and fumigation) prior to shipment to Mauritius.

[Prepacked%20Commodities%20\)%20Regulations%20GN%20233%20of%202006.pdf](#). The 2011 the Regulations were amended by GN112 and GN160.

⁴⁸ Plant Protection Act, 2006. Viewed at: www.gov.mu/portal/sites/legaldb/files/plant.doc.

⁴⁹ These regulated items are: fruits (fresh and dry); planting media and rooting compost; coconut and copra; used agricultural machinery; dried flowers and pot-pourri; pulses and spices; animal feeds; timber; wooden products (furniture and handicrafts); some vegetables for hotel use only (fresh and frozen); certain fresh cut flowers; organic fertilizer and microorganisms, beneficial organisms, and biological control agents.

⁵⁰ National Plant Protection Office (2011).

3.59. Provisions on GMOs are set out in the Genetically Modified Organism Act (GMO) 2004, which partially entered into force in 2004.⁵¹ Under the Act, regulations on imports, exports, and transit of GMOs will be addressed by a national bio-safety committee once the relevant parts of the Act are proclaimed.

3.1.7.2 Live animals

3.60. The Animals Diseases Act 1925 governs, *inter alia*, procedures for the importation of animals (including verification, control and quarantine).⁵² All animals imported into Mauritius must be accompanied by a veterinary certificate. A government veterinary officer inspects all animals on-board the vessel in which they arrive and is responsible for issuing a certificate allowing the Comptroller of Customs to land the consignment for quarantine. Import permits are required from MAIFS for imports of live animals, animal foodstuffs, meat, and fish and sea products. The Import Committee in MAIFS has the final authority to issue the permit. In some cases, notably with chicken, and to a lesser extent with pork, the permit process is used to protect domestic producers.

3.61. The authorities noted that the Animal Diseases Act will be reviewed soon with a view to replacing it with an Animal Welfare Act (promulgated in November 2013) and an Animal Health Bill (which will be drafted shortly). The authorities indicated that the purpose of these laws is to bring legislation up to date with new realities in the field. They clarified that Mauritius does not have any rules on the use of hormones in animals for growth promotion purposes.

3.1.7.3 Food

3.62. The Ministry of Health and Quality of Life (MoHQL) controls the importation, manufacture, processing, storage, and sale of food, drinks, and certain chemicals to the final consumer. Its approval is a precondition for granting of import permits for these products. Information was not available on the number of tariff lines affected by import permit requirements and whether these are granted automatically or non-automatically.

3.2 Measures Directly Affecting Exports

3.2.1 Registration and documentation

3.63. There were no changes to export registration and documentation requirements in Mauritius over the review period. Exporters (and importers) must be registered with the Mauritius Revenue Authority (MRA), the Registrar of Business, and MRA Customs (in order to use the TradeNet system). Export declarations, together with any other required documents, must be submitted to MRA Customs online through TradeNet.⁵³ Export permit requirements apply to exports of certain goods (see below), and only companies or individuals licensed by the National Agricultural Products Regulatory Office (NAPRO) may export tea.

3.2.2 Export taxes, charges, and levies

3.64. Exports of sugar are subject to a cess of MUR 1 per tonne. Mauritius does not apply any other export taxes, charges or levies.

3.2.3 Export prohibitions, restrictions, and licensing

3.65. The export of copper, copper alloys, waste, and scrap is prohibited.⁵⁴

3.66. Export permits are required for products considered "strategic" or "sensitive" to the economy and goods eligible for preferential treatment in certain importing countries (Table 3.9).

⁵¹ GMO Act. Viewed at: <http://attorneygeneral.gov.mu/English/Documents/A-Z%20Acts/G/Page%201/GENETICALLYMODIFIEDORGANISMS1.pdf>.

⁵² Animal Diseases Act. Viewed at: <http://attorneygeneral.gov.mu/English/Documents/A-Z%20Acts/A/Page%203/ANIMALDISEASES1.pdf>.

⁵³ Documents include sanitary and phytosanitary certificates, and any other specific permit/clearance that may be required.

⁵⁴ GN 145/2012 Consumer Protection (Scrap Metal) (Amendment) Regulations, 2012.

New export permit requirements were introduced for textile and textile articles for export to Pakistan (in 2007) and for rough diamonds (in 2003). In December 2013, export permit requirements were removed for sugar confectionaries and products with sugar content; fruit juice; and non-alcoholic beverages (soft drinks).⁵⁵ Applications for export permits are made to the MICCP online via TradeNet; permits are valid for a maximum of six months.

Table 3.9 Export permit requirements, 2014

H.S. Code	Description of goods	Controlling agencies/documents required	Rationale
01.01-01.06	Live animals (all species, including birds)	(1) Approval from the Ministry of Agro-Industry and Food Security; (2) Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) for monkey and for other endangered species.	Conservation of endangered species
02.01-02.10	Meat and edible meat offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies (fresh, chilled, frozen)	Authorization from the Ministry of Agro-Industry and Food Security	Sanitary and phytosanitary requirements
07.01-07.12	Vegetables (fresh and dried)	Approval from the Ministry of Industry Commerce and Consumer Protection (MCCIP) based on authorization from the Ministry of Agriculture and Food Security	Food security
09.10	Spices (ginger, saffron, turmeric, and other spices classified under H.S. Code 09.10)	Analytical report to certify the absence of Sudan dyes on powdered mixed spices from the Ministry of Health and Quality of Life.	Food security
10.06	Rice	MCCIP	Food security
11.01	Wheat or meslin flour	MCCP	Food security
16.02	Other prepared or preserved meat, meat offal or blood	Authorization from the Ministry of Agro-Industry and Food Security	Sanitary and phytosanitary requirements
17.01	Sugar	Authorization for sugar and sugar contents from the Mauritius Sugar Syndicate	Sugar protocol requirements
25.05	Sand	Authorization from the Ministry of Environment and Sustainable Development	Ecology and environmental protection
25.21	Limestone	Authorization from the Ministry of Agro-Industry and Food Security	Security reasons
25.23	Portland cement	MCCIP	Security reasons
30.01	Organs (animals)	Authorization from the Ministry of Agro-Industry and Food Security	Sanitary, phytosanitary, and laboratory requirements
30.02	Serum, samples of blood, biological, needed for veterinary research vaccines (dead or live attenuated, freeze-dried or wet form)	Authorization from the Ministry of Health and Quality of Life and the Ministry of Agro-Industry and Food Security	Sanitary and laboratory requirements
50.01-63.10	Textile and textile articles for export to United States, Canada and Pakistan	MCCIP	Compliance with trade protocols and trade agreements
67.01	Birds' feathers	Authorization from the Ministry of Agro-Industry and Food Security	Conservation of endangered species
7102.10, 7102.21, 7102.31	Rough diamonds	KPC certificate	Compliance with the Kimberly Process certification requirements

Source: Mauritius Trade. Viewed at: <http://www.mauritiustrade.mu/en/export-procedures>; and MICCP online information. Viewed at: <http://commerce.gov.mu/English//DOCUMENTS/REMOVAL%20OF%20EXPORT%20PERMITS.PDF>.

⁵⁵ MICCP Commerce Division. Viewed at: <http://commerce.gov.mu/English//DOCUMENTS/REMOVAL%20OF%20EXPORT%20PERMITS.PDF>.

3.2.4 Export subsidies, and duty and tax concessions

3.2.4.1 Freeport scheme

3.67. The Mauritius freeport scheme was established in 1992 in order to diversify the economic base through the development of a competitive logistics and distribution platform for international trade; a new strategic thrust is to encourage value-added activities such as processing and light assembly of goods. The freeport is located adjacent to the port at Port Louis and at the international airport. The rules governing the freeport scheme are the Freeport Act (No. 43 of 2004, as amended) and the Freeport Regulations (2005).⁵⁶ Over the review period, amendments to the Act made the grant of 0% corporate tax indefinite (see below), and extended freeport status to manufacturing companies provided that at least 95% of annual enterprise turnover goes towards the export of manufactured goods; of this at least 80% must be exported to Africa. The remaining percentage may, upon BOI approval, be put on the local market and is subject to taxation. Manufacturing activity must be physically located within the freeport zone.

3.68. As at June 2014, there were 259 active freeport certificate holders; the types of certified activity are set out in Table 3.10.

Table 3.10 Forms of certification under the freeport scheme

Certification	Permitted activities
Third Party Freeport Developer	Build, develop, and manage infrastructures to be rented to a holder of a freeport certificate in order to facilitate authorized freeport activities including: warehouses; cold storage facilities; offices; exhibition centres; processing units and open storage facilities; provision of third-party logistics services to licensees; and the carrying out of marketing activities and holding exhibitions, trade fairs and other events.
Private Freeport Developer	Build, develop, and manage infrastructural facilities for use exclusively by the holder of a freeport certificate's own authorized free port activities (as listed above).
Freeport Operator	Warehousing and storage; breaking bulk, sorting, grading, cleaning, and mixing; labelling, packing, re-packing and repackaging; minor processing and light assembly; ship building, repairs, and maintenance of ships and aircraft; storage, maintenance, and repairs of empty containers; export-oriented seaport and airport based activities; freight forwarding services; quality control and inspection services; and any manufacturing activity, provided that (a) the enterprise exports its manufactured goods to the extent of at least 95% of its annual turnover, of which 80% to Africa, and (b) the remaining percentage may, upon approval of the BOI, be put on the local market.

Source: Board of Investment.

3.69. Various fiscal and non-fiscal incentives are offered to freeport certificate holders. These include: exemption from customs duties on all goods imported into the freeport; reduced port handling charges (around 50% of normal rates) for all goods imported into and re-exported from a freeport zone by a freeport licensee⁵⁷; and access to offshore banking services. Supplies purchased from within Mauritius by a freeport licensee operating within a freeport zone are zero-rated for VAT. Companies establishing in the freeport may be 100% foreign owned and may repatriate all profits.⁵⁸ A corporate tax exemption is available for income derived from activities carried out in the freeport zone by all freeport operators and private freeport developers.⁵⁹ The objective of the subsidy is to encourage trading companies to use the Mauritius freeport as a logistics and marketing platform for the re-exportation of their goods to eastern and southern Africa. The Government of Mauritius intended to remove the freeport corporate tax exemption in 2006 but due

⁵⁶ Freeport Act. Viewed at: www.efreeport.com/DisplayFile.aspx?DOCID=240. Freeport Regulations. Viewed at: <http://mra.gov.mu/download/FreeportRegulations2005.pdf>.

⁵⁷ Preferential port handling charges are offered by the Mauritius Port Authority (MPA) and the Cargo Handling Corporation Ltd (CHCL). For further details on preferential port handling charges, see: www.efreeport.com/DisplayFile.aspx?DOCID=116.

⁵⁸ For more information see: <http://www.efreeport.com>.

⁵⁹ The legal basis for the corporate tax exemption is the Income Tax Act 1995 (as amended), article 49. Viewed at: <http://attorneygeneral.gov.mu/English/Documents/A-Z%20Acts/I/Page%201/INCOMETAX1.pdf>.

to the impact of the global financial crisis, and particularly the euro-zone crisis, on Mauritius' economy and its exports, a decision was taken to continue the tax exemption indefinitely.⁶⁰

3.2.4.2 Freight rebate scheme

3.70. The Freight Rebate Scheme (FRS) offered by the Ministry of Agro-Industry and Food Security and managed by the Agricultural Marketing Board was extended until 2015 as a result of the 2013 budgetary process.⁶¹ A rebate of 25% of the freight costs is to be shared equally between exporters and producers of: (a) certain vegetables (anguive, breadfruit, fine beans, and extra fine beans; greens (brède), green chilli, and palm heart); (b) certain fruits (avocado, fruits de cythère, litchi, passion fruit, pineapple, and star fruit); and (c) certain flowers (anthurium and orchid). The estimated cost of this scheme was MUR 10 million in 2013 and MUR 15 million in 2014.⁶²

3.2.4.3 Other schemes

3.71. Exporters are entitled to duty drawback on goods imported for the purpose of processing, manufacture or repair prior to exportation, as well as on goods imported and re-exported in the same state. VAT exemptions are also available for imported raw material inputs under an inward-processing scheme for 100% export-oriented enterprises.⁶³ Customs duty exemptions are available under the inward-processing scheme.

3.72. Mauritius' Export Processing Zone (EPZ) scheme was phased out in 2006.⁶⁴ The enterprises that operated under the EPZ scheme are now known as Export Oriented Enterprises (EOEs) but they do not receive any special benefits or incentives. The concept of the EOE was adopted to help generate data on export enterprises for policy formulation purposes.

3.2.5 Export promotion and marketing

3.73. Enterprise Mauritius is responsible for export promotion activities. As explained in Mauritius' previous Review it is a partnership between the public and private sectors with a limited liability structure. It provides market intelligence services to Mauritian businesses and organizes their participation in local and international events. Through the Enterprise Development Fund, it provides grants or loans to companies looking to develop their exports (see section 3.3.2). Eligible projects include market development, such as market entry and distribution research, identification and development of channels/partners that would provide access to regional and international markets, and trade show participation. Enterprise Mauritius administers the Participation in International Fairs Grant Scheme (PIFGS), set up in April 2012. Funding, up to a maximum of MUR 200,000, is available for export-ready or exporting businesses to participate in international fairs.⁶⁵ A new programme launched in 2013, Go Export, small organizations that want to export by providing advice on the steps required; drawing on the expertise of seasoned businessmen.

⁶⁰ In the Finance Act 2006, provision was made to remove the corporate tax exemption for the freeport by July 2009. In 2009, the Government announced the extension of the income tax exemption until end-June 2011 (Section 8b)(i) of the Additional Stimulus Package (Miscellaneous Provisions) Act 2009. In 2011, the exemption was again extended. See WTO documents: G/SCM/N/186/MUS/Rev.1, 28 September 2009; G/SCM/N/192/MUS/Rev.1, 28 September 2009; G/SCM/N/211/MUS, 6 September 2010 (which contains Mauritius' Action Plan in accordance with the decision of the General Council (WT/L/691); G/SCM/N/220/MUS, 26 September 2011; G/SCM/N/226/MUS, 26 September 2011; and G/SCM/N/243/MUS, 4 September 2012.

⁶¹ AMB online information. Viewed at: <http://view.officeapps.live.com/op/view.aspx?src=http%3A%2F%2Famb.intnet.mu%2FEnglish%2FDOCUMENTS%2FFREIGHT%2520REBATE%2520SCHEME.DOC>.

⁶² Budget speech 2013. Viewed at: <http://mof.gov.mu/English/Documents/National%20Budget/Budget%20Speech%202013.pdf>.

⁶³ WTO document WT/TPR/S/198/Rev.1, 11 June 2008.

⁶⁴ Up until 2006, Mauritian EPZ's benefited from: a ten-year tax holiday and thereafter 15% corporate tax; preferential interest rates on loans; no tax on dividends; free repatriation of capital, profits, and dividends; and relief from customs duties and VAT on raw materials, machinery, and spare parts.

⁶⁵ Enterprise Mauritius online information. Viewed at: <http://sourcemaurltius.com/maurltius/em-schemes/>.

3.74. The Small and Medium Enterprises Development Authority (SMEDA) runs a Marketing Support Scheme. Under this scheme eligible SMEs may be granted 50% of qualifying expenditure incurred on marketing and promotion activities (such as participation in approved overseas trade fairs, exhibitions and business missions) up to a maximum of MUR 100,000 per annum. Support is also provided for SMEs to send samples to potential clients abroad. The maximum grant support is 50% of the costs of air freight for sending such samples, subject to a maximum of MUR 25,000 per year.⁶⁶

3.2.6 Export finance and insurance

3.75. Export finance, and to a large extent, export insurance, is only available through private-sector institutions. The 2010 Budget mentions the intention to establish an Export Credit Scheme. However, no further information was available on developments in this regard. Exporters are free to contract export credit insurance with foreign companies.

3.3 Measures Affecting Production and Trade

3.3.1 Government procurement

3.76. The legislative framework for government procurement in Mauritius is the Public Procurement Act 2006. The Act entered into force in 2008, and has been amended several times. It sets out the basic principles and procedures to be applied in the public procurement of goods, works, consultancy services, and other services. Only a few exemptions to the Act apply.

3.77. Several implementing regulations were issued over the review period: the Public Procurement Regulations, 2008; the Public Procurement (Suspension and Debarment) Regulations, 2008; the Public Procurement (Disqualification) Regulations, 2009; the Public Procurement (Framework Agreement) Regulations, 2013; and the Public Procurement (Diplomatic Missions Mauritius) Regulations, 2014. Public-private partnership agreements (PPP) are subject to public procurement rules.

3.78. Procurement is carried out by various government ministries, departments, and public authorities. A Central Procurement Board (CPB) is responsible for approving the award of all major contracts over certain thresholds (Table 3.11), and PPP project awards. Over the review period, these thresholds were increased and made more uniform. The authorities explained that the increase was to give more autonomy to, and decentralize, the procurement process at the level of all public bodies. A Procurement Policy Office (PPO) is in charge of policymaking and monitoring. In carrying out procurement audits, the PPO has the authority to request information and records from the CPB and other public bodies; in the event of non-compliance with requests for information, the matter may be referred to the Head of the Civil Service and thereafter to the police, for enquiry. A Public Procurement Portal brings together government agencies' annual procurement plans, procurement notices, summaries of bid evaluation reports, notices of procurement awards, and other procurement-related information.

3.79. Mauritius is neither a member of, nor an observer to, the WTO Plurilateral Agreement on Government Procurement. The COMESA Treaty contains procurement provisions; the other RTAs to which Mauritius is a party do not (see Chapter 2).

Table 3.11 Thresholds for CEB approval of procurements by public agencies, 2014

Public body	Threshold value
Local authorities; Mauritius Qualifications Authority; Rodrigues Regional Assembly; other parastatal bodies not specified below.	MUR 15 million
Ministries/Government departments; Beach Authority; Farmer's Service Corporation; Financial Services Commission; Gambling Regulatory Authority; Irrigation Authority; Knowledge Parks Ltd; Mahatma Ghandi Institute; Mauritius Education Development Company Ltd; Mauritius Film Development Corporation; Mauritius Institute of Health; Mauritius Institute of Training and Development; Mauritius Meat Authority; Mauritius Oceanography Institute; Mauritius Standards Bureau; Mauritius Tourism Promotion Authority; National Computer Board; Open University of Mauritius; Private Secondary	MUR 50 million

⁶⁶ Mauritius SME Portal online information. Viewed at: <http://www.gov.mu/portal/sites/smeportal/smesscheme.htm>.

Public body	Threshold value
Schools Authority; Public Officers' Welfare Council; Rodrigues Education Development Company Ltd.; Sir Seewoosagur Ramgoolam Botanical Garden Trust; Small Enterprises and Handicraft Development Authority; Sugar Industry Labour Welfare Fund; Sugar Planters Mechanical Pool Corporation; Tea Board; Tertiary Education Commission; Tourism Authority; University of Mauritius; and University of Technology, Mauritius; Agricultural Marketing Board; Mauritius Examinations Syndicate; and Outer Islands Development Corporation.	
Airports of Mauritius Ltd; Cargo Handling Corporation Ltd; Central Water Authority; Development Bank of Mauritius Ltd; Enterprise Mauritius; Information and Communication Technologies Authority; Mauritius Housing Company Ltd; Mauritius Ports Authority; Mauritius Revenue Authority; Mauritius Shipping Corporation Ltd; Mauritius Sugar Authority; National Housing Development Company Ltd; National Transport Corporation; Road Development Authority; State Informatics Ltd; State Investment Corporation Ltd; State Property Development Company; Waste Water Management Authority; Central Electricity Board; Mauritius Broadcasting Corporation; State Trading Corporation.	MUR 100 million

Note: The Tea Board and the regulatory functions of the Mauritius Meat Authority have been taken over by NAPRO. The Sugar Planters Mechanical Pool Corporation and the Mauritius Sugar Authority have been taken over by the Mauritius Cane Industry Authority.

Source: Public Procurement Act. Viewed at: <http://ppo.gov.mu/English/Discussion-Board/Documents/PPA%202006-updated%2006%20January%202014.pdf>.

3.80. In 2012, total government procurement spending through all bidding methods (see below) amounted to MUR 9,679 million. A total of 2,555 procurement exercises were undertaken. The Central Electricity Board accounted for nearly one-third of the value of contacts approved (Table 3.12). Half of government spending was on the procurement of goods and nearly a third on works-related purchases (Chart 3.5). In the 2012 Budget Speech, the Government was considering introducing a bulk purchase scheme in order to reduce procurement costs; this has not yet been implemented.

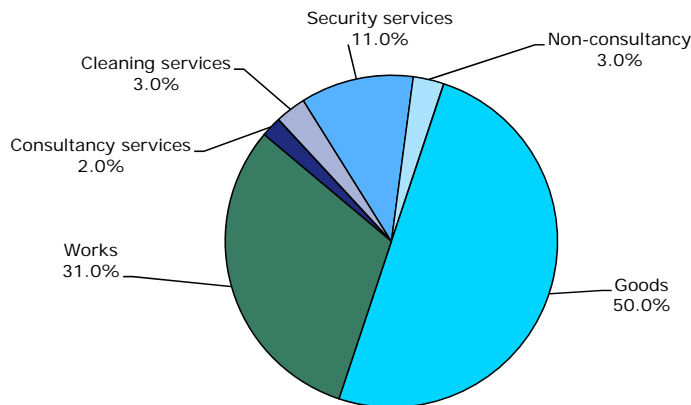
Table 3.12 Value of procurement by procuring entity, 2012

Procuring entity	Contract value approved (MUR million)
Central Electricity Board	3,161
Ministry of Health and Quality of Life	1,976
Road Development Authority	1,565
Ministry of Education and Human Resources	1,269
Ministry of Public Infrastructure, NDU, Land and Shipping	300
Police Department	276
Waste Water Management	94

Source: Information provided by the authorities.

Chart 3.5 Procurement by spending category, 2012

(% of total)

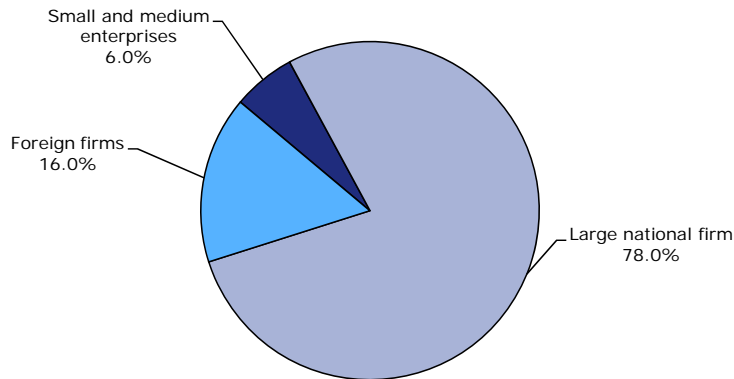


Source: Information provided by the authorities.

3.81. Large national firms were contracted to supply the bulk of government purchases (MUR 6.9 billion in 2012). The value of contracts secured by foreign firms in the same year was MUR 1.4 billion and SMEs MUR 474 million (Chart 3.6).

Chart 3.6 Procurement by type of supplier, 2012

(% of total)



Source: Information provided by the authorities.

3.82. Bidding processes are set out in the Public Procurement Act (Part IV) and Public Procurement Regulations. Open advertised bidding (open tendering) must be used for purchases of goods, works, and services unless it is deemed by the procuring public body that this would not be efficient or practical or would be too costly given the value of the procurement (Table 3.13). The grounds for using other procurement methods must be justified on record. Public entities may limit tenders offered through open advertised bidding to citizens of Mauritius or entities incorporated in Mauritius (such limitations must be specified in the bidding documents), or give a margin of preference to domestic or regional goods, services or contractors. Tenders for open advertised bidding must be published in a national newspaper with wide circulation (for national tenders) and international media with wide circulation for international tenders. Open international bidding is to be used where: (a) the estimated value of the procurement exceeds the threshold of MUR 200 million; (b) the goods, works or other services are not available under competitive price and other conditions from more than one supplier in Mauritius; or (c) there is no response to open national bidding and the goods, services or works must be obtained from international bidders.

Table 3.13 Government procurement bidding processes

Contracting method	Procurement method	Instances when used	Value (MUR), 2012 (and % of total procurement)
Procurement of goods, works and services (other than consultancy services)	Open advertised bidding	All government purchases of goods, works and services, unless another bidding method can be justified.	5,047,761,109 (52%)
	Restricted bidding	Where: (a) purchases are only available from a limited number of bidders (all known suppliers must be directly solicited); (b) the time and cost of considering a large number of bids is disproportionate to the value of the procurement (a minimum of 5 bids must be solicited); (c) pre-approved supplier eligibility lists are maintained to ensure suppliers have the necessary technical and financial capability.	1,284,920,372 (13%)
	Request for sealed quotations	For readily available commercially standard goods; small works; or services, other than consultancy services below MUR 5 million. Requests for quotations must be solicited from at least three bidders.	947,842,685 (10%)
	Emergency procurement	In cases of extreme urgency. Purchases may be made from a single supplier without competition.	226,527,914 (2%)

Contracting method	Procurement method	Instances when used	Value (MUR), 2012 (and % of total procurement)
	Community or end-user participation	Where the participation of the procurement end-user or beneficiary community may result in enhancing the economy, quality or sustainability of the service to be procured or if the objective of the project is to create employment and the involvement of the beneficiary community.	None
	Departmental execution (i.e. procurement effected by the public body itself)	If the activity is not likely to attract bidders; the cost cannot be determined in advance; there is a risk of unavoidable work; it is the only practical method for certain works; pilot projects for the development of a technology work method cannot be carried out by a contractor; there would be a disruption to existing operations by the public body's staff; or there is an emergency that requires immediate action.	None
Procurement of consultancy services	Request for proposals	Standard method for procurement of consultancy services below a threshold of MUR 10 million. The public body must draw up a shortlist of consultants to ensure effective competition.	123,703,200 (1%)
Direct procurement of goods, works, services and consultancy services	Direct procurement	Purchases under prescribed threshold values: Goods (MUR 100,000 per item); works, services and consultancy services (MUR 500,000 per contract)	2,040,464,909 (21%)

Source: Public Procurement Act 2006 (as amended).

3.83. Procedures for challenging or appealing procurement procedures or decisions are set out in Part IV of the Public Procurement Act. As a first step, a bidder or potential bidder may make representations to the CEO of the public body concerned. An Independent Review Panel (IRP) will consider appeals against the CEOs and take remedial action. On average, 35 cases are lodged per year at the IRP and six cases are withdrawn. The latter generally occurs when an aggrieved bidder feels that he or she does not have enough material to support the case (Table 3.14).

Table 3.14 IRP caseload, 2008-13

	2008	2009	2010	2011	2012	2013
IRP cases lodged	30	30	34	35	40	35
IRP cases with a decision	21	25	25	19	22	20
Cases withdrawn	4	5	4	9	6	11

Source: Information provided by the authorities.

3.3.2 Incentives

3.84. Mauritius maintains several incentive schemes to, *inter alia*, promote business development, encourage the growth of SMEs, support growth in real estate sector and encourage job-related training (Table 3.15). It also offers incentives under a freeport scheme to encourage exports of manufactured goods to Africa and to promote the country as a regional warehousing, distribution, and marketing centre (see section 3.2.4.1); as well as various sector-specific incentives (see Chapter 4).

3.85. Two new incentive schemes were introduced during the review period: the Mauritius Business Growth Scheme (in 2011), and the Film Rebate Scheme (in 2013).

3.86. Several incentive schemes described in the Secretariat report for Mauritius' previous Review are no longer in operation.⁶⁷

⁶⁷ The Export Enterprise Scheme, the Export Promotion Scheme; Pioneer Status Enterprise Scheme; Strategic Local Enterprise Scheme; the Modernization and Expansion Scheme; the Small and Medium Enterprises Scheme; the Export Service Zone Scheme; the Hotel Management Scheme; the Hotel Development Scheme; the Regional Headquarters Scheme; the Permanent Residence Scheme; the Scheme to attract professionals for emerging sectors (SAPES); and the ICT Scheme.

Table 3.15 Selected incentives, 2014

Scheme	Eligibility criteria	Incentives offered
Global Business Company scheme	<p>GBC 1: resident corporations. Since 2011 GBC 1s have been able to conduct business within Mauritius but domestic operations are subject to a 15% income tax</p> <p>GBC 2: resident corporations generally conducting business outside of Mauritius (prohibited activities include: banking, financial services, and trusteeship services). Since February 2014, GBC 2's have been allowed to conduct business with Mauritian residents as long as the activity brings economic value to Mauritius. Prior approval of the FSC is required</p>	<p>GBC 1: are liable to uniform tax rate of 15% (applicable to all residents) but given the fact that the main purpose of the GBC1 is to conduct business outside of Mauritius, GBC1's benefit from a tax credit of 80% on the amount of tax to be paid. Thus the effective rate of tax paid by a GBC1 on its foreign source income is 3%. No withholding tax on dividends, interest, and royalties paid; no capital gains tax</p> <p>GBC 2: Are exempt from corporate tax (and are not considered as resident). No withholding tax on dividends, interest, and royalties paid; no capital gains tax</p>
Mauritius Business Growth Scheme (MBGS): Payback Technical Assistance	All private firms operating for profit (except financial services and pure trading activities) and all size categories.	<p>Loan to enable Mauritian enterprises to bring in outside technical assistance to grow their businesses. MBGS pays 90% of the cost of eligible activities up to a maximum of MUR 3 million over the life of the scheme; moratorium on loan repayment for first 3 years; loan repayments based on a "royalty-on-incremental-sales" basis from the 4th year</p>
Mauritius Business Growth Scheme (MBGS): Payback Start-ups entrepreneurship Leasing Equipment Modernization Scheme (LEMs)	<p>Private start-up operations (less than one year in operation) in all economic subsectors (exclusions: arms, liquor, tobacco, and gaming).</p> <p>SMEs</p>	<p>Monthly allowance of MUR 20,000 for maximum of one year</p> <p>Line of credit offered by the Government to leasing companies to provide affordable finance to SMEs to improve productivity; interest rates of 7.25%</p>
Business Development Scheme^a	Financing of projects including in the manufacturing sector, trade and services, health, tourism, ICT, art, participation in trade fairs and surveys, and setting up of market fair and craft villages	Loans for up to 75% of project costs, up to MUR 5 million; interest rate is repo rate +3% per annum, with a repayment period up to 8 years, with a 3 year moratorium period
Booster micro credit loan scheme^a	<p>Eligible applicants: registered entrepreneurs; laid-off workers; existing value-added activities requiring working capital finance; and other recommended projects. Eligible projects: small enterprises in manufacturing, agriculture, agribusiness, and handicrafts; small tourism and tourism-related activities; small plant nurseries; vegetables, fruits, and flower cultivation on a small scale; kindergartens; small livestock-breeding activities; ICT and ICT-related activities; services including training; e-commerce; small trades; working capital requirements for projects with value addition up to MUR 75,000</p>	Loans to finance projects with value addition of maximum MUR 150,000, refundable in up to 5 years with 1 year mortatorium and an interest rate of repo rate +3%
Quasi-equity financing scheme^a	SMEs	Equity and quasi-equity for a maximum investment of 75% of project cost up to a ceiling of MUR 500,000 in the form of redeemable preference shares, debentures or equity loan
SME Partnership Fund	SMEs for projects with significant growth potential in all productive sectors (includes start-ups, expansion projects and new lines of business)	Equity financing; investment range of MUR 300,000 to MUR 10 million; financing of up to 49% of SME equity capital

Scheme	Eligibility criteria	Incentives offered
Enterprise Development Fund	All sizes of businesses. To be eligible SMEs must operate in the manufacturing or non-financial, non-tourism exportable services sectors, with priority given to the textile and apparel sector	Funding to engage specialist expertise to help companies surmount organizational barriers to growth and competitiveness, with a particular emphasis on developing exports; co-funding for up to 50% of the project costs for non-SMEs (reimbursable) and 75% for SMEs, up to a maximum MUR 500,000 per company per annum (non-reimbursable)
Film Rebate Scheme	Film production company incorporated or registered in Mauritius under the Companies Act (including one with 100% foreign ownership); film production must be carried out in Mauritius; production expenditure thresholds apply	Rebate of 30% of qualifying production expenditures incurred in Mauritius on feature films, commercials, TV serials/programmes, and documentary programmes
Integrated Resort Scheme (IRS)	Non-Mauritian citizens acquiring resort and residential property	Resident permit granted to foreigners (and their dependents) who spend over US\$500,000 on property acquisition
Human Resource Development Council Training Schemes	Employers	Various training-related grants and tax deductions
Real Estate Scheme	Mauritians and non-Mauritian citizens acquiring resort and residential property; property of less than 10 hectares	Resident permit granted to foreigners (and their dependents) who spend over US\$500,000 on property acquisition

a Schemes offered by the Development Bank of Mauritius.

Source: Government of Mauritius.

3.87. The Government introduced a Small and Medium Enterprises (SME) Financing scheme in 2011 and extended it to micro and small enterprises in 2012. Under the scheme, banks involved in the domestic economy agreed to lend MUR 5 billion to SMEs from 1 December 2010 to 30 December 2016, and as from 1 December 2012, an additional MUR 250 million annually to micro and small enterprises. One of the conditions is that banks must lend to SMEs and micro and small enterprise at 3 percentage points above the key repo rate. The BOM sets targets for bank lending to SMEs and micro and small enterprises in accordance with the banks' respective shares of total credit to the private sector in Mauritius. In 2011, the BOM was given additional powers to require that banks failing to meet these targets must either contribute the difference between actual and targeted lending to a development fund for SMEs⁶⁸ or obtain BOM authorization in order to on-lend this amount to another bank that has met its agreed lending targets. The bank receiving the loan must then lend it on to SMEs.

3.3.3 State trading, state-owned enterprises, and privatization

3.88. Mauritius' most recent notification to the WTO on its state-trading enterprises was in 2002.⁶⁹ The Agricultural Marketing Board (AMB) and the State Trading Corporation (STC) undertake import activities. The AMB holds a monopoly over imports of whole garlic, and imports other agricultural products together with other private sector importers (see section 4.1). The STC is the only authorized importer of petroleum products, liquefied petroleum gas (LPG) (see section 4.2), and flour (see section 4.1). It is the de facto sole importer of long grain (ration) rice, and started importing basmati rice in 2014 (in a non-monopoly environment). In July 2011, the STC ceased to import cement (previously, it imported up to 50% of cement requirements) (see section 3.3.4.1). The AMB undertakes some minor export activities, but not on a monopoly basis.

3.89. The State intervenes in economic activities in Mauritius through several parastatal bodies. It has a direct equity stake in a number of Mauritian companies, including in: telecommunications, air transport, and financial services (see Chapter 4). It also invests in a wide variety of Mauritian businesses through its investment arm, the State Investment Corporation (Table 3.16).

⁶⁸ The amendments to the BOM Act require banks that do not meet their SME financing targets to deposit with the BOM, at no interest, the difference between their actual lending and the agreed target. The BOM, through the development fund, may relend this amount to a commercial bank that has met its target.

⁶⁹ WTO document G/STR/N/8/MUS, 2 August 2002.

Table 3.16 State Investment Corporation asset portfolio (December, 2013)

Company	Shares held (%)	Industry
Cargo Handling Corporation Ltd	54	Communications
Editions de l'Océan Indien Ltée	49.98	Other services
Lottotech	25	Gaming
Mauritius Duty Free Paradise Co Ltd	20	Distribution
National Equity Fund Ltd	25	Financial services
National Equity Fund Ltd (P)	25	Financial services
Pointe Coton Resort Hotel Co Ltd	28.54	Entertainment and tourism
Port Louis Fund Ltd	37.97	Financial services
Rodrigues Venture Capital and Leasing Fund Ltd	50	Financial services
Splendid Property Holdings Ltd	25	Real estate
State Informatics Ltd	20	ICT
The Bagged Sugar Storage and Distribution Co Ltd	37.5	Manufacturing
Beach Casinos Ltd	100	Gaming
Capital Asset Management Ltd	100	Financial services
Casino de Maurice Ltd	100	Gaming
Casino Equipment Ltd	4.76	Gaming
EREIT Management Ltd	100	Real estate
Grand Baie Casino Ltd	100	Gaming
Lakepoint Ltd	100	Entertainment and tourism
Le Caudan Waterfront Casino Ltd	51	Gaming
Le Grand Casino Du Domaine Ltd	62.36	Gaming
Le Val Development Co Ltd	70	Entertainment and tourism
Les Pailles Management Ltd	100	Entertainment and tourism
MJTI Properties Co. Ltd	91.37	Real estate
Prime Partners Ltd	100	Other services
Prime Real Estate Ltd	80	Real estate
Prime Securities Ltd	80	Financial services
SIC Management Services Ltd	100	Other services
State Investment Finance Corporation Ltd	80	Financial services
Sun Casinos Ltd	100	Gaming
SIC Fund Management Ltd	100	Financial services
Air Mauritius Holding Co Ltd	18.03	Communications
Ebene Accelerator Ltd	100	ICT
Marina Village Hotel Ltd	11.25	Entertainment and tourism
Maurinet Investment Ltd	12.50	Communications
Mauritius Cargo Community Services Ltd.	100	Communications
Med Point Ltd	13.56	Other services
Rodrigues Educational Development Co Ltd	20	Other services
Sevenwaterfalls Horizons Ltd.	100	Entertainment and tourism
Solid Waste Recycling Ltd	100	Manufacturing
SME Partnership Fund Ltd	16.56	Financial services
SSR Botanical Garden Investment Co. Ltd	49	Other services
State Insurance Company of Mauritius Ltd	12.50	Financial services
Mauritius Housing Company Ltd.	13.33	Financial services
Vita Rice Ltd	10.00	Agriculture

Note: Assets listed are those where the SIC has 10% or higher shareholding. The SIC has an equity stake of under 10% in a number of other businesses.

Source: SIC online information. Viewed at: <http://www.state.investment.com>; and information provided by the authorities.

3.90. In 2012, the Government of Mauritius, together with several commercial banks, established a private equity fund, NRF Equity Investment Ltd., with an initial capital of MUR 294 million to invest in the equity or capital of Mauritian SMEs.⁷⁰ The stated objectives of the fund are to provide risk capital to entrepreneurial and growth potential businesses with a proven track record and to assist targeted enterprises in building value through expansion and strategic management support. It provides investments of MUR 10 million to MUR 50 million, with a return on capital commensurate with the level of risk. The intention is to acquire a minority equity stake and to exit within five years.⁷¹

⁷⁰ NRF Equity Investment Ltd. is financed in equal proportion by the Government, through the National Resilience Fund, and several commercial banks.

⁷¹ NRF online information. Viewed at: <http://www.nrf.mu/objectives.php>.

3.91. Since 2008, the Government of Mauritius announced its intention to divest certain commercial and industrial assets. These included: the casinos, the Domaine Les Pailles properties, the Port-Louis Waterfront retail outlets, the Belle Mare tourist village, the Lakepoint complex.⁷² It has also announced that it would offer a management contract for the Citadel.⁷³ Information was not available on the status of play of these privatizations.

3.92. At the time of Mauritius' previous Review, the Government had started the process of identifying projects that could be financed under its PPP scheme: no information was available on new developments in this area.

3.3.4 Competition policy and price controls

3.3.4.1 Competition policy

3.93. The Competition Act (2007) entered into force in November 2009, and was amended in 2012.⁷⁴ The Act replaces the Competition Act (2003), which had only been partially proclaimed.⁷⁵ One objective for the introduction of the Competition Act was to increase the competitiveness of the Mauritian economy in the international arena; and thus facilitate its integration into the world economy.

3.94. The Competition Commission of Mauritius (CCM) was established by the Competition Act (2007) as the national competition agency mandated to enforce the Act in Mauritius. The CCM operates through two organs: an investigative arm, which falls under the ambit of the Office of the Executive Director; and an adjudicative arm, which is represented by five Commissioners.

3.95. The Act empowers the Executive Director to investigate collusive agreements (which are prohibited under the Act and cannot be exempted) and to review abuse of monopoly situations and those mergers leading to a substantial lessening of competition. Where the Executive Director has reasonable grounds to believe that a restrictive business practice has, is, or is about to occur, he/she may investigate the matter and report his/her findings to the Commission. The Commission may, in turn, impose any direction and/or financial penalty on the enterprise that it deems appropriate so to remedy the breach. The Act does not apply to petroleum products, liquid petroleum products; any agreement containing provisions relating to: the use, licence or assignment of rights under intellectual property legislation; practices under international agreements to which Mauritius is party; and certain employment practices.⁷⁶

3.96. The Government is proposing to further amend the Competition Act to strengthen the institutional framework and reinforce the investigative powers of the Executive Director in order to better combat cartels.

3.97. The CCM has issued various guidelines in relation to the economic and legal analysis applied in investigations as well as the principles followed by the Commission to determine of penalties or remedies imposed under the Act.⁷⁷ It also issued its procedural rules in 2009.⁷⁸ The CCM has the authority to sign memoranda of understanding (MOUs) setting out its approach in dealing with competition matters in regulated sectors of the economy. It has signed MOUs with relevant sector

⁷² Budget Speech 2012. Viewed at:

<http://mof.gov.mu/English/Documents/Budget%202012/BudgetSpeech.pdf>.

⁷³ The Citadel (or Fort Adelaide) is a fort of historical importance and a key tourist site. The announcement was made in the 2012 Budget Speech.

⁷⁴ The 2012 amendments to the Act firstly empower the CCM to provide leniency and immunity under certain conditions (so to encourage participants in cartels to expose cartel infringements) and secondly, afford protection to informers.

⁷⁵ Only three sections (Sections 4, 8 and 9) of the Competition Act were proclaimed in August 2004. The said sections related to the establishment of an Office of Fair Trading, a Competition Advisory Council and the objects of the latter council.

⁷⁶ Competition Act 2007. Viewed at:

http://www.ccm.mu/English/Documents/Legislations/Competition%20Act%202007_Amended_050213.pdf.

⁷⁷ These guidelines relate to collusive agreements (for cartels); market definition (for exclusive dealings); monopoly situations and non-collusive agreements; mergers; remedies and penalties; and general provisions. Competition Commission online information. Viewed at: (<http://www.ccm.mu>).

⁷⁸ Competition Commission Rules of Procedure 2009. Viewed at:

<http://www.ccm.mu/English/Documents/Legislations/Rules-of-Procedure-2009-051112.pdf>.

regulators for: telecommunications; banking and non-banking financial services; public procurement; and, public utilities. Additionally, the CCM has signed MOUs with the Mauritius Revenue Authority and with the Independent Commission against Corruption (ICAC) to establish a framework for cooperation to sharing expertise, facilitating the exchange of relevant technical information and conducting joint investigations. As at June 2014, seven MOUs had been signed. Two additional MOUs were signed with foreign competition authorities (the Fair Trading Commission of Seychelles and the Autorité de La Concurrence in France).

3.98. At the regional level, the Malawi-based COMESA Competition Commission (CCC) became operational in January 2013 with a mandate to enforce COMESA's regional competition policy as set out in the 2004 COMESA Competition Regulations and the COMESA Competition Rules.⁷⁹ The CCC is currently reviewing its rules and regulations due to various concerns raised by Member States relating, *inter alia*, to the scope of application of the regulations, notification thresholds, merger filing fees, and time periods.⁸⁰ The review is expected to be finalized in 2014.

3.99. The Competition Act classifies collusive agreements into horizontal agreements, bid rigging or vertical agreements involving resale price maintenance. Collusive agreements are the only breaches of the Competition Act that carry a financial penalty (see below). The CCM may also review non-collusive horizontal agreements where the parties together supply 30% or more, or acquire 30% or more, of goods and services of any description on the market and the Commission has reasonable grounds to believe the agreement has the object or effect of preventing, restricting or distorting competition. Vertical agreements that do not involve resale price maintenance may be reviewed where the CCM believes that one or more parties to the agreement is/are in the monopoly situation under review.

3.100. Import cartels are explicitly treated under the Act as collusive agreements. Import cartels (taking the form of an agreement between enterprises implemented or intended to be implemented in Mauritius) are prohibited if they amount to a collusive agreement in the form of horizontal agreements among competitors or potential competitors, bid rigging or resale price maintenance.

3.101. The Competition Act defines a monopoly situation in relation to the supply of goods or services where 30% or more of those goods or services are supplied, or acquired on the market, by one enterprise, or 70% by three or fewer enterprises. Being in a monopoly situation is not in itself a breach of the Act. However, a monopoly situation is subject to review where the CCM has reasonable grounds to believe that the enterprise(s) is/are engaging in conduct that has the object or effect of preventing, restricting or distorting competition or in any other way constitutes exploitation of the monopoly situation.

3.102. The Competition Act also empowers the CCM to review completed and proposed mergers in circumstances where either: (a) all the parties to the merger, supply or acquire goods or services of any description and will, following the merger, together supply or acquire 30% or more of all those goods or services on the market; or (b) one of the parties to the merger alone supplies or acquires, prior to the merger, 30% or more of the goods or services of any description on the market; and (c) the CCM believes that the creation of the merger has resulted or will result in a substantial lessening of competition within any market for goods or services. Where the CCM finds that a merger or proposed merger has resulted or is likely to result in a substantial lessening of competition it may impose behavioural or structural remedies on the parties concerned.

3.103. The CCM has launched 27 investigations and 138 enquiries (end-June 2014).⁸¹ Half of the investigations launched to date have been related to reviews of monopoly situations, in fast-moving consumer goods, agri-industry, banking and insurance, telecoms, automobiles, education, and retail. The CCM has also undertaken merger reviews in entertainment, insurance, and the automobile industry. It has also investigated possible horizontal agreements in travel,

⁷⁹ COMESA (2004a) and COMESA (2004b).

⁸⁰ Global Competition Review online information. Viewed at: <http://globalcompetitionreview.com/reviews/59/sections/204/chapters/2307/comesa-overview/>.

⁸¹ Unlike an investigation an enquiry, is not made public. It is a preliminary information-gathering process to verify whether there are reasonable grounds to believe that a restrictive business is occurring or has occurred, which would warrant the launch of an investigation.

education, entertainment, and construction.⁸² In June 2014, the Executive Director concluded its first cartel investigation in the beer industry; the Executive Director recommended financial penalties of around US\$1 million on two enterprises for market sharing in breach of the collusive agreement provisions under the Competition Act.

3.104. The Executive Director is empowered to undertake general studies on the effectiveness of competition in individual sectors of the Mauritian economy. It has launched two studies in the cement market and another in the pharmaceutical sector.⁸³ The authorities as noted that, for several decades, the cement market in Mauritius had been highly regulated, through the application of retail price controls and the exclusive importation of 50% of the country's cement needs by the State Trading Corporation (STC) (sections 3.3.3 and 4.1.2). Government intervention was not conducive to encouraging competition and had hampered growth in the industry. The CCM's intervention in the cement market led to liberalization of the importation and pricing of bagged cement in July 2011. The CCM further reported that the ongoing market study in the pharmaceutical market aims to look into the regulatory framework governing pharmaceutical trade in Mauritius and to assess the ease of to the market entry of generic alternatives and products for human consumption.

3.3.4.2 Price controls

3.105. The main law governing price controls is the Consumer Protection (Price and Supplies Control) Act of 1998 (as amended). This allows the Minister to (a) fix the maximum price of certain controlled goods (listed in the First Schedule to the Act); (b) determine a maximum mark-up for certain other controlled goods (Second Schedule to the Act); and (c) establish a method to determine a maximum recommended retail price for non-controlled goods.⁸⁴ Price controls are in place to protect consumers by ensuring the supply of certain essential commodities at reasonable prices and to prevent traders from profiteering (see below).

3.106. Separately, the prices for mogas and automotive gas oil are determined through the Petroleum Pricing System (PPS), which replaced the Automatic Price Mechanism in January 2011. The prices of other petroleum products (fuel oil, marine gas oil and aviation jet fuel) are not fixed under the PPS (see section 4.2). Since 2013, prices of essential commodities in the island of Rodrigues have no longer been controlled. Instead, the Government subsidizes freight costs to Rodrigues to maintain price parity between the two islands.

3.3.4.2.1 Maximum wholesale and retail price scheme

3.107. Maximum wholesale and retail prices are determined for: certain types of bread; certain fertilizers; flour (including whole wheat flour); dual purpose kerosene; long grain (ration) rice; and LPG in cylinders of 5.6 kg and 12 kg for domestic use. In 2012, price controls were lifted on LPG in 12 kg cylinders destined for commercial and industrial use. Under the maximum price regulations, importers and manufacturers of these goods must submit their maximum retail price to the MCCIP Price Control Unit (to be based on import, production other costs, and a maximum mark-up percentage as set out in the regulation), for endorsement or review.⁸⁵ Importers must submit their costing within ten working days after customs clearance.

3.3.4.2.2 Maximum mark-up scheme

3.108. Under the Consumer Protection (Consumer Goods) Maximum Mark-Up Regulations 1998 (as amended), the maximum mark-up scheme applies only to imports.⁸⁶ Eight product groups are

⁸² For details on investigations completed by the CCM see:

<http://www.ccm.mu/english/pages/completed-investigations.aspx>.

⁸³ Information up to date as at end-June 2014.

⁸⁴ Consumer Protection (Price and Supplies Control) Act (1998). Viewed at:

[http://www.mcci.org/documents/trade/The%20Consumer%20Protection%20\(Price%20and%20Supplies%20Control\)%20Act.pdf](http://www.mcci.org/documents/trade/The%20Consumer%20Protection%20(Price%20and%20Supplies%20Control)%20Act.pdf).

⁸⁵ Consumer Protection (Consumer Goods)(Maximum Price) Regulations 1998 (as amended). Viewed at:

<http://www.mcci.org/Photos/maxpriceregulations.pdf>.

⁸⁶ Consumer Protection (Consumer Goods) Maximum Mark-Up Regulations 1998 (as amended). Viewed at:

[http://www.mcci.org/documents/trade/The%20Consumer%20Protection%20\(Consumer%20Goods\)%20Maximum%20Mark-Up%20Regulations%201998.pdf](http://www.mcci.org/documents/trade/The%20Consumer%20Protection%20(Consumer%20Goods)%20Maximum%20Mark-Up%20Regulations%201998.pdf).

subject to the scheme (Table 3.17). Since Mauritius' previous Review, milk powder has been removed from the list; it is now subject to the maximum recommended retail price scheme (see below). The permissible mark-up and special allowances remain unchanged.

Table 3.17 Imported commodities subject to the maximum mark-up scheme, 2014

Commodity	Maximum mark-up (%)	Special allowance on c.i.f. price (%)
Fresh fruits	45 (inclusive of importer's and wholesale margin)	5
Pharmaceutical products and simple drugs	35 (inclusive of wholesale margin)	2
Timber	25	20
Tyres and tubes	25	6
Corned mutton	19 (inclusive of 8% retailer's mark-up on the wholesale price)	1
Corned beef	19 (inclusive of 8% retailer's mark-up on the wholesale price)	1
Pilchards	19 (inclusive of 8% retailer's mark-up on the wholesale price)	1
Infant milk powder	17	None

Source: MCCI Imported Consumer Commodities Maximum Mark Up System. Viewed at: <http://www.mcci.org/Photos/document/Annex5b.pdf>.

3.3.4.2.3 Maximum recommended retail price scheme

3.109. Since 2008, milk powder has been subject to a maximum recommended retail price (MRRP). Importers are charged with determining an MRRP for each consignment of milk powder. The MRRP should take into account the c.i.f. value of the imported goods; operating expenses and overheads; the quantity and value of existing stock; and the wholesaler's and retailer's profit margins. The MRRP must be clearly marked on the packaging of the goods (and where this is not possible, it should be published in local daily newspapers or broadcast on the TV or radio). MRRPs must be submitted to the MICCP; where the Permanent Secretary of the Ministry is not satisfied with the recommended price, the importer may be requested to determine a new one.⁸⁷

3.3.5 Intellectual Property Rights (IPRs)

3.110. Mauritius is seeking a broad ranging reform of its IP laws, with the objective of mainstreaming IP into its economic and social development and promoting innovation and creativity. An Intellectual Property Development Plan (IPDP) was established in 2009 with the assistance of WIPO. Among its recommendations are: (a) the implementation of a national IP policy and establishment of a national policy forum to include stakeholders from both public and private sectors; (b) the establishment of a coordinating mechanism through an IP Council; (c) the establishment of a single IP Office based on international best practice; and (d) the revision of IP laws to ensure compliance with the latest IP developments at the international levels.

3.111. The authorities noted that, Mauritius has embarked on legislative reforms in order to implement the IPDP. A new Copyright Act was passed by the National Assembly and assented to by the President in April 2014; it will enter into force as soon as its implementing regulations are finalized (expected end July 2014).⁸⁸ The main purpose of the new Act is to provide more effective protection of copyrights and related rights. Key objectives are to: (a) be compliant with the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT); (b) address issues related to the internet and piracy; (c) provide for protection to performers, producers of phonograms and broadcasting organizations, and computer software and databases, in addition to the current protection afforded to the authors of artistic, literary or scientific work or of a derivative work; (d) provide for limitations and exceptions in specific circumstances; (e) review the role and functions of the Mauritius Society of Authors (MASA); (f) provide for quick remedies to copyright holders in cases of infringements; (g) provide for anti-circumvention measures and make provisions for ephemeral recordings; and (h) provide for adaptation of works in line with the

⁸⁷ Consumer Protection (Maximum Recommended Retail Price) (Code of Practice) Regulations 2008 (as amended). Viewed at: [http://www.mcci.org/documents/trade/Consumer%20Protection%20\(Maximum%20Recommended%20Retail%20Price\)%20\(Code%20of%20Practice\).pdf](http://www.mcci.org/documents/trade/Consumer%20Protection%20(Maximum%20Recommended%20Retail%20Price)%20(Code%20of%20Practice).pdf).

⁸⁸ Copyright Bill. Viewed at: <http://attorneygeneral.gov.mu/English/Documents/Recents%20Acts%20and%20Bill/2013/THE%20COPYRIGHT%20BILL.pdf>.

Treaty on Visually Impaired Persons. The authorities indicated that, in line with the review of the role and functions of MASA, it is to be reconstituted as the Rights Management Society which will represent and cater for a wider range of rightholders, including performers amongst others.

3.112. A new draft Industrial Property Bill will cover: trademarks, patent, industrial designs, plant breeders' rights, geographical indications, layout designs of integrated circuits, and utility models (the latter four are not currently covered by existing legislation in force). Its objective is to provide enhanced protection for all forms of IP as well as full disclosure of information so to encourage inventive and innovative endeavours. The draft remains a working document and is expected to be finalized before the end of 2014.

3.113. With respect to the institutional framework to administer the IP laws, the Government intends to establish a Mauritius IP Office and an IP Council through Act of Parliament with a broad mandate. The office would be the lead Government agency to advise on and administer IP laws, promote IP awareness, provide the infrastructure to facilitate the development of IP in Mauritius, provide a better enforcement system and house a tribunal to hear appeals. It would also coordinate with economic agencies and the business community to formulate and review IP policies and practices so as to keep up to date with international and regional developments. The proposed IP Council would coordinate IP policy across the Government and between the Government and the private sector to ensure a coherent and consistent approach. It would also incorporate an Enforcement Agencies Coordination Committee, bringing together relevant enforcement agencies.

3.114. The main elements of Mauritius' IP laws covering copyrights patents, industrial designs, and trademarks were set out in the Secretariat report for Mauritius' previous Review.⁸⁹ Key aspects are summarised in Table 3.18. The Patents, Industrial Designs and Trademarks Act allows for parallel imports, based on the principle of international exhaustion of rights in respect of patents only. The provisions concerning the use of compulsory licences have not been used.⁹⁰ The Protection Against Unfair Practices (Industrial Property Rights) Act 2002 targets misuse of IPRs and provides for penalties for breaches of any of the laws on industrial property. All of these laws have been notified to the WTO.⁹¹ Mauritius has not yet submitted its Checklist of Issues on Enforcement to the WTO.

3.115. The Geographical Indications Act, 2002 and the Layout-Designs (Topographies) of Integrated Circuits Act, 2002, have still not been proclaimed.⁹² Likewise, neither the Plant Breeders Rights Bill nor the Information Technology Bill have been enacted.

Table 3.18 Intellectual property protection, 2014

Form and main legislation	Coverage	Duration	Penalties
Copyright Act 1997	Artistic, literary, scientific or derivative work, computer software and electronic databases	Author: lifetime and 50 years thereafter Audiovisual: 50 years Photographic works and works of art: 25 years	First conviction: fine not exceeding MUR 300,000 and imprisonment for up to 2 years. Subsequent conviction: fine not exceeding MUR 500,000 and imprisonment for up to 8 years
Patents, Industrial Designs and Trademarks Act	Patents, industrial designs, marks, collective marks,	Patents: 20 years after the filing date Industrial designs: 5 years from	Fine of up to MUR 250,000 and imprisonment for up to

⁸⁹ WTO document WT/TPR/S/198/Rev.1, 11 June 2008.

⁹⁰ Under the Patents, Industrial Designs and Trademarks Act, the Permanent Secretary of the responsible Ministry may authorize a Government agency or third party to exploit a patented invention, without the agreement of the patent holder, in cases of public interest or if it is determined that the owner of the patent or his licensee is exploiting the patent in an anti-competitive manner and that action is necessary to remedy the anti-competitive practice. In such cases, the exploitation of the patented invention must be limited to the purpose for which it is authorized, and compensation must be paid to the owner.

⁹¹ WTO document IP/N/1/MUS/3, 29 April 2008. While the title of the Patents, Industrial Designs and Trade Marks Act, 2002 has been notified to the WTO, the text of this law has not.

⁹² The texts may be viewed at WTO document IP/N/1/MUS/G/2, 26 May 2003 and IP/N/1/MUS/L/2, 26 May 2003.

Form and main legislation	Coverage	Duration	Penalties
2002	trade names	filing date, renewable twice for 5 years Trademarks: 10 years from filing date, renewable for consecutive periods of 10 years	5 years

Source: Attorney-General's Office. Viewed at: <http://attorneygeneral.gov.mu>.

3.116. The Industrial Property Office within the Ministry of Foreign Affairs, International Trade and Regional Cooperation is responsible for registering patents, trademarks and industrial designs. Complaints about rejected registration applications must be made first to the Industrial Property Tribunal, and then appealed to the Supreme Court. The Mauritius Society of Authors (MASA) is responsible for registering copyrights and collecting royalties for authors of artistic, literary or scientific works, or derivative works. Actions by copyright owners/exclusive licensees for copyright infringements may be taken to the Supreme Court. After the proclamation of the new Copyright Act, the MASA will be replaced by the Rights Management Society with a broader membership base.

3.117. Over the period 2007-12, Mauritius received 115 patent applications and it granted 21 patents. Trademark applications totalled 10,892 over the period 2007-12 with 11,182 trademarks being granted. 97 industrial design applications were made over the same time-frame and 80 industrial design registrations granted.

3.118. The Mauritius Revenue Authority's (MRA) Customs Department is empowered to intercept suspected counterfeit goods at the border, provided that the trademark or copyright has been registered with the Industrial Property Office or Mauritius Society of Authors as well as with the MRA.⁹³ IPR holders must also provide a security of MUR 20,000 to protect the Director-General of the MRA from any claim for damages following the suspension of clearance under these circumstances. Over the period 2008-13 there were 432 seizures with a total duty paid value of MUR 7,199,074. The main products seized were wearing apparel, shoes, detergents, packing materials, cosmetics, computer accessories (ink cartridges and toners), pharmaceuticals, and electrical fittings. Most of these products originated from China, and to a much lesser extent Malaysia and Turkey.

3.119. Mauritius is a member of the World Intellectual Property Organization (WIPO) and signatory to the Paris Convention for the Protection of Industrial Property, the Universal Copyright Convention, and the Berne Convention. Mauritius has no immediate plans to accede to any other WIPO-administered treaties.

⁹³ Customs Act 1998 (as amended), Section 66A.

4 TRADE POLICIES BY SECTOR

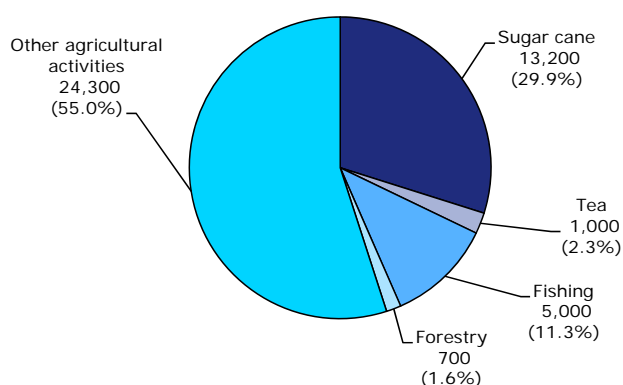
4.1 Agriculture, Forestry and Fisheries

4.1. Close to half of Mauritius' total territory is used for agriculture, most of which is devoted to sugar cane production. Forests cover around one-quarter of Mauritius' land mass. Mauritius has one of the world's largest exclusive economic zones (EEZ); it covers 1.9 million km² of the Indian Ocean. An additional 395,000 km² is jointly managed by Mauritius and the Seychelles.¹

4.2. Agriculture, forestry, and fisheries accounted for 3.3% of GDP in 2013, and attracted 7.1% of total FDI (see Chapter 1).² In the same year, 44,200 persons were in these subsectors.³ Employment in sugar cane accounted for the largest share (Chart 4.1).

Chart 4.1 Employment in the agriculture, forestry and fishing sectors, 2013

(No. of employees)



Note: Figures in parentheses indicate the share of total employment.

Source: Information provided by Statistics Mauritius.

4.1.2 Agriculture

4.1.2.1 Overview

4.3. The Ministry of Agro-Industry and Food Security (MAIFS) has overall responsibility for the agriculture sector.

4.4. The role of the Agricultural Marketing Board (AMB) is to ensure that the supply of certain basic food products is constant and that their prices remain affordable.⁴ In carrying out this mandate, the AMB: (a) is the sole importer of garlic; (b) imports onions, potatoes, turmeric, and cardamoms (although it no longer has an import monopoly for these items) as well as other items as necessary⁵; (c) controls the quantity and timing of imports of onions and potatoes by private importers outside of the domestic production period⁶; (d) maintains strategic reserve stock

¹ Ministry of Fisheries and Rodrigues online information. Viewed at: <http://fisheries.gov.mu/English//DOCUMENTS/SEAFOOD.PDF>.

² According to the authorities, FDI in agriculture, forestry and fishing reached an unprecedented level of MUR 678 million in 2013, representing a five-fold increase compared with 2012. The bulk of the investment was in the fishing sector with investment of MUR 618 million by Chinese investors in the acquisition of fishing vessels.

³ Digest of Agricultural Statistics 2012. Viewed at: http://statsmauritius.gov.mu/English/StatsbySubj/Documents/Digest%20of%20Agriculture%202012_vetted.pdf.

⁴ The AMB was established in 1964. It is a parastatal body under the aegis of the MAIFS. It is being restructured with a view to ensuring greater efficiency and a more commercial edge.

⁵ For example, in 2011 the AMB imported glass jars to support the local agri-processing industry and coconuts to counteract a forecast shortage in the market, AMB (2011).

⁶ The importation of onions and potatoes was partially liberalized in 2008 and 1998, respectively. Previously, the AMB was the sole importer of both products. Since 2010, private importers have been allowed to import around 50% of Mauritius' annual onion and potato requirements. Following a press communiqué

requirements (of at least 2.5 weeks of consumption) for onions, potatoes, and garlic, financed by fees levied on importers⁷ as well as a buffer stock of onion seeds (of at least one year's supply); (e) regulates the import and export of controlled products, i.e. onions, potatoes, garlic, onion seeds, seed potatoes, garlic seeds, and by-catch fish⁸; and (f) buys locally produced onions, potatoes, garlic, and garlic seeds at guaranteed prices from producers, based on the cost of production plus a profit mark-up. It stores these goods and sells them to wholesalers. The AMB's monopoly on the importation of turmeric and cardamoms was discontinued; in 2013 its import monopoly on the importation of onions was partially liberalized in 2008.

4.5. In addition to carrying out its original role, the AMB's responsibilities have grown recently to include wholesaling and retailing activities as well as managing various seed purchase schemes, which are considered pivotal to achieving the Government's self-sufficiency targets (see below). As of 2012, the AMB also became involved in implementing the Government's new Freight Rebate Scheme (see below) and establishing a National Wholesale Market.⁹ According to the authorities, the latter is envisaged as a market facility providing a modern and transparent environment for planters of fruits and vegetables to sell their produce, thus replacing the existing auction markets.

4.6. The State Trading Corporation (STC) has a monopoly on the importation of flour (including wheat flour, but excluding whole wheat flour). Purchases of flour are made through open international tenders. The STC imports 50% of Mauritius' flour requirements, while the other 50% is provided by a local milling company (Les Moulins de la Concorde). Les Moulins de la Concorde is required to align its prices with that of the successful bidder in the STC tender. The STC sells the flour to private wholesalers and bakers at subsidised prices who then distribute the products to retailers. The prices of basic bread and flour are controlled under the maximum wholesale and retail price scheme (see section 3.3.4.2). The STC remains the de facto sole importer of long grain (ration) rice, which represents around 20% of the Mauritian market for rice, and is generally consumed by low-income households. According to the authorities, the Government has an import role for long grain rice, because the market is not of interest to commercial importers, who have focused on importing luxury and basmati rice (80% of the rice market). Imports are undertaken following periodic requests for tenders. Imported rice (excluding luxury rice) is sold to wholesalers for retail at a subsidized price. The price of rice is regulated under the maximum wholesale and retail price scheme. The STC restarted importing basmati rice in 2014, to stimulate competition in terms of price and quality but does not have an import monopoly.

4.7. Other government entities operating in the sector include the Small Farmers Welfare Fund which is responsible for the economic and social welfare of small planters of sugar cane, tea, tobacco, and food crops. The main agency involved in agricultural research is the Mauritius Sugarcane Research Institute of the Mauritius Cane Industry Authority (see below) which focuses on sugar cane. The Food and Agricultural Research and Extension Institute (FAREI) has taken on the responsibilities of the Food and Agricultural Research Council (FARC), which planned and coordinated promotion of interdisciplinary collaboration and consensus-building on priorities among agri-food research institutions and stakeholders in Mauritius and the Agricultural Research and Extension Unit (AREU), which focused on non-sugar crops and livestock. Various other bodies have subsector-specific responsibilities (see below).

4.8. Sugar cane remains Mauritius' main agricultural economic activity, dominating both production (Table 4.1) and land use. In 2013, nearly 54,000 hectares of agricultural land were devoted to sugar cane production, just under 8,200 hectares to food crops, nearly 700 hectares to tea and 1 hectare to tobacco. In terms of the livestock sector, production of chicken dominates.

issued by the AMB outlining the parameters to be respected, importers are invited to apply to import either onions or potatoes. Based on local production, the AMB then decides on the volume and timing of imports. Quotas are distributed using a formula determined by the AMB Board's Quota Committee and information provided in the applications applicants'. For 2012, imports of onions were: AMB 4,601 tonnes, and private importers 4,994 tonnes; and imports of potatoes were: AMB 2,574 tonnes, and private importers 3,496 tonnes.

⁷ Importers who are awarded import quotas for potatoes and onions must contribute to the AMB's buffer stock through payment of a buffer stock fee of MUR 2.20 per kg of produce imported.

⁸ Products controlled by the AMB are set out in the Mauritius Agricultural Marketing (Controlled Products) Regulations 2013, GN No. 281 of 2013.

⁹ AMB (2011).

4.9. The main trends in agricultural production over the review period were a continued decrease in the production of sugar cane (and hence manufactured sugar), and a dramatic reduction in tobacco production over 2012-13, as it is being phased out and will be discontinued by 2015. On the other hand, production of milk, pork, and certain food crops (particularly pineapple, garlic, onion, and maize) grew fairly consistently. In 2011, Mauritius started to produce rice, focusing on seed production for export.

Table 4.1 Production of agricultural and agri-industrial products, 2008-13

(Tonnes, unless otherwise specified)

	2008	2009	2010	2011	2012	2013
Sugar cane	4,533,000	4,667,235	4,365,833	4,230,174	3,947,285	3,815,782
- Manufactured sugar	452,062	467,234	452,473	435,310	409,200	404,713
Green tea leaves	8,672	7,663	7,370	8,975	7,947	7,981
- Manufactured tea	1,668	1,481	1,467	1,787	1,577	1,563
Tobacco	349	314	310	347	245	1
Beef	1,902	2,090	2,194	2,023	1,986	1,946
Goat meat and mutton	76	77	68	62	51	46
Pork	330	428	623	650	653	615
Poultry	42,000	44,000	46,600	47,000	47,200	46,700
Milk (litres)	3,300,000	3,400,000	3,600,000	5,000,000	6,000,000	5,000,000
Food crops	93,021	113,943	114,844	115,934	121,106	118,123
- Potato	14,868	19,828	21,709	21,561	20,442	16,451
- Rice (paddy)	-	-	-	316	831	646
- Maize	460	112	328	320	413	634
- Groundnut	320	587	556	499	723	431
- Onion	5,558	4,855	5,797	5,241	7,098	7,772
- Ginger	709	617	1,357	748	1,156	991
- Garlic	20	28	24	34	98	107
- Chillies	969	1,227	1,324	1,383	1,466	1,488
- Tomato	11,518	12,586	12,338	11,354	13,150	11,201
- Beans and peas	1,187	1,365	1,389	1,696	1,614	1,513
- Cabbage	3,732	4,644	4,782	5,119	4,539	4,863
- Cauliflower	1,209	1,680	1,323	1,684	1,520	2,016
- Brinjal	1,810	2,830	2,683	3,202	3,227	3,378
- Creepers ^a	23,279	29,179	21,760	23,309	28,453	28,290
- Mixed vegetables ^b	10,525	14,605	12,935	12,548	12,062	12,204
- Banana	10,463	10,920	11,936	10,544	10,196	10,181
- Pineapple	6,394	8,880	6,529	10,922	14,120	15,957

a Includes: bittergourd, calabash, chouchou, courgette, cucumber, patole, pipengaille, pumpkin, squash, and voehm.

b Includes: beet, broccoli, carrot, echalotte, eddoes, ladies finger, leek, lettuce, manioc, petsai, sweet pepper, and sweet potato.

Source: Agricultural and Fish Production, Year 2013. Viewed at:

<http://statsmauritius.gov.mu/English/StatsbySubj/Pages/agri-fish-Year-2013-.aspx>; and Digest of Agricultural Statistics 2012, 2011, 2010, and 2009. Viewed at: <http://statsmauritius.gov.mu>.

4.10. In 2013, Mauritius' exports of agricultural products (SITC Rev.3) accounted for 24% of its total merchandise exports (20.2% in 2007) (see Chapter 1, Chart 1.1). Mauritius' agricultural exports have been dominated by sugar exports to the EU under preferential arrangements; the value these exports was US\$287 million in 2013. Its next biggest export markets for sugar are the Russian Federation (US\$4.9 million), the United States (US\$4.5 million), and Kenya (US\$4.2 million).

4.11. Mauritius is a net food importer. The value of agricultural imports was nearly US\$1.2 billion (SITC Rev.3) in 2013, compared with export value of just over US\$900 million.

4.12. Overall tariff protection to the agriculture sector dropped significantly over the review period (see section 3.1.3). In 2014, Mauritius' simple applied average tariff on agricultural products (ISIC definition) was 0.6%; 94.4% of the 378 tariff lines were duty free, with maximum tariff protection of 15%. Under the WTO definition of agricultural products, 87.5% of the 872 tariff lines were duty

free, with maximum tariff protection of 30% (affecting tea)¹⁰; a rate of 15% applied to 80 tariff lines and a rate of 10% to 25 lines. Two tariff lines attracted a specific tariff rate of MUR 30,000/unit (imports of horses).

4.13. Import permits are required for almost all agricultural products for sanitary and phytosanitary reasons (see section 3.1.7). Import permit requirements for certain agricultural goods are in place in order, *inter alia*, to protect domestic production. Import permits must be obtained from the National Plant Protection Office (NPPO) in order to import leaf tobacco.

4.14. The importation of processed tea requires import permits from the NPPO and from NAPRO (the authorities indicated that the NPPO permit requirement is soon to be removed). Processed tea is subject to a clearance fee of MUR 20 per kg or part thereof for black tea products for blending purposes, MUR 40 per kg or part thereof for green tea products in packets of 125g or above, and MUR 300 per kg or part thereof for other tea products. The importation of black tea is not allowed, except for the equivalent of 2.5% of the local consumption of tea for blending purposes, and small quantities of high quality teas for use in the hotel industry.

4.15. Price controls are in place for various agricultural products (see section 3.3.4.1).

4.1.2.2 Selected product categories

4.1.2.2.1 Sugar

4.16. Up until 2009, Mauritius' exports of sugar benefited from guaranteed access for fixed quantities at above-market prices to the EU market under the ACP/EU Sugar Protocol. Mauritius was the biggest quota holder among the ACP countries, with a 37% share. The Sugar Protocol was dismantled in October 2009 and, over a six-year transition period up to October 2015, market access is being phased in and preferential price guarantees are being phased out.¹¹ By 2015, all LDCs (under the Everything but Arms scheme) and ACP countries (who have negotiated European Partnership Agreements with the EU) will have duty-free market access to the EU market. The number of ACP countries benefiting from preferential access to the EU market for sugar is expected to treble as a consequence of reforms.¹²

4.17. In order to adjust to this changing environment and to ensure the continued survival of the sugar cane industry, Mauritius has been implementing the Multi-Annual Adaption Strategy 2006-2015, which, *inter alia*, seeks to diversify away from sugar production from sugar cane to the production of electricity and ethanol (Box 4.1). Mauritius has received financial support from the European Union in order to help it implement this plan. The authorities are currently preparing a new multi-annual adaption strategy for 2016 to 2020 and are making arrangements to commission a study on the economic, social, and environmental impact on Mauritius of the abolition of internal quotas of sugar in the EU market for 2016 to 2020.

4.18. The authorities noted that, concrete steps taken so far have included the implementation of voluntary redundancies and factory closures; infrastructural works; commencement of production and export of white sugar; the commissioning and start of operations of an ethanol plant; implementation of regrouping, removal of rocks and plantation of fields for the planters; and, an increase in the equity participation of planters and workers in the sugar cane industry.¹³

Box 4.1 Multi-Annual Adaption Strategy 2006-2015, key areas of intervention

Improving the cost competitiveness of the sugar milling sector via centralization of milling plants from 11 to 4, to be accompanied by measures for rightsizing the labour force through compensation packages, training and adaptation initiatives, and modernization of funds for trade unions.

¹⁰ The 30% rate applies to 2 tariff lines at the 8-digit level: 09023000 (Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3kg) and 09024000 (other black tea (fermented) and other partly fermented tea).

¹¹ For more information see European Commission online information. Viewed at: http://ec.europa.eu/europeaid/how/finance/sugar_protocol_en.htm.

¹² ICTSD online information. Viewed at: <http://www.ictsd.org/bridges-news/trade-negotiations-insights/news/after-the-sugar-protocol>.

¹³ The aim is to get move shareholders up the value chain from milling to refining, distillery, ethanol, and all activities engaging the conversion and marketing of cane into its final product.

Mechanization of field operations to improve the cost competitiveness and yield of and regrouping of small planters, to encourage economies of scale and improved yields.
Shifting from the export of raw sugar for refining to export of white sugar destined for direct consumption in compliance with stringent food norms, especially in the EU market.
Increased contribution of the sugar-cane cluster to national electricity production through the installation of new power plants in the remaining mills.
Production of 30 million litres of ethanol annually from molasses in two of the four remaining sugar factories
Increased equity participation of manufacturing entities in the sugar industry.
Managing 5,000 hectares of difficult areas under sugar cane through support measures to maintain sugar cultivation, and converting the remaining areas to forests, other agricultural uses, and Integrated Resort Schemes (IRS).

Source: ICEM online information. Viewed at: http://www.icem.com.au/documents/envassessment/seamaas/MAAS_SEA_final%20report.pdf.

4.19. As part of the Government's sugar reform process there have been significant institutional changes. The Mauritius Cane Industry Authority (MCIA) established in 2011, replaced six previously existing service providers.¹⁴ At the same time the main laws governing the sugar sector were repealed and replaced by the MCIA Act. Institutional reform has enabled the authorities to reduce the cess, which is levied on sugar export proceeds to finance the activities of the service-providing institutions in the sugar sector. The targets to reduce the cess were set out in the MAAS Action Plan; as from the 2012 crop, the Cess was computed on the basis that it should not exceed 4% of sugar export proceeds (7% to 8% previously). Among the functions and objectives of the MCIA are to: promote and support the sustainable development, efficiency, and viability of the sugar-cane industry; maintain a pool of machinery for agricultural purposes; to focus research and development on sugar cane biomass; resolve disputes between players in the sector; oversee the registration of cane contracts as well as the transport, packing, and storage of sugar; and implement sugar-cane reforms. According to the authorities, the clustering of MCIA activities and the rationalization of assets and human resources should increase accountability, avoid duplication of work, and reduce operational costs.

4.20. Various fiscal and non-fiscal incentives are available to sugar farmers. These include: a field operation regrouping and irrigation project; a tax exemption on sugar proceeds by planters; an advance to planters on sugar proceeds; a special grant to small and medium-sized planters for the crop years 2014 and 2015; VAT exemptions; the planters harvest scheme; tax incentives and loans to cooperative credit societies; access to the cane democratization fund; a special discount at the sugar insurance fund; a subsidy on locally produced fertilizers; subsidies on cane planting materials; incentives for setting up sugar cane nurseries; the plant protection scheme; duty-free purchase of irrigation equipment and parts; compensation for crop reduction or loss; removal of rocks and land preparation services; and exemptions from income tax payments for small-scale sugar cane farmers.¹⁵

4.1.2.2.2 Non-sugar products

4.21. According to the authorities, given the changing environment for sugar, the non-sugar sector is expected to play a more important role in the economy. Efforts are being made to revitalize the non-sugar sector by adopting a more sophisticated technology-based approach. Targets include attaining certain levels of self-sufficiency, meeting quality norms, developing local agri-processing, promoting entrepreneurship, optimizing export opportunities, and creating an environment where international standards governing food safety will become the norm.

4.22. As part of this reform programme, institutional reforms are being proposed. A National Agricultural Products Regulatory Office (NAPRO) began operations in November 2013. This division

¹⁴ These were the Mauritius Sugar Authority, the Cane Planters and Millers Arbitration and Control Board, the Farmers Service Corporation, the Sugar Planters Mechanical Pool Corporation, the Mauritius Sugar Terminal Corporation, and the Mauritius Sugar Industry Research Institute.

¹⁵ Income Tax Act, 1995. Viewed at: <http://mra.gov.mu/download/ITA1995asAt28Feb2013.pdf>. Conditions are that: the farmer must cultivate sugar cane on less than 15 hectares of land; the sugar cane accruing to the farmer from sugar cane cultivation must not exceed 60 tonnes; and the farmer's net income (other than basic retirement pension) should be derived solely from sugar cane cultivation.

of the Ministry of Agro-Industry and Food Security integrates the functions of the Tea Board, the regulatory functions of the Tobacco Board, and the Mauritius Meat Authority. It is empowered to: (a) control and regulate the import, export, production, and sale of regulated products; (b) control and regulate the preparation, processing, packing, and manufacturing of regulated products; (c) regulate the activities and premises in connection with the slaughter of animals; and (d) determine the price at which green tea leaves and leaf tobacco may be sold to the producers of tea/tobacco products. Regulated products presently include meat and meat products, tea and tea products and tobacco and tobacco products.¹⁶ Additionally, the Food and Agriculture Organization (FAO) is assisting the Ministry of Agro-Industry and Food Security to improve the delivery of its services.

4.23. Over the review period, Mauritius' agricultural policy (excluding the sugar subsector) was guided by the MAIFS Food Security Strategic Plan 2008-2011, followed by the Food Security Strategic Plan 2013-2015. The objectives of the 2008-11 plan were to increase production of priority crops, maintain the self-sufficiency level in poultry meat and fresh vegetables, introduce new protein-rich crops (soybean); provide more land for production of foodstuffs; encourage the regrouping of small-scale farmers; achieve a higher level of self-sufficiency in the production of fresh milk and meat; sensitize the population to the benefits of eating healthy foods; mitigate the marketing constraints encountered by small food-crop farmers; and partner with regional countries for the production of selected commodities (potato, maize, rice, onion, and pulses). The MAIFS reports that, the first plan resulted in a significant increase in food crop, potato, milk, and meat production (Table 4.1). Various research and development projects were launched for certain food crops; crop growers were given support to shift away from labour-intensive production; farming infrastructure was improved; and training activities for farmers were ramped up.

4.24. The Food Security Strategic Plan 2013-2015 was prepared by the MAIFS to build on the previous plan and to incorporate actions to be implemented under the Government Programme 2013-2015 (see Chapter 2). The plan's key goals are to achieve certain levels of self-sufficiency in key commodities (33% self-sufficiency in food, 10% self-sufficiency in milk, and 15% self-sufficiency in meat), which would involve raising production levels. Additionally, the plan seeks to promote exports and create new opportunities for farmers, entrepreneurs and rural families to increase farm income and productivity, while conserving the natural biodiversity and providing a safe, sufficient, and nutritious food supply. The main areas of intervention in the plan are set out in Box 4.2. The budget to fulfil the plan's actions is just over MUR 1 billion.

4.25. Various agriculture-specific incentives are offered to encourage production and exports (Table 4.2). Customs duty and VAT concessions are also in place to support farmers (see sections 3.1.3.5 and 3.1.3.6). Additionally, the Development Bank of Mauritius (DBM) operates two loan programmes with below market interest rates to support farming, fishing and agri-processing projects.¹⁷

Box 4.2 Food Security Strategic Plan 2013-2015, key areas of intervention

Facilitating access to agricultural land

Mechanization of farm activities in crop and livestock production

R&D activities for the development of sustainable agricultural practices based on resource conservation technologies and best management practices to optimize use of natural resources, crop varieties, livestock breeds, feed resources, and to improve productivity of livestock and crops such as potato, onion, pulses, garlic, maize, mushroom, and local fruits, and protect the natural environment

Provision of efficient and effective institutional support

Support for farmers to embark on production of planting materials (seed and seedlings) for strategic crops

¹⁶ The National Agricultural Products Regulatory Office Act (Act No. 3, 2013). Viewed at: <http://attorneygeneral.gov.mu/English/Documents/Acts%20By%20Year/2013/NATIONAL%20AGRICULTURAL%20PRODUCTS%20REGULATORY%20OFFICE%20ACT%202013.pdf>.

¹⁷ The two schemes operated by the DBM are: (a) the normal scheme to fund projects in the sugar cane sector, livestock breeding, fishing and seafood, agri-processing etc. The maximum loan amount is 80% of the project cost up to a ceiling of MUR 5 million with an interest rate of repo rate +3% per annum; and (b) the special scheme to finance projects in sugar cane, biotechnology, off-lagoon, storage of agricultural projects, and production of agricultural seedlings. The maximum loan amount is 80% of the project cost up to a ceiling of MUR 1 million with an interest rate of repo rate +3% per annum (BOI online information. Viewed at: <http://www.investmauritius.com/media/68128/Annex-to-Business-Development-Programmes.pdf>).

including underutilized fruit species and production of breeding animals
Provision of facilities for modernizing existing and setting up of new livestock farms
Schemes to encourage farmers to increase production and productivity
Capacity building for the production of primary and value-added products
Facilitating access to markets

Source: Food Security Fund Strategic plan (2013-2015). Viewed at:
<http://agriculture.gov.mu/English//DOCUMENTS/STRATEGIC%20PLAN%202013-2015.PDF>.

4.26. Mauritius' most recent notifications to the WTO on domestic support and export subsidies in agriculture both cover the calendar year 2007 (Table A2.3).

Table 4.2 Incentives schemes for the food crop and livestock subsectors, 2013

Scheme	Description	Value of support (MUR)
CROP SECTOR		
Freight Rebate Scheme	25% rebate on export freight costs for selected fruits, flowers and vegetables to approved countries. The rebate is shared equally between exporters and producers of the produce exported.	15,000,000
Subsidies to fruit growers (Bat nets)	In order to combat against pests in orchards, the ministry subsidises the purchase of bat nets	4,000,000
Subsidies to agricultural SMEs (pre-market tests)	The Ministry bears the full costs for small agricultural enterprises having turnover less than MUR10 million to get their products tested and certified by the Ministry of Health prior to sale	5,000,000
Subsidies to crop producers (compost)	This subsidy provides small planters with a 30% subsidy on locally produced compost	15,000,000
Agricultural Calamities Solidarity Scheme (ACASS)	The ACASS is a national solidarity fund comprising of contributions received from the Government and small planters. Assistance is provided in the form of fertilizers and fungicide to small planters whose crops may be damaged by natural calamities so they can restart plantation promptly.	6,500,000
Sale of plants and ornamentals at a subsidized price	The Ministry sells plants and ornamentals at a subsidized price to the public	500,000
Seed purchase schemes	This scheme is offered to potato, onion, and garlic growers to encourage large-scale production, as the costs of producing these crops is high and the costs of seeds represent a significant proportion of the total costs of production. Small producers are provided with an advance of 80-90%, interest free, on the price of seeds purchased from the AMB (to be refunded at harvest time) in order to boost local production and meet self-sufficiency targets. 10% grants on total cost of seeds are offered for onion and garlic seed purchase schemes.	30,000,000
Rain Water Harvest Scheme	This scheme encourages farmers to capture and store rainwater to ease the pressure on drinking water used by agriculture and industry	2,000,000
Purchase of Farm Agricultural Equipment and Materials for Transformation	Financial assistance to farmers for purchase of equipment / farm equipment or processing to improve efficiency and productivity	1,000,000
Sheltered farming scheme	Encourages growers to shift from traditional labour-intensive production systems under open field to protected cultivation	2,000,000
Crop Nursery/Curing Scheme	Aims at improving the capacity of vegetable growers to produce good quality planting material and minimize loss of harvested produce	3,000,000
Purchase of agricultural/processing equipment (crops)	Aims to assist farmers to purchase appropriate tools and equipment	Not available
Family farming micro-project scheme (crops)	Aims to encourage families to engage in backyard gardening for the production of vegetables, fruits, and horticultural products for their own use	500,000

Scheme	Description	Value of support (MUR)
Field operations, regrouping, and irrigation project scheme	Aims at regrouping small planters of the non-sugar sector to achieve economies of scale	40,000,000
LIVESTOCK SECTOR		
Cattle Breeding Scheme	Scheme comprises a 50% grant up to a maximum of MUR 50,000 per head on the cost of the animal up to a maximum of 10 head	3,000,000
Cattle/Goat Reproduction Farm (heifer farm)	Aims to boost milk production. The Ministry will set up facilities for the importation of heifers by air/sea. The animals will be sold to prospective farmers after they have been inseminated and diagnosed pregnant	4,000,000
Calf Productivity Incentive Scheme	Scheme consists of a cash bonus to be given to all dairy cow breeders for calves reaching 3 months old	2,500,000
Construction of Farm Buildings - Model Dairy Farms	Scheme is meant to support the construction of Model Dairy farm (MDF) on state land. It is a cost-sharing scheme whereby the Ministry (FSF) contributes 70% of the project cost and the beneficiary contributes 30%	4,000,000
Construction of farm Buildings -Goat Multiplier Farm	Scheme consists of setting up a goat multiplier farm on state land. It is a cost sharing scheme whereby the Ministry contributes 70% of the project cost and the beneficiary contributes 30%	3,000,000
Private Scheme for construction of sheds and upgrading of livestock farms	Scheme consists of a 50% grant up to a maximum of MUR 200,000 on the cost of the building project. Priority given to those engaging in the production of small ruminants, rabbits, geese, and turkeys	2,000,000
Goat/sheep multiplier farm scheme	Scheme consists of a 50% grant up to a maximum of 25 heads	1,000,000
Loan scheme for purchase of equipment	Scheme costs of a 50% grant up to a maximum of MUR 100,000 on the cost of equipment. For the purchase of a locally mounted chilled container to be fixed on a utility vehicle, the maximum grant is MUR 200,000	1,000,000
Fodder Scheme (Pasture Development Scheme)	Grant of 50% up to MUR 20,000 per arpent of fodder planted (up to a maximum of 25 arpents)	2,000,000
Subsidies for livestock feed	The subsidy is MUR 2,000 per tonne of feed. The maximum monthly subsidy is 550 tonnes of feed as follows: 350 tonnes of feed for cow breeders; 150 tonnes of feed for pig breeders; and, 50 tonnes of feed for goat breeders	6,000,000
Sales of day-old broiler chicks, day-old ducklings, and poultry vaccines	The Ministry produces and sells chicks, ducklings, and poultry vaccines at a subsidized price	500,000
Family Farming Micro-Project scheme (livestock)	Provision of inputs in terms of purchase of small farm animals, raw materials and small-sized equipment up to a maximum of MUR 10,000. Payments are made directly to suppliers	500,000
Promotion of bee keeping scheme	50% grant up to a maximum of MUR 100,000 for starter kits	1,500,000

Source: Information provided by the authorities.

4.1.3 Forestry

4.27. The Forestry Service and the National Parks and Conservation Service within the Ministry of Agro-Industry and Food Security are responsible for the management of State forest lands. The two main governing laws are the Forests and Reserves Act 1983 and the Wildlife and National Parks Act 1993. The policy framework for management and development of the sector is the 2006 National Forest Policy.¹⁸ Forests in Mauritius are public or private; 22,108 hectares of forests are owned by the State (of which 8,326 hectares are protected by laws as nature reserves and

¹⁸ Forest and Reserves Act. Viewed at: <http://agriculture.gov.mu/English/Pages/The-Forest-And-Reserves-Act-1983.aspx>. National Forestry Policy. Viewed at: <http://agriculture.gov.mu/English/Documents/Forestry/National%20Forest.pdf>.

national parks), and 25,000 hectares are in private hands, of which 6,553 hectares are protected by law as mountain and river reserves.

4.28. The National Forest Policy notes that, there are no communal forests and no communities living within or dependent on the forests. It further notes that private owners of forests have been more inclined to use this land for eco-tourism projects or housing developments, rather than for timber production, since the former is more profitable.

4.29. Annual wood production from state forest lands in 2013 was around 798 cubic metres of logs, 188 cubic metres of poles, and 1,737 cubic metres of fuel wood. Timber from state forests is purchased by wood merchants registered with the Forestry Service. There are about 23 small sawmills employing around 160 workers. Due to limited land resources and an increasing population, timber exploitation in Mauritius is expected to be gradually phased out. Therefore the focus of policy is on conservation and sustainable forest management.

4.30. In 2013, imports of forestry and logging products accounted for 0.1% of total imports (representing US\$ 4.9 million). All tariff lines relating to these products were duty free.¹⁹

4.1.4 Fisheries

4.31. A new Ministry of Fisheries and Rodrigues (Ministry of Fisheries) was created in 2010.²⁰ The main laws governing the fisheries sector were not changed over the review period (Table A2.2). However, the authorities indicated that a new aquaculture bill is being prepared. New regulations that have entered into force since 2008 are: the Import (of Fish and Fish Products) Regulations (2012), and the Export (of Fish and Fish Products) Regulations (2009, amended in 2012).²¹

4.32. The subsector encompasses artisanal, bank, sword fish, fish aggregating device (FAD) fishery, tuna, and deep-sea demersal fisheries, and chilled fish fishery. The contribution of the fisheries and aquaculture sector to GDP was 1.5% in 2013.

4.33. Fisheries production fluctuated over the review period, showing no significant trend. The total catch in 2013 was nearly 5,000 fresh-weight equivalent tonnes. Aquaculture production was small in comparison, at some 420 tonnes in the same year (Table 4.3).

Table 4.3 fisheries catch by local fishing vessels and aquaculture production, 2008-13

(Fresh-weight equivalent) (tonnes)

	2008	2009	2010	2011	2012	2013
Fisheries catch						
Coastal	1,808	2,161	2,112	2,100	1,888	1,749
Other ^a	3,852	4,545	3,775	3,183	2,303	3,189
Total	5,660	6,706	5,887	5,283	4,780	4,938
Aquaculture						
Barachois	1.8	2.2	2.0	2.2	2.2	2.2
Ponds (prawn & fish)	19.5	16.8	61.7	74.1	74.8	78.3
Marine aquaculture (cage)	447.0	550.0	181.0	458.0	432.0	340.0
Total	468.3	569.0	244.7	534.3	509.0	420.5

a Includes tuna and bank fishing.

Source: *Digest of Agricultural Statistics* 2012, 2011, 2010, 2009. Viewed at: <http://statsmauritius.gov.mu>; Ministry of Fisheries and Rodrigues online information. Viewed at: <http://fisheries.gov.mu/English//DOCUMENTS/FIGURES.PDF>; and information provided by the authorities.

4.34. Fishing in Mauritius is largely undertaken by licensed foreign vessels. As at September 2011 (the latest available figures), 131 licences has been issued to foreign fishing vessels and 17 to local fishing vessels. The licences issued to foreign vessels generated government revenue of

¹⁹ The ISIC Rev. 2 definition for forestry and logging was used.

²⁰ Previously, fisheries fell under the mandate of the Ministry of Agro-Industries and Fisheries.

²¹ Ministry of Fisheries online information. Viewed at: http://fisheries.gov.mu/English/Documents/fisheries/Import_Export.pdf.

MUR 21,257,940.²² The Mauritian fishing fleet contributed around 14% of the total annual catch as compared with 86% by foreign vessels licensed to fish in Mauritian waters. Mauritius has fisheries agreements with the European Union and Japan allowing European (French including Reunion) and Spanish, and Japanese vessels to fish in Mauritius' EEZ. It also has a reciprocal fishing agreement with the Seychelles whereby both countries' flagged vessels can fish in each other's' waters. In addition, with respect to migratory tuna fishing, licences to fish in Mauritius' EEZ are issued to members of the Indian Ocean Tuna Commission (IOTC) subject to a request being made by the countries concerned. All licences are subject to the payment of licence fees and are of a definite duration, and all licensed vessels must be listed on the IOTC positive record of vessels authorised to fish in the areas of competence of the IOTC.

4.35. The overall policy vision for the fisheries subsector, set out in the Government Programme 2012-2015, is to make Mauritius, "within the next ten years, a nation fully conscious of its immense potential as an Ocean State" (see Chapter 2). Policy priorities are to increase revenue, maintain employment, increase local and foreign investment and ensure resource sustainability.²³ Additionally, the Ministry's target is to double the contribution of the fisheries sector to GDP by 2023. In order to promote the fishing and seafood subsectors, the Government is participating in the development of the Seafood Hub scheme; it produced an Aquaculture Masterplan in 2007 as well as a Fisheries Master Plan in 2011.

4.36. The Mauritius Seafood Hub scheme, a joint public, private sector initiative launched in 2005, has as its objective to transform Mauritius into a regional seafood hub for the supply of value-added processes and services related to the sourcing and marketing of seafood products. A one-stop service has been established at the Trade and Marketing Centre in the free-port area (see section 3.2.4.1) to facilitate administrative procedures for loading, unloading, and exporting fish and fish products. Within the one-stop service, a Competent Authority is charged with verifying and certifying fish and fish products intended for export as well as ensuring that all registered seafood (including aquaculture) processors operate in accordance with international seafood norms and regulations.²⁴ The hub itself comprises the logistics services and infrastructural facilities for fish handling, transshipment, storage and warehousing, light processing, canning, and other ancillary services. Major fish-processing activities involve fileting, packaging, canning, vacuum packing, and production of ready-to-eat products for niche markets. Measures taken to attract investment in seafood and aquaculture have included developing an efficient customs clearance system; the provision of tax incentives; allowing 100% foreign ownership, and free repatriation of profits; and offering low port-handling charges and access to offshore banking facilities.

4.37. The Aquaculture Master Plan was developed in 2007 to serve as a blueprint for sustainable aquaculture and the maintenance of a sound and safe environment.²⁵ The main objectives of the Master Plan include identifying the strengths and weaknesses of aquaculture development in Mauritius; identifying the species of fish likely to be cultured; mapping aquaculture sites; and assessing the economic benefits of the sector in particular with respect to export markets. As at mid-2014, 20 sites had been earmarked by the Government for fish farming; out of the 6 sites allocated to 2 private operators, 3 are presently operational.

4.38. The objective of the Fisheries Master Plan was to develop a strategy for the whole sector. It sets out a ten-year strategic plan to be implemented over 2011-20, which includes: eco-labelling; aquaculture development and management policy; development of national fleet capacity; assessment of additional fish supplies for processing; a levy on marine users to support sustainable fisheries; and the establishment of a sustainable fisheries development fund.

²² Ministry of Finance online information. Viewed at:

<http://mof.gov.mu/English/Documents/Budget%202012/Estimates%202012/22Fisheries.pdf>.

²³ Ministry of Fisheries and Rodrigues online information. Viewed at:

<http://fisheries.gov.mu/English/DOCUMENTS/SEAFOOD.PDF>.

²⁴ A Port State Control Unit is based at the one-stop shop. It comprises the Ministry of Fisheries, the competent authority; the Seafood Unit of the Ministry of Fisheries and Rodrigues; Customs Department; Ministry of Health and Quality of Life; and Passport and Immigration.

²⁵ Aquaculture Master Plan (in French only). Viewed at:

<http://fisheries.gov.mu/English/Publication/Documents/Report%20on%20the%20Aquaculture%20Master%20Plan.pdf>.

4.39. According to the authorities, the major challenges facing the fishing industry include: sourcing raw materials for the tuna processing industry (i.e. the tuna fish itself); stringent rules of origin imposed on exports, and the erosion of EU preferential market access; the protection and conservation of fish stocks, including combating illegal fishing; sustainability issues; and piracy in the Indian Ocean.²⁶

4.40. Imports of fish and fishery products (WTO definition) are all duty free (see Chapter 3, Table 3.5). However, registered importers must pay an annual import fee of MUR 25,000 to MRA-Customs.²⁷ In 2013, 146 import permits were issued for fish and fish products; this generated revenue of MUR 3,650,000. As set out in the Import (of Fish and Fish Products) Regulations, 2012, all importers of fish products must be registered with the Ministry of Fisheries. To be eligible for a registration certificate, which is valid for one calendar year, importers must, *inter alia*, have appropriate storage and transport facilities.²⁸ Additionally, importers must seek the approval of the Ministry of Fisheries prior to the import of any fish or fish products. Import authorizations are based on species requested (i.e. whether they are toxic, banned or controlled) and the country of origin (whether export establishments are approved). Export permits, required for the export of fish and fish products, are obtained from the Ministry of Fisheries Import/Export Unit. Applications for export permits must include details of the consignment intended for export. If approved, permits are issued to the exporter within five days and are valid for one year. The competent authority issues veterinary health certificates to guarantee that exports meet the specific requirements of the respective importing countries; a fee of MUR 500 is levied per certificate.

4.41. Support to the fishing sector includes tariff exemptions on certain inputs (see section 3.1.3.5). Fishing vessels, factory ships, and other vessels for processing or preserving fishery products are VAT-exempt (Table A3.1). Zero-rated items include fresh, chilled, and frozen fish produced in Mauritius and (on a temporary basis for 2012 and 2013) the construction of semi-industrial fishing vessels. Under the Fishermen Welfare Fund, financial assistance is provided, *inter alia*, for the repair of damaged boats and outboard motors and to bank fishermen during the winter season (June to August). The Government's estimated grant to the Fund was MUR 5,500,000 in 2013.²⁹

4.2 Energy

4.42. The Ministry of Energy and Public Utilities is responsible for energy policy in Mauritius. Over the review period, legal and institutional changes affecting the energy sector were the proclamation of the Energy Efficiency Act in 2011 and 2012 and the establishment of an Energy Efficiency Management Office in 2011. The objective of the Energy Efficiency Act is to reduce energy use and costs, protect the environment, improve productivity, and help to mitigate the effects of climate change. It also provides for mandatory energy audits for businesses. The Efficiency Management Office's responsibilities, *inter alia*, are to manage energy efficiency programmes and monitor energy usage. The target is to achieve a 10% efficiency gain by 2025.³⁰

4.43. An independent utility regulatory authority (URA) is expected to become operational in 2015. Once the URA is up-and-running, the Government intends to adopt the Electricity Act 2005 to regulate electricity services. The Electricity Act provides for reforms to the electricity sector, including improved customer service standards and consumer protection.³¹

4.44. Mauritius has no oil, natural gas or coal deposits, and around 85% of primary energy requirements are imported (petroleum products and coal). Fuel (HS 27) represented nearly 22% of the total value of Mauritius' imports in 2013. Mauritius' dependence on imported fossil fuels, and its vulnerability to fluctuations in their prices, has recently galvanized the Government to make

²⁶ MOF online information. Viewed at:

<http://mof.gov.mu/English/Documents/Budget%202012/Estimates%202012/22Fisheries.pdf>.

²⁷ The annual import fee entered into operation following the promulgation of the Import (of Fish and Fish Products) Regulations 2012.

²⁸ Other requirements are that the importer must hold a valid Trade Licence, Food Handlers Certificate and Certificate of Incorporation or Business Registration card.

²⁹ Fishermen Welfare Fund (2013).

³⁰ Viewed at: <http://publicutilities.gov.mu/English/DOCUMENTS/FINALLETES.PDF>.

³¹ The authorities indicated that in light of new developments associated with the promotion of renewable energy, amendments to the Electricity Act may be necessary.

greater use of renewable energy and to utilize energy resources in a much more efficient manner. This policy change was first articulated in the Maurice Ile Durable Vision, announced by the Prime Minister in 2008, and set out in the Government's Long term Energy Strategy 2009-2025.

4.45. The aim of the Maurice Ile Durable (MID) concept was to establish the foundation for energy self-sufficiency and improve energy security. The MID concept has recently been enlarged to include: energy, environment, education, equity, and employment/economy. A MID Policy Strategy and Action Plan approved by Government in June 2013 comprises four priority programmes: energy; a cleaner, greener, pollution-free Mauritius; a green economy; and an ocean, economy.³² A MID Fund was set up in 2008 to finance these projects.³³ The MUR 1.3 billion fund is resourced by a MID levy of 30 cents per litre on all petroleum products and 15 cents per kg on coal and LPG.

4.46. The Long-Term Energy Strategy 2009-2025 emphasizes the development of renewable energy, reduction of Mauritius' dependence on imported fossil fuels, and the promotion of energy efficiency in line with the Government's priority to promote sustainable development as embodied in the MID vision. Actions are set out in the strategy in order to: achieve the Government's target of 35% self-sufficiency in terms of electricity supply through the use of renewable sources of energy; ensure security of energy supply by diversifying the energy base and creating stocks; and meet demand in a consistent manner, ensuring security and reliability of supply at affordable prices. The strategy, *inter alia*, sets out institutional and regulatory reforms (including the enactment of the Energy Efficiency Act and the creation of a Utility Regulatory Authority (see above)); electricity sector reforms (including to encourage private sector participation in generation); energy efficiency actions; mandatory energy audits for industry; demand-side management; construction of sustainable buildings; energy efficiency measures in the tourism sector; product labelling and efficiency standards; and measures to encourage renewable energy.

4.47. With respect to developing renewable energy capacity, the main green energy projects being pursued or considered (including through public/private partnership agreements) are: (a) wind energy projects; (b) bagasse-based power plant projects; (c) developing the use of existing landfill gas for power generation; (d) the establishment of new hydro units; (e) solar photovoltaic PV projects; (f) the use of solar water heaters; and (g) the setting up of deep ocean water application systems. The Government is also studying geothermal potential as well as options for energy generation using biomass, biogas, and trigeneration (Table 4.4).³⁴ Incentives offered to promote the use of green energy include subsidies for the purchase of solar water heaters³⁵ and a 50% reduction of the registration duty for electric cars (introduced in the 2009 Budget). Additionally, to encourage renewable energy and to offset the high cost of production without passing the cost onto the consumer, the Government has, since 2010, subsidized the difference between the price of renewable energy (solar, wind and hydro) produced by private companies and the marginal cost of producing electricity by the CEB. A Renewable Energy Development Plan is being finalized.

Table 4.4 Targets for renewable energy, 2010-2025

Fuel source		Percentage of total electricity generation			
		2010	2015	2020	2025
Renewable	Bagasse	15	13	14	17
	Hydro	4	3	3	2
	Waste to energy	0	5	4	4
	Wind	0	2	6	8
	Solar PV	0	1	1	2
	Sub-total	20	24	28	35

³² In the MID energy programme, there is a proposal for a renewable energy development plan from 2015 to 2025.

³³ The MID Fund replaces the National Energy Fund.

³⁴ For more information on the status of these projects see:

<http://publicutilities.gov.mu/English/DOCUMENTS/ENERGY-STRATEGY.PDF>.

³⁵ The authorities indicated that this subsidy takes the form of a government grant to members of the public, funded through the MID fund and managed by the Development Bank of Mauritius. They further indicated that subsidy as a general policy has been terminated, but that it will be taken up again as a targeted subsidy to low-income households.

Fuel source		Percentage of total electricity generation			
		2010	2015	2020	2025
Non-renewable	Fuel oil	37	31	28	25
	Coal	43	45	44	40
	Sub-total	80	76	72	65
	Total	100	100	100	100

Source: Long-Term Energy Strategy 2009-2025. Viewed at: <http://www.sids2014.org/content/documents/68Energy%20Strategy.pdf>.

4.48. The State Trading Corporation (STC) is the only authorized importer of petroleum products. All petroleum products are sourced from the Mangalore Refineries and Petrochemicals Ltd (MRPL) in India and sold on to four oil companies who distribute to the domestic market³⁶, international markets (for aviation and bunker fuels), and to the Central Electricity Board. Prices for petroleum products for aviation and bunkering purposes are based on the cost plus a margin intended to cover the STC's administrative expenses. The prices of petroleum products for the local market are set through the Petroleum Pricing System implemented in 2011 (replace the Automatic Price Mechanism (APM)), managed by the State Trading Corporation (STC). The governing rules for the Petroleum Pricing System are the Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 (as amended).³⁷

4.49. LPG is purchased by the STC through an international open tendering process. Currently, there is one supplier (Petredex) whose subsidiary maintains onshore facilities. LPG is supplied by the STC to the domestic market; 6kg and 12kg bottles destined for residential use are sold at subsidized rates to wholesalers and end customers (LPG is the main source of cooking and water-heating for almost all households in Mauritius). Retail and wholesale prices are regulated under the maximum wholesale and retail price scheme (see section 3.3.4.2). LPG (in bulk and in cylinders above 12 kg) is sold to the petroleum companies at a price based on cost plus a margin to cover the STC's administrative expenses.

4.50. The Central Electricity Board (CEB) is engaged in the generation, transmission, and distribution of energy in Mauritius and Rodrigues and has a monopoly over transmission, and distribution of electricity. According to the authorities, various critical factors favour the current monopoly in this area, including land scarcity and the protection of sensitive zones; the fact that the power system is small and isolated and hence economies of scale are a key competitive advantage; and to ensure the control and sustained development of the grid for both social and economic development.

4.51. In general, the CEB generates around 45% of total electricity needs from thermal power stations and hydroelectric plants. The remainder is provided by independent power producers (IPPs) who mainly produce electricity from coal and bagasse. IPPs are required to sell their production to the CEB under power-purchase agreements. Under the Energy Strategy, to meet growing electricity demand, the Government will encourage the emergence of new producers and suppliers (including producers of biomass energy and energy from waste) while fully integrating the role of the sugar sector on the basis of financial and economic analyses. The new regulatory authority (see above) would be charged with ensuring a level playing field in relation to energy electricity generation by the CEB and IPPs.

4.52. Electricity tariffs are set on a cost-recovery basis. However, tariffs vary according to category of customer, in line with the Government's economic policy. Lower tariffs apply to industrial and agricultural users (Table 4.5). A rates revision was carried out in December 2010.³⁸

Table 4.5 Sales revenues and average selling price of electricity, 2013

Customer category	Energy sales (kWh)	Sales Revenues (MUR)	Average selling price (MUR)
Domestic	780,777,765	4,467,285,682	5.72
Commercial ^a and bulk	852,013,231	6,286,320,214	7.38
Industrial ^b	689,826,631	2,460,826,064	3.57

³⁶ Total, VIVO, Engen, and Indian Oil.

³⁷ Consumer Protection (Control of Price of Petroleum Products) Regulations 2011 (as amended). Viewed at: http://stc.intnet.mu/images/stories/downloads/PPS/Regulations/Reg2011_amendedJan2014.pdf.

³⁸ GN No. 110 of 2010.

Customer category	Energy sales (kWh)	Sales Revenues (MUR)	Average selling price (MUR)
Irrigation	25,390,993	72,015,130	2.84
Street lighting	26,300,496	205,702,625	7.82
Temporary supply	243,327	3,039,160	12.49
Miscellaneous	6,492,097	37,234,477	5.74
Overall	2,381,044,540	13,532,423,353	5.68

- a Consumers occupying premises wholly/mainly used for distributive or retail trade; professional businesses or provision of a service to the public (i.e. shops, hospitals, hotels, etc.).
- b Consumers engaged in extractive or manufacturing industries (including freeport licensees and sugar factories).

Source: Information provided by CEB.

4.3 Manufacturing

4.53. The manufacturing sector comprises mainly (in order of value added) clothing; food, including sugar milling; beverages and tobacco; textiles; jewellery; and chemicals. During 2008-13, the sector recorded average annual real growth of 2.4%. In 2013, the sector accounted for 16.9% of GDP; and employed of 110,900 persons. The authorities noted that, the development of the sector is based on a two-pronged strategy of export-led development driven by so-called Export-Oriented Enterprises (EOEs), and production geared to the domestic market which is led by non-EOE enterprises. Mauritius' Export Processing Zone Scheme was phased out in 2006 (see section 3.2.4). EOEs and non-EOEs operate on the same footing.

4.54. The authorities indicated that the key strategies for the development of the manufacturing sector are: (a) consolidation and diversification of export markets; (b) enhancement of competitiveness; (c) raising FDI flows; (d) ensuring the availability of skilled labour; (e) developing the high-tech sectors, namely medical devices and high precision products; and (f) promotion of new growth areas such as high fashion jewellery, technical textiles, and bio-based products. The Government, through the State Investment Corporation (SIC) has an equity stake in six manufacturing companies: Bychemex; Chemco Ltd.; MCFI (fertilizer manufacturer); Mauritius Oil Refineries; Princes Tuna; and Sky Jeans.

4.55. Over the review period, average tariff protection on manufactured products was reduced significantly (see section 3.1.3), continuing a trend that was in evidence at the time of Mauritius' previous Review.³⁹ In 2014, the average applied tariff on manufactured goods (ISIC definition) was 2.4% (down from 6.8% in 2007); 88.3% of the 5,865 tariff lines were duty free, with tariffs ranging from zero to over 488%. Highest levels of tariff protection are afforded to the clothing sector, particularly suits. Import and export controls apply to certain manufactured products (see sections 3.1.4 and 3.2.3) and some are subject to price controls (see section 3.3.4.2).

4.56. In 2013, there were 317 EOEs, employing around 53,000 people (mainly in the textiles and clothing subsector). The main EOE activities are production of textiles and clothing, fish and fish preparations (see section 4.1.2.5), and jewellery and processed diamonds.

4.57. In 2013, most exports (including re-exports) of textiles and clothing were destined for the EU (44.1% of textiles and clothing exports), South Africa (20.5%), and the United States (20.4%). Most fish and fish preparations were exported to the EU (79.7% of exports of fish and fishery products). Jewellery is mainly exported to the EU (93.2% of jewellery exports), while processed diamonds are principally exported to Viet Nam (53% of exports of processed diamonds); the United States (25%), and the EU (19%).⁴⁰

4.58. Mauritius' exports benefit from preferential access to export markets under the U.S. AGOA scheme, under which Mauritius now benefits from more flexible rules of origin conditions and preferential access under the Interim EPA with the EU (see Chapter 2). Additionally, to give export-oriented manufacturing industries a boost, the Government now allows manufacturing factories to establish in the freeport to produce goods aimed mainly at the African market.

³⁹ Nominal average tariff protection for manufacturing was reduced from 20.6% in 2001 to 6.8% in 2007.

⁴⁰ In 2013, the total value of exports of textiles and clothing was US\$883.5 million; fish and fishery products, US\$505 million; jewellery, US\$54.2 million; and processed diamonds, US\$82 million.

4.59. In 2013, there were 506 large non-EOE establishments (of over ten persons), employing 23,359 people. The manufacture of food products is the most significant in terms of gross output. Production of food products, and beverages and tobacco products grew steadily over the review period (Table 4.6).

Table 4.6 Non-EOE gross output (main subsectors), 2008-12

(MUR million)

	2008	2009	2010	2011	2012
Manufacture of food products	21,001	20,270	19,634	20,857	23,133
Manufacture of beverages and tobacco products	9,974	9,011	9,742	11,627	13,122
Manufacture of coke and refined petroleum products/manufacture of chemicals & chemicals products	5,620	5,422	5,743	5,896	5,784
Manufacture of other non-metallic mineral products	6,958	3,214	2,319	2,507	1,476

Source: Statistics Mauritius Digest of Industrial Statistics.

4.60. Various customs duty and VAT relief schemes are in place to support manufacturing businesses (see section 3.1.3), as are certain cross-sectoral incentive schemes (see section 3.3.2).

4.4 Services

4.4.1 Financial services

4.61. In 2013, financial services represented 10.1% of GDP, up from 9.7% in 2007 (Table 1.1). The Government has an equity stake in several financial services companies (see below and section 3.3.3).

4.62. The main laws governing the financial services sector are the Banking Act (2004), the Financial Services Act (2007), the Insurance Act 2005, and the Securities Act (2005). A new Private Pensions Schemes Act was proclaimed in 2012.⁴¹ Since 2008, changes to the legislative and institutional framework to combat money laundering and terrorism financing have included: an amendment to the Anti-Money Laundering Code (in March 2012) as well as amendments to the relevant laws, codes and guidelines issues by the Financial Services Committee (FSC) and Bank of Mauritius (BOM) to implement the recommendations of a Financial Action Task Force on money laundering and the combating of financing of terrorism. In addition, an Asset Recovery Act was also passed by the National Assembly.⁴²

4.63. The BOM is responsible for regulating, licensing, and supervising banking and non-bank deposit-taking institutions as well as cash dealers, credit unions with assets above MUR 20 million, and money lenders. The FSC is in charge of regulating, licensing, and supervising non-banking financial institutions as well as the global business sector.⁴³ The institutions are jointly in charge of ensuring the soundness and stability of the financial system in Mauritius. Closer collaboration between the two institutions was instituted in 2007 through the signature of a Protocol D'Accord, by the Governor of the BOM and the Chief Executive of the FSC, and the launch of a Joint BOM/FSC Coordination Committee. The objective of the Protocole D'Accord is to expand the scope of an existing memorandum of understanding (MOU) signed between the two regulatory bodies in 2002. It makes provision for the parties to agree on the extent of their responsibilities and harmonize procedures with respect to the financial institutions that they regulate.

⁴¹ For the texts of these laws, as well as the implementing rules and regulations and codes and guidelines see Financial Services Commission online information. Viewed at: <http://www.fscmauritius.org>; and Bank of Mauritius online information. Viewed at: <https://www.bom.mu>.

⁴² The Financial Intelligence and Anti-Money-Laundering Act (2002); the Anti-Money-Laundering (Miscellaneous Provisions) Act (2003); the Prevention of Corruption Act (2002); and the Prevention of Terrorism Act (2002). The Financial Intelligence Unit has been operational since 2002; it is responsible for receiving, requesting, analysing, and disseminating to the investigatory and supervisory authorities, disclosures of financial information concerning suspected proceeds of crime and alleged money-laundering offences.

⁴³ Since 2012, the FSC has been responsible for two additional activities: global headquarters administration and global treasury activities.

4.64. Mauritius participated in the WTO financial services negotiations and undertook commitments under the Fifth Protocol. A summary of its GATS commitments on financial services is provided in the Secretariat report for Mauritius' previous Review.⁴⁴

4.4.1.1 Banks and non-bank deposit-taking institutions

4.65. The banking sector in Mauritius contributed 5.9% to GDP in 2013 and employed 7,424 persons (December 2013).⁴⁵ The total assets of banks and non-bank deposit-taking institutions (NBDTIs) amounted to MUR 1,100 billion (end December 2013), of which banks held MUR 1,041 billion, NBDTIs (MUR 58 billion), and cash dealers (MUR 0.6 billion). The Banking Act was amended several times over the review period.

4.66. The BOM is responsible for licensing banks, NBDTIs, money changers, and foreign exchange dealers. Following an amendment to the Banking Act in 2013, the BOM has been empowered to license credit unions with total assets of above MUR 20 million, and money lenders. Foreign banks are allowed to establish either as wholly-owned subsidiaries or branches, or to form joint-ventures with local banks.

4.67. As at end April 2014, there were 23 licensed banks, of which 9 were locally incorporated, 8 were foreign-owned and locally incorporated, 4 were branches of foreign banks, and 2 were locally incorporated private banks (one foreign-owned and one majority foreign-owned). Of the nine locally incorporated banks, one is a fully-fledged Islamic bank (Table 4.7). The four largest banks (two long-established domestic and two international banking groups) hold 56% of all banking assets. The domestic banking sector is highly concentrated with two long-established local banks holding 57% of domestic banking assets.

4.68. The Government holds a partial equity stake in the Bramer Banking Corporation Ltd. and the State Bank of Mauritius Ltd., and an almost full equity stake in Mauritius Posts and Cooperative Bank (Table 4.7 and section 3.3.3).

Table 4.7 Composition of the banking sector, end-April 2014

Bank	Legal form	Equity capital	Total assets (MUR)
The Mauritius Commercial Bank Ltd.	Locally incorporated	38.3% foreign; 58.3% domestic; 3.4% Government of Mauritius	227,139,694,606
State Bank of Mauritius Ltd.	Locally incorporated	19% foreign; 70% domestic; 11% Government of Mauritius	102,930,437,302
The Hongkong and Shanghai Banking Corporation Limited	Branch of foreign bank	100% foreign	25,909,806,305
Barclays Bank Mauritius Limited	Locally incorporated subsidiary of foreign bank	100% foreign	131,115,028,804
Bank of Baroda	Branch of foreign bank	100% foreign	39,170,747,030
Bramer Banking Corporation Ltd.	Locally incorporated	92.5% domestic; 7.5% Government of Mauritius	16,969,806,342
Habib Bank Limited	Branch of foreign bank	100% foreign	2,308,963,221
Bank One Limited	Locally incorporated	50% foreign; 50% domestic	17,881,101,307
Mauritius Post and Cooperative Bank Ltd.	Locally incorporated	1.1% domestic; 98.9% Government of Mauritius	19,218,252,782
Banque des Mascareignes Ltée	Locally incorporated subsidiary of foreign bank	100% foreign	21,163,503,136
Investec Bank (Mauritius) Limited	Locally incorporated subsidiary of foreign bank	100% foreign	51,087,191,022
SBI (Mauritius) Ltd	Locally incorporated subsidiary of foreign bank	96.4% foreign; 3.6% domestic	30,669,232,871
Standard Bank (Mauritius) Limited	Locally incorporated subsidiary of foreign bank	100% foreign	55,548,705,687
Standard Chartered	Locally incorporated	100% foreign	99,844,655,073

⁴⁴ WTO document WT/TPR/S/198/Rev.1, 11 June 2008.

⁴⁵ FSC online information. Viewed at: <http://www.fscmauritius.org/media-publications/statistics-and-surveys/statistics.aspx>.

Bank	Legal form	Equity capital	Total assets (MUR)
Bank (Mauritius) Limited	subsidiary of foreign bank		
HSBC Bank (Mauritius) Limited	Locally incorporated subsidiary of foreign bank	100% foreign	119,889,725,242
P.T. Bank Internasional Indonesia	Branch of foreign bank	100% foreign	1,469,245,674
AfrAsia Bank Limited	Locally incorporated	21.8% foreign; 78.2% domestic	40,418,136,783
ABC Banking Corporation Ltd	Locally incorporated	100% domestic	8,574,026,646
Century Banking Corporation Ltd	Locally incorporated	67% foreign; 33% domestic	222,116,210
Banyan Tree Bank Limited	Locally incorporated	56.8% foreign; 43.2% domestic	1,213,367,609

Source: BOM online information. Viewed at: www.bom.mu.

4.69. The Government also fully owns the Development Bank of Mauritius (DBM) which is not under the BOM or the FSC regulatory responsibilities. It offers loans to various sectors of the economy, including start-up companies. It also offers saving accounts and term-deposit facilities.⁴⁶

4.70. As at end-April 2014, there were 8 NBDTIs, consisting mainly of leasing companies but also of parastatal institutions such as the Mauritius Housing Company Ltd. (MHC).⁴⁷ The total assets of these institutions amounted to MUR 59 billion.

4.71. Over the review period, modifications were introduced to the Banking Act, with respect to licensing procedures, to grant in-principle approvals where the central bank is satisfied that applicants are eligible for a licence.⁴⁸ Since 2007, licensed banks have been permitted to offer Islamic banking through window operations, and institutions may be granted an Islamic banking licence to conduct Islamic banking business exclusively.⁴⁹ In 2008, licensed non-bank deposit-taking institutions were also allowed to accept Islamic deposits. Three banks offer Islamic banking services in Mauritius. The first Islamic banking licence was granted in Mauritius in October 2009; one bank is offering Ijarah products; and since June 2014 the other is operating an Islamic banking window. The Banking Act was amended in 2010 to allow a bank to carry out private banking business and investment banking business. Two institutions were licensed in April 2014 to carry out private banking.

4.72. Various measures have been taken by the BOM to strengthen supervision and transparency, particularly in response to the global financial crisis. The Bank of Mauritius Act 2004 was amended in 2009 to allow for the setting up of a Financial Stability Committee to review and ensure the soundness of the financial system. It comprises the Minister (the Chairperson of the Committee), the Governor of the BOM, the Financial Secretary, and the Chief Executive of the Financial Services Commission. The Basel II framework was effective as of 31 March 2008. The Guideline on the Scope of Application of Basel III and Eligible Capital was issued in June 2014 and became effective as from 1 July 2014.⁵⁰ Legislative amendments have been made to strengthen the BOM's supervision over NBDTIs. Additionally, the BOM has issued several new guidelines and amended existing ones.⁵¹ New provisions have been added to the BOM Act, enabling the BOM to impose

⁴⁶ For more information on the types of loans offered, see DBM online information. Viewed at: www.dbm.mu.

⁴⁷ BOM online information. Viewed at: www.bom.mu/pdf/Supervision/Non_Bank_%20Deposit_Taking_Institutions.pdf.

⁴⁸ This amendment (in subsection 8A) was made on the premise that applicants for a licence (who do not yet have a certificate of incorporation and a constitution) would be reluctant to incorporate a company without the necessary assurance from the Bank that they would be granted a licence.

⁴⁹ The BOM has issued a Guideline for Institutions Conducting Islamic Banking Business.

⁵⁰ The Bank issued a Consultation Paper on the Implementation of Basel III in Mauritius, in October 2012. The paper sets out the Basel III rules and the Bank's broad proposals for implementing the core Basel III capital measures, including the implementation timelines. The Consultation Paper is intended to provide a background for banks against which to develop their plans for bringing their organizations into compliance with the Basel III requirements.

⁵¹ These include guidelines: (a) liquidity risk management (to ensure that banks manage their liquidity risk in a sound manner and have put in place a robust liquidity risk management framework) (b) country risk

administrative penalties on any institution that has not complied with BOM instructions or guidelines imposed under the banking laws. Changes to the BOM Act (Section 32A) also allow the BOM to require a bank to restructure its business based on, *inter alia*, any systemic risk that the bank may pose; any incidence that the bank may have on the stability of the financial system of Mauritius and/or; the need to further protect the bank's depositors and the public.

4.73. There have been no bank failures in Mauritius as a consequence of the global financial crisis; this is attributable, at least in part, to the absence of toxic assets and complex products in bank portfolios. The authorities noted that, depositors' confidence in the banking sector remained unscathed and banks did not face the challenge of regaining lost customers. The authorities added that in spite of the repercussions of the global downturn in banks' balance sheets through a slowdown in the activities of the real sector and global business financial flows, the banking sector in Mauritius remains resilient and profitable with respect to operations within Mauritius and globally. The performance of NBDTIs has been satisfactory.

4.74. The Mauritius Credit Information Bureau (MCIB) facilitates credit decision-making by providing banks with information on their customer's debts towards other participating institutions; as well as promoting a responsible borrowing culture among borrowers. The coverage of the MCIB has been extended to all banks, leasing companies, insurance companies, other non-bank financial institutions, and utility bodies. It currently has 44 participants. The MCIB database contains information on 691,581 borrowers, representing 75% of the adult population.

4.75. Domestic banks are subject to corporate income tax of 15%. Mauritius continues to apply a special levy on banks which was introduced in 2007. For the years 2014 and 2015, rate is 10% of chargeable income.⁵² According to the authorities, the special levy was introduced in conjunction with the Government's reduction of corporate tax to 15%; it is applicable to banks, which are known to be especially profitable and have the capacity to pay. Various financial services are VAT-exempt (Table A3.1).

4.4.1.2 Insurance

4.76. The insurance and reinsurance sector in Mauritius contributed 3.1% to GDP in 2013 and employed 2,510 persons.⁵³ The legal framework governing the insurance sector remains the Insurance Act 2005 (as amended)⁵⁴, the Insurance Regulations 2007 and various rules. The Insurance Act entered into force in 2007.

4.77. Any person may carry on insurance business in Mauritius provided they hold a licence from the FSC. There are no limitations on commercial presence for foreign insurers. Insurance companies may be licensed to provide long-term or general insurance, but not both, unless they are a reinsurance company, or if one class of insurance is incidental, in terms of premium income, to the principal insurance business.⁵⁵ Long-term insurance includes life, pensions, "permanent" health, and linked long-term insurance. General insurance includes accident and health, engineering, guarantee, liability, motor, property, and transport insurance. Licensing fees are contained in the Financial Services (Consolidated Licensing and Fees) Rules. The minimum stated capital for an insurance or reinsurance company is MUR 25 million. Solvency margins also apply.

management (to give a broad framework for banks to assess, measure, and monitor country risk); (c) capital adequacy ratio for NBDTIs (to bring about greater convergence in the regulatory framework for banks and NBDTIs and prevent regulatory arbitrage and reinforce the safety and soundness of the financial sector); (d) measurement and management of market risk; (e) mobile banking and mobile payment systems; (f) complaints-handling procedures; (g) disclosure of information to guarantors; (h) additional macroprudential measures for the banking sector; (i) computation of debt-to-income ratio for the banking sector; (j) computation of loan-to-value for residential and commercial property loans; and (k) agent banking. Various other guidelines have been revised.

⁵² Mauritius Budget 2014. Viewed at:

<http://mof.gov.mu/English/Documents/Budget2014/BudgetSpeech2014.pdf>.

⁵³ FSC online information. Viewed at: <http://www.fscmauritius.org/media-publications/statistics-and-surveys/statistics.aspx>.

⁵⁴ The Insurance Act entered into force in 2007. Viewed at:

http://www.fscmauritius.org/media/61668/insurance-act-2005-as-amended_04-02-13cc.pdf.

⁵⁵ Insurance Act, Article 8.

4.78. The Insurance Regulations 2007 prohibit the insurance of local assets with insurance companies based in a foreign country.⁵⁶ However, since 2013, this restriction does not apply to insurance contracts providing for export credit insurance.

4.79. Over the review period there was significant merger and acquisition activity within the industry, resulting from the requirement in the Insurance Act for long-term and general insurance businesses to be separated; companies were given a five-year transition period to comply. There has been an increase in FDI into the sector and Mauritian insurance companies have been active in setting up commercial presence abroad, largely in the east and central African regions.

4.80. In 2012, the total assets of long-term insurance companies was MUR 92.6 billion and the total assets of general insurance companies was MUR 12.4 billion.⁵⁷ There were 12 providers of general insurance services and 7 providers of long-term insurance services. The two main players in the general insurance market account for over 50% of the market in terms of gross premiums (Mauritius Union Assurance Co. Ltd, and Swan). The long-term insurance market is dominated by BAI, with a 43.5% market share of gross premiums (Table 4.8). Information was not available on foreign equity participation in the sector. The State Insurance Corporation of Mauritius Ltd. (SICOM) is the only insurer in which the State has an equity stake.

4.81. Reinsurance companies must be licensed by the FSC as professional reinsurers and may only conduct reinsurance business. As at mid-2014, there were 11 reinsurance businesses licenced in Mauritius, all of which were foreign owned. One of the 11 reinsurance companies is exempt from the Insurance Act 2005, the statutory reinsurer, Africa Reinsurance Corporation. Under the legislation in force, insurers must offer to cede a minimum of 5% of their relevant risks to the statutory reinsurer.

Table 4.8 Composition of the insurance sector, 2012

	Market share by gross premium General insurance (%)	Market share by gross premium Long term (%)
ANGLO	-	19.3
BAI	(2.7)	43.5
Credit Gua	0.5	-
GFA	2.5	-
IOGA	1.0	(0.04)
ISLAND LIFE	-	1.34
JUBILEE	3.9	-
LAMCO	2.9	(0.03)
LPM	-	4.6
LIC	-	2.4
Metropolitan Life	-	1.3
Mauritian Eagle insurance Co Ltd	11.6	-
Mauritius Union Assurance Co Ltd	24.9	-
New India	6.2	-
Phoenix	3.9	(0.1)
SICOM Ltd.	-	27.3
SICOM General Ltd	9.1	-
SUN	3.3	-
SWAN	27.2	-

Note: Bracketed figures indicate incidental premium income.

Source: Information provided by the authorities.

4.4.2 Telecommunications

4.82. Telecommunications policy in Mauritius may be understood in the broader context of Mauritius' objective to make the information and communications technology (ICT) sector a main

⁵⁶ Regulation 3(1) of the Insurance Regulations provides that no person shall enter into an insurance contract with an insurer, other than an insurer registered or licenced in Mauritius, purporting to cover risks relating to an asset situated in Mauritius, except where the Commission is satisfied that given the circumstances and nature of the relevant risks, it would be appropriate to do so.

⁵⁷ FSC (2013). Viewed at: <http://www.fscmauritius.org/media/113414/fscannualstatisticalbulletin2013.pdf>.

pillar of the economy and to transform Mauritius into a regional ICT hub. A well-developed ICT sector is seen as key to generating wealth and employment both in itself and in terms of its beneficial spill-over effects on other sectors of the economy, particularly the services sector.⁵⁸ In 2012, the ICT sector contributed 6.4% to GDP. There were 136 large ICT sector establishments (employing 10 or more persons) 12,972 with employees.

4.83. The telecommunications sector was liberalized in 2001 as a consequence of the ICT Act, which also ushered in regulatory reforms with the creation of the ICT Authority (ICTA), a body corporate under the responsibility of the Ministry of Information and Communication Technology (MICT). One of the main objectives of the ICTA is to encourage the provision of accessible information and communication services, at affordable cost nationwide, towards meeting the needs of the country. The ICTA is responsible for, *inter alia*, licensing telecommunications service providers; approving or determining interconnection tariffs; approving tariffs set by operators; and managing the Universal Service Fund, which entered into operation in 2008. The Universal Service Fund is used to help finance several projects that have been, or are currently being implemented, to promote access to ICT services in un-served or under-served areas or sectors.⁵⁹ An MoU between the ICTA and the Competition Commission of Mauritius (CCM) clarifies the role of each institution in dealing with competition issues.⁶⁰

4.84. Over the review period, strategies and targets for the development of the ICT sector were set out in the National Information and Communication Technology Strategic Plan (NICTSP) 2007-2011 and thereafter in the NICTSP 2011-2014. In these reports, the focus of attention the telecommunications subsector was on enhancing competition and creating the best enabling environment for broadband development. The NICTSP 2011-2014 highlights high facilities, interconnection, and international bandwidth, due in part to a lack of domestic competition in this area⁶¹, and their negative effect on competition. With respect to broadband, it expresses concern that the legislative and regulatory frameworks are inadequate to reflect significant industry changes over the past decade, particularly the convergence of broadcasting and telecommunications platforms. It proposes a review of broadband policy, *inter alia*, to include an evaluation of the effectiveness of competition and the impact of market dominance on sector development and innovation. The Ministry of Information and Communications Technology (MICT) issued a National Broadband Policy 2012-2020, in January 2012.⁶²

4.85. In furtherance of the ICTA's mandate to promote competition as well as to tackle the competition concerns, there have been a number of legislative and regulatory developments.

4.86. Amendments have been made to the ICT Act to help the ICT Authority promote fair and healthy rules of competition in the sector, through the identification of relevant markets and the determination of operators with significant market power (SMP), and related obligations to promote a competitive environment. The Authority is in the process of developing the new regulatory framework for implementation in a phased manner over the coming years.

4.87. Other amendments (to Sections 17 and 31 of the ICT Act) have allowed the Authority to put in place a framework for tariff regulation, as part of its broader mandate for the economic regulation of the ICT sector. The ICTA has reviewed its procedures to simplify the processing of tariff applications. As from 2012, for public operators submitting complete tariff applications to the Authority, the time frame for determination by the Authority was reduced to 15 days from 180 days previously.⁶³

⁵⁸ The ICT sector comprises manufacturing activities, telecommunications services, wholesale and retail trade, and other activities such as call centres, software development, website development and hosting, multimedia, IT consulting, and disaster recovery.

⁵⁹ According to the authorities, a number of projects such as WIFI Mauritius Phase 1, Broadband connectivity at MUR 200 per month, and increased satellite connectivity between Mauritius & Rodrigues have been successfully initiated to supplement competition while bridging the digital divide.

⁶⁰ ICTA online information. Viewed at: https://www.icta.mu/documents/laws/mou_ccm.pdf.

⁶¹ The report also notes that this is partly a consequence of Mauritius' isolated geographical position.

⁶² National Broadband Policy 2012-2020. Viewed at: <https://www.icta.mu/documents/nationalbroadbandpolicy2012.pdf>.

⁶³ Following the proclamation of the Economic and Financial Measures (Miscellaneous Provisions) No.2. Act 2011, amendments were made to Sections 2, 17, 30, 31 & 51 of the ICT Act 2001. Viewed at: <http://mof.gov.mu/English/Documents/Legislations/EcoFinMeaMiscelProvNo2Act2011.pdf>.

4.88. The ICTA is working on an initiative to bring more transparency to wholesale tariffs for national bandwidth (NBW) & international bandwidth (IBW) services. The latter represent key inputs for a number of licensees, especially international long-distance (ILD) operators and internet service providers (ISPs) to enable the provision of their final retail services. The availability of wholesale tariffs would enable these licensees to reduce the costs of providing services, and this is expected to result in more competitive tariffs for a number of end-user services such as internet access services, international voice calls, voice & SMS-based value-added services.

4.89. Determining cost-based interconnection usage charges (IUCs) is in line with the Authority's philosophy of intervening at the wholesale level in order to allow licensed service providers to compete more effectively at the retail end. In August 2008, the Authority issued a Directive to determine the rates of interconnection for fixed and mobile access networks, which were MUR 0.38/min for calls originated from or terminated onto fixed network and MUR 0.90/min for calls originated from or terminated onto mobile network. In July 2011, a 33% decrease in IUCs for calls terminating on a mobile network reduced them from MUR 0.90/min to MUR 0.60/min. The combined effect has led to a reduction of around 16% for call categories.

4.90. With a view to providing further stability for the incoming international call market segment and to meet the demand of international long-distance operators for a sustained business case, the Government reviewed the minimum charges for termination rate in Mauritius. In 2010, the ICTA increased the rate applicable to all calls terminating into any fixed or mobile telephone in Mauritius, from US\$0.0855 to US\$0.125 per minute, a rise of about 46%.

4.91. In first quarter of 2014, there were two licensed providers of fixed telephone services: the former incumbent, Mauritius Telecom, which has a 97.24% market share, and Emtel Ltd.⁶⁴ The number of fixed lines decreased over the review period from 363,600 to 363,000.

4.92. In the same year there were three providers of mobile telephone services: EMTTEL Ltd., (with a 39.39% market share in March 2014); Cellplus Mobile Communications Ltd., an MT cellular subsidiary (50.92% market share), and Mahanagar Telephone (Mauritius) Lts. (MTML), which entered the market in 2007 (12.69% market share). Additionally, there were ten international long-distance network licensees.⁶⁵

4.93. Since 2007, telecommunication companies have been subject to a special levy; for the years 2014 and 2015 it is levied at a rate of 10% of chargeable income. This levy was introduced in conjunction with Government policy to reduce corporate tax to 15%; it is applicable to the telecommunications companies as they are known to be especially flourishing and profitable and have the capacity to pay.

4.94. The Government and its related agencies maintain a 59% equity stake in Mauritius Telecom.⁶⁶ MTML is a subsidiary of the Indian international carrier Mahanagar Telecom Nigar Limited, whereas Cellplus is domestically owned and is a subsidiary of Mauritius Telecom Group. Between 2008 and 2014, the subscriber shares of Cellplus and MTML changed from 58% and 1%, respectively to 50.92% and 12.69% respectively. It has been suggested that the presence of the State in the telecommunications (as well as the broadcasting and software development) markets should be reviewed for its anti-competitive impacts or the reduction of consumer welfare.⁶⁷

4.95. Over the review period, key trends in the sector have been an increase in the number of mobile cellular subscriptions and internet subscriptions, and an exponential growth in international bandwidth capacity (Table 4.9). The authorities indicated that growth in internet subscriptions has been driven by an increase in mobile internet subscriptions.⁶⁸

⁶⁴ Ministry of Information and Communication Technology (2011).

⁶⁵ For a full list of licensed providers, see ICTA online information. Viewed at: www.icta.mu/telecommunications/licenses.htm.

⁶⁶ Mauritius Telecom (2014).

⁶⁷ Ministry of Information and Communication Technology (2012).

⁶⁸ In 2012, there were 419,500 mobile internet subscriptions (an increase of 77.2% over the previous year) and 149,400 fixed internet subscriptions (an increase of 12.2%).

Table 4.9 Selected telecommunications indicators, 2008-13

	2008	2009	2010	2011	2012	2013
Fixed telephone service providers (no.)	2	2	2	2	2	2
Mobile telephone service providers (no.)	3	3	3	3	3	3
Internet service providers (no.)	6	7	7	9	10	10
International internet bandwidth capacity (mbps) ^a	462	1,864	3,390	5,806	8,274	11,921
Fixed telephone lines (no.)	363,600	375,100	387,700	374,600	349,100	363,000
Coverage of cellular telephony (% of population)	99	99	99	99	99	99
Mobile cellular subscriptions/100 inhabitants	81	87	95	103	118	122
Internet subscriptions	199,500	284,000	284,200	370,000	568,900	680,700
Internet subscriptions/100 inhabitants	16	23	23	30	45	54

a Megabits per second.

Source: Statistics Mauritius online information. Viewed at: <http://statsmauritius.gov.mu/English/StatsbySubj/Pages/Information-Communications-Technology-.aspx>; and information provided by the authorities.

4.96. Telecommunications tariffs by the main service provider, Mauritius Telecom, remained relatively static over the review period, although mobile cellular tariffs dropped slightly for calls to a different network. However, there was a significant decrease in the costs of internet access (Table 4.10). In spite of the difficulties inherent in benchmarking telecommunications tariffs between countries, Mauritius' retail tariffs, particularly in the mobile segment, seem competitive when compared to some of its African peers.⁶⁹

4.97. The authorities noted that they are working on implementing number portability, following a changed numbering plan introduced in 2013.

4.98. Mauritius participated in the WTO basic telecommunications services negotiations and undertook commitments under the Fourth Protocol. A summary of Mauritius GATS commitments on telecommunications services is provided in the Secretariat report for Mauritius' previous Review.⁷⁰

Table 4.10 Selected telephone and internet tariffs 2008-12

(MUR)

	2008	2009	2010	2011	2012	2013
Fixed telephone						
Three-minute local call (off-peak)	1.80	1.80	1.80	1.80	1.80	1.80
Residential monthly line rental	90.00	90.00	90.00	90.00	90.00	90.00
Business monthly line rental	225.00	225.00	225.00	225.00	225.00	225.00
International direct dialling (3-minute call from fixed telephone (off-peak) to:						
Reunion Island	20.70	20.70	20.70	20.70	20.70	20.70
London/Johannesburg	27.90	27.90	27.90	27.90	27.90	27.90
New York	27.90	27.90	27.90	27.90	27.90	27.90
China	27.90	9.00	9.00	9.00	9.00	9.00
Mobile cellular (3-minute local call on prepaid service)						
On same network	3.60	3.60	3.60	3.60	3.60	3.60
To a different network	11.70	11.70	11.70	10.80	10.80	10.80
To a fixed telephone	10.44	10.44	10.44	10.44	10.44	10.44
Internet						
Dial up, peak time (per minute)	0.57	0.57	0.57	0.57	0.57	0.57
Dial up, off-peak (per minute)	0.27	0.27	0.27	0.27	0.27	0.27
<i>ADSL 256 kbps (unlimited volume usage)</i>						
Residential use ^a	750	n.a.	n.a.	n.a.	n.a.	n.a.
Business use	1,860	1,600	1,500	n.a.	n.a.	n.a.
<i>ADSL 512 kbps (unlimited volume usage)</i>						
Residential use	1,360	750	673	621	621	621
Business use	3,190	2,500	2,400	1,250	1,250	1,250
<i>ADSL 1mbps (unlimited volume usage)</i>						
Residential use	5,990	1,360	1,190	708	708	708
Business use	5,990	5,000	4,900	2,400	2,400	2,400

n.a. Not applicable.

⁶⁹ The NICTSP 2011-2014 report notes that prices in the mobile are amongst the lowest in Africa.

⁷⁰ WTO document WT/TPR/S/198/Rev.1, 11 June 2008.

a Discontinued as from March 2009.

Note: These tariffs are those of the main service provider, Mauritius Telecom.

Source: Statistics Mauritius online information. Viewed at:
<http://statsmauritius.gov.mu/English/Documents/ei1050/ICT%20Statistics%20Year%202012new.pdf>.

4.4.3 Transport

4.99. Road transport is the only form of land transport in Mauritius. The network is some 2,000 km long, of which 1,010 km comprise motorways or major roads. Mauritius has one international airport at Plaisance and a commercial port at Port-Louis. The development of a light rail transit system between Curepipe and Port-Louis is at a preparatory stage.⁷¹ The bulk of Mauritius' trade (99.7% of the total volume in 2012) was handled by sea transport, while higher-value items are transported by air (some 13.6 % of the value of merchandise trade in 2012). There is a freeport zone near the port, where warehousing, merchandizing space, and other infrastructural services are available; this has given impetus to maritime transportation services (mainly transshipment) in Mauritius. The other Freeport zone is located at the international airport.⁷²

4.4.3.1 Maritime

4.100. The Mauritius Ports Authority (MPA), a parastatal body, is the sole national port authority. It is responsible for the regulation, control, administration, development, and operation of seaports and port services (including marine services, such as pilotage).⁷³ The state-owned Cargo Handling Corporation Ltd (CHCL) is the sole provider of general cargo, certain dry bulk, and container handling services. However, cement, wheat, petroleum products, molasses, and bitumen are handled by private operators.

4.101. The MPA levies port fees for services rendered as per the port tariffs, which are revised by international consultants and benchmarked on other ports, with the main objective of ensuring that the tariffs for both MPA and the CHCL remain regionally competitive. Following a 2006 study, new tariffs were implemented in February 2008. Preferential port handling charges are granted by MPA and CHCL to encourage freeport and transshipment trade.

4.102. Port-Louis harbour includes a dedicated container terminal; a multi-purpose terminal; terminals for handling fish and dry bulk products like coal, sugar, wheat, and cement; a petroleum jetty for the discharge of petroleum products; and a dedicated cruise jetty to accommodate cruise vessels. The port contributes more than 2% to Mauritius GDP. The Mauritius container terminal (MCT), operational since January 1999, handles around 94% of total container throughput (e.g. 486,184 TEUs out of a total of 517,768 TEUs in 2013). The annual throughput capacity of the MCT is around 550,000 TEUs. The hardstand area is being extended by 6.5 ha to increase this capacity to 750,000 TEUs. In addition, some 150,000 TEUs can be handled at the multi-purpose terminal, bringing total port capacity to 900,000 TEUs. The dredging of the access channel to -14.5 metres in 2006 enabled Port-Louis to accept partially laden container vessels of 12,000+ TEUs. As a result, the port is now ranked as the third deepest container port in sub-Saharan Africa.

4.103. The MPA aims to develop Port-Louis Harbour into a regional maritime, logistics, and business hub. The objective is to provide a port that is well equipped, professionally managed, and constantly upgraded to promote higher productivity and performance at competitive rates. In this respect, the Government intends to elaborate a strategy that would increase transshipment trade from 268,820 TEUs in 2013 to at least 800,000 TEUs in the medium term. Moreover, the Authority is planning port development to cater for the future requirements of the local economy, with a view to positioning Port-Louis as an international, efficient conduit for trade in the region. The MPA completed the construction of an oil jetty, designed to accommodate tankers of 5,000 to 50,000 DWT, in 2008, and a cruise berth and associated terminal facilities in 2010. In line with its Port Master Plan of 2009, the MPA is extending the container terminal berth by 240 metres, upgrading the existing 560 meters long berth, expanding the container stacking yard, and dredging the

⁷¹ Budget 2014. Viewed at: <http://mof.gov.mu/English/Documents/Budget2014/BudgetSpeech2014.pdf>.

⁷² WTO document WT/TPR/S/198/Rev.1, 11 June 2008.

⁷³ Pilotage is compulsory for all vessels over 100 grt.

navigational channel to 16.5 metres below chart datum. On completion of the project, two container vessels of over 8,000 TEUs could be accommodated at one time.

4.104. The MPA is also helping develop other business segments such as bunkering and cruise. Bunkering activity has grown significantly in recent years, totalling 283,644 tonnes in 2012; but declining to 269,322 tonnes in 2013. Marketing activities will be undertaken in the region to promote Mauritius and the Indian Ocean for cruise tourism. Cruise tourism reached at 27,458 persons in 2010, declining to 15,974 persons in 2012, but increasing again in 2013 to 16,313 persons. The security measures at Port-Louis Harbour have been further enhanced, and the port has been in compliance with the International Ship and Port Facility Security Code (ISPS Code) since 1 July 2004.

4.105. Port traffic increased steadily during the review period, with the exception of a dip in 2009 (Table 4.11). According to UNCTAD, Mauritius ranked 82nd out of 127 countries in 2011 in terms of the volume of containerized port traffic stopping at its port.⁷⁴ Mauritius also showed a solid gain in UNCTAD'S Liner Shipping Connectivity Index, from 17.43 in 2008 to 24.72 in 2013.⁷⁵

Table 4.11 Port traffic, 2007-13

Port	2007	2008	2009	2010	2011	2012	2013
Total vessels calls	2,317	2,008	2,079	2,172	2,654	3,476	3,652
Container port traffic (TEUs)	303,583	334,924	301,033	332,662	350,624	417,467	385,326
Transshipment container traffic (TEUs)	110,245	120,290	107,053	109,992	115,584	158,304	136,378

Source: MPA.

4.106. The Merchant Shipping Act (2007), promulgated in 2009⁷⁶, contains registration requirements for the owners of Mauritian ships. To own a Mauritian ship, persons must be: a citizen of Mauritius; a body corporate incorporated in Mauritius (with its directors' meetings held regularly in Mauritius); or a maritime entity. Where the holders of majority interest in a ship are not resident in Mauritius, a representative who is resident in Mauritius must be appointed as the managing owner of the vessel. Mauritius does not operate an international ship registry.

4.107. Various fiscal exemptions are granted under maritime law. These include; exemption from tax on freight earnings for vessels registered in Mauritius warver from the requirement for a work permit for foreigners working on board a Mauritian flag ship; exemption from customs and excise duties for ships' stores, consumables, spare parts, and bunkers. No capital gains tax is payable upon the sale or transfer of a ship or of the shares in a shipping company, and no estate duty is payable on inheritance of shares in a shipping company.⁷⁷

4.108. Most shipping services, including liner trade, are under the control of foreign shipping companies. A state-owned shipping company caters for freight and passenger traffic to and from Rodrigues, and is also engaged in regional feeder services. Vessels registered locally are granted a 50% discount on pilotage, tug services, and dockage. Locally registered vessels may benefit from a 20% discount on other chargeable items.⁷⁸

4.109. A total of 166 vessels were registered under the Mauritian flag as at end-May 2014 together accounting for a total of GRT 192,302. Mauritius' merchant fleet consists of 2 oil tankers; 1 general cargo ship and 20 other types of vessel.

4.4.3.2 Air transport

4.110. Mauritius has one international airport (the Sir Seewoosagar Ramgoolam (SSR) International Airport) and one domestic airport, the Sir Gaetan Duval Airport, located on the Island

⁷⁴ UNCTAD (2013).

⁷⁵ UNCTAD's Liner Shipping Connectivity Index is intended to capture how well countries are connected to global shipping networks, based on five components. The maximum value is 100. For more information on how the index is calculated, see: <http://data.worldbank.org/indicator/IS.SHP.GCNW.XQ>.

⁷⁶ The Merchant Shipping Act 2007. Viewed at: www.gov.mu/portal/goc/shipping/file/leg_1.pdf.

⁷⁷ The authorities noted that, fiscal exemptions fall under the Income Tax Act or other Ministry of Finance-related legislation.

⁷⁸ As per the first schedule of the Ports (Fees) Regulations 2008.

of Rodrigues. In 2013, there were a total of 2,783,792 passenger movements within, to, and from, Mauritius. Following a slight dip in 2009, passenger transport has grown year-on-year (Table 4.12). Demand for air transport is driven by tourism.

Table 4.12 Air transport passenger statistics, 2008-13

	2008	2009	2010	2011	2012	2013
Domestic	94,451	90,391	102,613	116,084	123,170	125,989
International	2,515,354	2,291,419	2,485,652	2,550,307	2,567,699	2,657,803
Total	2,609,805	2,381,810	2,588,265	2,666,391	2,690,869	2,783,792

Source: Airports of Mauritius Co. Ltd. Viewed at: http://aml.mru.aero/index.php?option=com_content&view=article&id=26&Itemid=42.

4.111. As set out in the 2014 Budget Speech, Mauritius intends to promote the development of an Aviation Hub as part of its "Build Mauritius" Plan, hoping, *inter alia*, to capitalize on the rapid growth in travel between Asia and Africa. The Government will develop a Masterplan by December 2014 which will focus on four segments: (a) a passenger hub; (b) a cargo hub; (c) a regional training centre for maintenance technicians and eventually pilots; and (d) a centre for maintenance, repairs, and overhaul (MRO) for aircraft.⁷⁹ Other projects in the pipeline include the construction of two additional aircraft parking stands, capable of accommodating new large aircraft; new road access to the airport; a new control tower; and infrastructure facilities in connection with the cargo hub.

4.112. Mauritius has one national carrier, Air Mauritius which operates a fleet of 12 aircraft and services 20 destinations directly as well as codeshare destinations in Australia, Asia, Africa, the Indian Ocean, and Europe. Rodrigues is a domestic route currently served by Air Mauritius, which offers 2 base daily flights with additional frequencies during peak periods. Fourteen other airlines provide direct scheduled air passenger transport services to around 30 destinations.⁸⁰ Air Mauritius is an important player in the transport of international passengers and cargo, and has around a 50% market share for passenger traffic. Tariffs for international air transport are set by air companies; approval is not required, in line with recent liberalization trends since 2005. Air Mauritius normally consults with the relevant authorities (the External Communications Division and the Rodrigues Division of the Prime Minister's Office, who in turn consults with relevant stakeholders) on domestic fares, given the social nature of the service. Mauritius does not grant cabotage rights and this is reflected in the air services agreements between Mauritius and various countries. The authorities noted that recent air services agreements allow carriers to operate flights to Rodrigues.

4.113. Air Mauritius is quoted on the Stock Exchange of Mauritius and its shares are held by Air Mauritius Holding Ltd (51% of voting rights); the Government of Mauritius (8.4%); the State Investment Corporation Ltd. (4.5%); Rogers and Company Ltd. (4.3%); Compagnie Nationale Air France (2.8%); Air India (2.6%); National Pension Fund (2.0%) and other investors (24.4%).⁸¹ The Mauritian Government directly owns 43.83% in Air Mauritius Holding Company Ltd. plus an additional 18.02% through its investment arm (the State Investment Corporation Ltd.) in the Air Mauritius Holding Company. The authorities indicated that the Government has no plans to divest itself of its shares in Air Mauritius.

4.114. Mauritius began to implement a gradual air access liberalization policy in 2005. There has been a shift from single/dual designation to multiple designation regimes in Mauritius' bilateral ASAs. Nearly half of Mauritius' 40 bilateral ASAs in force provide for fifth freedom traffic rights. Mauritius has also been moving away from its policy of only allowing scheduled flights. It is open to allowing, on a case-by-case basis, charter and special flights on routes that are not being served by airlines operating scheduled air services.

4.115. The SSR-International Airport is owned and operated by Airports of Mauritius Co. Ltd., a public company in which the Government is the major shareholder. Management of the Sir Gaetan Duval Airport is undertaken by Airport of Rodrigues Ltd., a public company. Key infrastructural

⁷⁹ Budget Speech 2014. Viewed at: <http://mof.gov.mu/English/Documents/Budget2014/BudgetSpeech2014.pdf>.

⁸⁰ Airports of Mauritius Co. Ltd. Viewed at: http://aml.mru.aero/index.php?option=com_content&view=article&id=27&Itemid=45.

⁸¹ Air Mauritius (2013).

developments over the review period have been the opening of a new passenger terminal at the SSR-International Airport, the expansion of the cargo and freeport facilities at the airport and the opening of a new airport hotel.

4.116. Ground handling services are provided by Air Mauritius and Ground2Air (a national company) at the SSR-International Airport and by Air Mauritius at the Sir Gaetan Duval Airport.

4.4.4 Tourism

4.117. The Tourism Authority and the Tourism Promotion Authority (MTPA), both under the overall responsibility of the Ministry of Tourism and Leisure, remain responsible for tourism in Mauritius. The Tourism Authority is charged with promoting the sustainable development of the tourism industry, establishing codes of practice and standards, and monitoring compliance. It also is responsible for licensing all tourist establishments and various other tourism-related activities.⁸² The MTPA is in charge of promoting Mauritius abroad; it conducts advertising and promotional campaigns and participates in tourism fairs. The Government has an equity stake in a number of hotels through the State Investment Corporation (see section 3.3.3).

4.118. Mauritius' tourism subsector (accommodation and food services activities) contributed 6.1% to GDP in 2013, and provided direct employment to 28,400 persons.⁸³ In the same year, these activities accounted for 3.3% of total FDI. Mauritius is ranked 58th out of 140 countries in the World Economic Forum's *2013 Travel and Tourism Competitiveness Report* and is the second highest ranked economy in Africa, after the Seychelles.⁸⁴

4.119. In 2013, 993,106 tourists visited Mauritius (up from 778,276 in 2006). Most tourist arrivals were from Europe, with France remaining the leading source (around one quarter of all tourist arrivals). Growth from the Chinese market has been particularly strong, with tourist arrivals doubling over 2012-13 (to nearly 42,000).⁸⁵ Holiday travel dominates visitor arrivals, with the average tourist staying around 10 nights. December and January are the peak months for tourist arrivals, and lowest demand is in June. In order to increase off-peak arrivals, the MTPA is targeting Russia, India, South Africa, Reunion Island, Middle East countries and Australia.

4.120. As at end-March 2013, Mauritius had 118 registered hotels (of which 117 were in operation and 1 was under renovation). The total number of rooms in the 117 hotels was 12,676, with 25,887 beds (up from 98 registered hotels in 2006, with 10,666 rooms and 21,403 beds).⁸⁶

4.121. Mauritius' tourism policy is to promote Mauritius as a premium destination. A Tourism Sector Strategy Report (2009-2015), released in June 2009, contains a target of 2 million tourist arrivals by 2015, which would require minimum annual growth of 10%. However, the authorities have since lowered their expectations, as the number of estimated tourist arrivals in 2013 was around 990,000. The report identifies various challenges facing tourism development in Mauritius and proposes a 50-point action plan.⁸⁷

⁸² These other activities are: hawking on beaches facing hotels or in tourist sites; helmet diving; karting; operating aquarium for public viewing; beauty parlour (including hairdressing) or spa within hotel premises; eco-tourism activities, golf courses, non-motorized water sports (pedaloos, canoes, kayaks, and laser), boat houses, pleasure craft for commercial purpose (other than by a pleasure craft licence), or cable cars; rental agencies for jet skis, kite surfers, paragliders, windsurfers, bicycles, quads, motorcycles, cars, and buses (including minibuses); travel agencies; scuba diving; and tour operators or tourist guides (including guides employed by a tour operator).

⁸³ Employment data for the tourism sector obtained from the "Survey of Employment and Earnings" relates to employment in restaurants, hotels, and travel and tourism establishments with 10 or more workers. Viewed at: <http://statsmauritius.gov.mu/English/Documents/1089/International%20Travel%20and%20Tourism%20Year%202013.pdf>.

⁸⁴ World Economic Forum (2013b).

⁸⁵ Statistics Mauritius online information. Viewed at: <http://statsmauritius.gov.mu/English/Publications/Pages/International-TravelTourism-2013.aspx>.

⁸⁶ Statistics Mauritius online information, "International Travel and Tourism Statistics for the 1st quarter of 2013". Viewed at: <http://statsmauritius.gov.mu>.

⁸⁷ Challenges identified in the strategy include: lack of availability of land, infrastructure constraints (notably waste disposal and roads); challenges in maintaining service quality; constraints in the availability of trained personnel; environmental limits to growth; seasonality and a dependence on winter sun tourists from

4.122. The Government has revisited its policy regarding investment by non-citizens in tourism-related activities. There is no restriction on FDI in hotels and restaurants, subject to certain conditions (Table 4.13). To enable the signature of a bilateral investment treaty (BIT) with the United States, Cabinet agreed in May 2012 to remove restrictions on foreign investment in car rental, travel agency, and tour operator services. Investment in the pleasure craft sector is authorized subject to an initial amount of MUR 10 million being invested and the project proposal being innovative.

Table 4.13 Foreign investment policy in the tourism sector, 2014

Activity	Conditions applied
Hotels	No FDI restriction, provided the project proposal brings added value to the tourism project and meets quality tourism objectives in line with Mauritius' Hotel Development Strategy
Restaurants	Proposals for new restaurants are approved on their own merits. Consideration is, <i>inter alia</i> , given to the added value of the proposed project in terms of innovation, new cuisines, filling-in of gaps in the tourism product portfolio, investment and quality standards. FDI in existing restaurants is authorized only if the existing establishment is upgraded by major renovation or refurbishment works
Tour operator and travel agency services	None, except the project proposal must meet the licensing requirements
Car rental	None, except the project proposal must meet the licensing requirements
Pleasure craft	Foreign investment is authorized only if the minimum initial amount of the investment is MUR 10 million and the project proposal is innovative
Diving centres	Foreign shareholding of up to 30% is authorized in diving centres (since August 2006)

Source: Information provided by the authorities.

4.123. A passenger fee of MUR 1,400 is levied on every passenger aged 12 and above leaving Mauritius by air (for children under 12 it is MUR 700). It is not applied to passengers whose journey originates in Mauritius; and as such is levied on tourists visiting Mauritius and not on Mauritian residents. A solidarity levy of 0.85% on the turnover of hotels, hotel management, and tour operators was abolished in January 2009.

4.124. Two incentive schemes benefit the tourism subsector: the Integrated Resort Scheme (IRS), introduced in 2002 to encourage the purchase of luxury villas by non-residents; and the Real Estate Scheme (RES) introduced in 2007, to create opportunities for small landowners to participate in real estate development. Under the IRS non-citizens are allowed to purchase a residential property on land over 10 hectares. A social contribution of MUR 200,000 per residential property is invested by the developer in social programmes. These schemes have led to considerable flows of FDI (see Chapter 1, Table 1.4). The RES allows the development of residential units on land of at least one arpent but not exceeding 10 hectares. The units can be sold to non-citizens.

4.125. Under the Invest Hotel Scheme, a Mauritian citizen or a non-citizen may acquire a unit (a room) within a hotel as an investment and lease the room back to the hotel. Non-citizens may stay in the room for up to 45 days annually free of charge. Any stay above the 45 days is charged by the hotel.

4.126. A summary of Mauritius' GATS commitments on tourism services is provided in the Secretariat report for Mauritius' previous Review.⁸⁸

Europe; insufficient coherence in policy delivery; the strength of hotel/resort branding as against that for Mauritius as a whole; weaknesses in the informal sector; and community involvement in tourism and overall social acceptance of the sector.

⁸⁸ WTO document WT/TPR/S/198/Rev.1, 11 June 2008, and WTO document GATS/SC/55, Mauritius: Schedule of Specific Commitments, 15 April 1994.

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5 APPENDIX TABLES

Table A1. 1 Merchandise exports by product group, including re-exports, 2007-13

(US\$ million and %)

	2007	2008	2009	2010	2011	2012	2013
Total (US\$ million)	2,229	2,402	1,766	1,850	2,255	2,258	2,345
	(%)						
Total primary products	30.0	29.6	35.7	39.3	35.6	37.7	40.5
Agriculture	29.2	28.7	35.1	38.1	34.4	36.8	39.9
Food	28.6	28.1	34.1	37.0	33.5	36.1	38.9
0371 Fish, prepared, preserved, n.e.s.	8.9	9.1	12.5	13.5	12.3	15.3	16.0
061 Sugars, molasses, honey	13.4	12.3	12.7	14.4	13.5	12.0	13.4
0612 Other beet, cane and chemically pure sucrose, solid form	0.0	0.0	0.0	1.8	9.7	7.8	9.3
0611 Sugars, beet/cane, raw, solid, no added flavour/colour	13.3	12.1	12.2	11.8	3.6	3.8	3.9
0342 Fish, frozen (excluding fillets and minced fish)	2.7	2.5	3.3	3.7	2.2	2.9	3.5
Agricultural raw material	0.5	0.6	0.9	1.0	0.9	0.7	1.0
Mining	0.9	0.9	0.7	1.2	1.1	0.9	0.7
Ores and other minerals	0.7	0.8	0.6	0.8	0.9	0.7	0.6
Non-ferrous metals	0.0	0.0	0.0	0.1	0.1	0.2	0.1
Fuels	0.1	0.0	0.0	0.4	0.1	0.1	0.0
Manufactures	61.8	57.3	64.2	60.5	64.0	61.8	59.1
Iron and steel	0.4	0.6	0.7	0.5	0.6	0.5	0.4
Chemicals	1.9	2.7	3.5	3.6	3.4	3.4	3.4
5429 Medicaments, n.e.s.	0.7	0.9	1.2	1.7	1.3	1.4	1.2
Other semi-manufactures	3.8	3.7	4.5	5.2	4.3	4.7	5.0
6672 Diamonds (excl. industrial, sorted) not mounted/set	1.8	1.6	1.7	2.6	2.4	2.7	3.5
Machinery and transport equipment	5.8	5.5	2.3	2.9	2.2	3.6	4.9
Power generating machines	0.0	0.0	0.0	0.0	0.0	0.3	0.1
Other non-electrical machinery	0.6	0.8	0.6	0.9	0.7	1.1	0.8
Agricultural machinery and tractors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Office machines & telecommunication equipment	4.1	3.8	0.7	1.1	0.5	0.8	2.9
7643 Radio or television transmission apparatus	3.8	3.4	0.2	0.4	0.2	0.2	2.3
Other electrical machines	0.4	0.4	0.5	0.5	0.5	1.1	0.6
Automotive products	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other transport equipment	0.6	0.3	0.3	0.3	0.4	0.3	0.3
Textiles	3.9	3.3	3.9	4.0	5.0	4.3	4.8
6511 Yarn of wool or animal hair (excluding wool tops)	1.0	0.8	0.9	0.7	0.9	0.7	0.9
6551 Pile fabric, knitted or crocheted, coated, covered, or laminated	0.4	0.4	0.4	0.4	0.4	0.5	0.8
6523 Other fabrics of 85% finished cotton <200g/m2	0.7	0.7	0.5	0.6	0.9	0.7	0.8
Clothing	39.8	35.2	41.6	35.6	39.6	36.4	32.5
8454 T-shirts, singlets and other vests, knitted or crocheted	18.1	15.2	17.2	12.7	16.1	11.4	8.9
8415 Shirts	5.9	5.2	6.1	6.5	6.4	6.7	7.2
8414 Trousers, bib and brace overalls, breeches and shorts	3.3	3.4	4.5	4.0	4.2	4.9	4.4
8453 Jerseys, pullovers, cardigans, etc., knitted/crocheted	3.1	2.7	3.3	2.4	2.7	3.7	3.0
8442 Suits, ensembles, jackets, dresses, etc.	1.0	1.1	1.7	1.8	2.1	2.4	2.5
8437 Shirts, mens boys, knitted or crocheted	3.2	2.3	2.2	1.5	1.7	2.0	1.7
8426 Trousers, breeches, etc., women's/girls', not knitted/crocheted	1.0	1.2	1.9	1.9	1.6	1.4	1.4
Other consumer goods	6.2	6.2	7.7	8.8	8.7	8.9	8.1
8973 Jewellery of gold, silver or platinum metals (except watches)	1.2	1.3	1.9	2.8	2.4	2.4	2.0
8722 Instruments used in medical, surgical or veterinary sciences	0.2	0.3	0.7	0.7	0.8	0.9	1.0
8859 Time measuring equipment and accessories, n.e.s.	0.8	0.9	0.6	0.7	1.1	1.1	1.0
Other	8.1	13.2	0.1	0.2	0.5	0.5	0.4

Source: UNSD Comtrade database, SITC Rev.3.

Table A1. 2 Merchandise exports by destinations, including re-exports, 2007-13

(US\$ million and %)

	2007	2008	2009	2010	2011	2012	2013
Total (US\$ million)	2,229	2,402	1,766	1,850	2,255	2,258	2,345
America	7.4	6.4	9.0	11.5	11.1	10.9	10.7
United States	6.9	5.8	8.2	10.9	10.5	10.1	10.1
Other America	0.5	0.6	0.8	0.6	0.6	0.8	0.7
Europe	65.8	62.0	70.7	66.1	65.2	60.5	58.4
EU(28)	64.4	60.5	69.1	64.0	63.2	58.8	57.0
United Kingdom	31.2	29.5	27.2	23.7	21.3	18.8	16.6
France	15.5	14.7	20.7	16.2	17.4	16.0	14.7
Italy	5.1	4.0	5.5	7.5	8.1	6.6	9.0
Spain	2.9	2.9	4.5	7.0	7.1	7.9	5.8
Belgium	3.0	2.9	2.6	2.3	2.2	2.9	3.1
The Netherlands	1.6	1.2	1.5	1.4	1.6	1.8	2.5
Germany	2.4	2.5	2.4	2.0	2.1	1.8	1.5
Portugal	1.0	1.1	2.5	0.5	0.3	0.4	0.6
EFTA	1.2	1.4	1.4	1.9	1.8	1.4	1.1
Switzerland	1.2	1.4	1.3	1.8	1.8	1.4	1.1
Other Europe	0.2	0.1	0.2	0.2	0.2	0.3	0.2
Commonwealth of Independent States (CIS)	0.1	0.1	0.2	0.3	0.3	0.3	0.3
Africa	11.2	11.5	14.6	13.8	17.3	20.4	18.3
South Africa	2.9	3.1	4.5	4.5	7.7	9.8	8.4
Madagascar	5.6	5.1	6.4	5.5	6.2	6.9	6.3
Seychelles	0.8	1.1	1.6	1.1	1.3	1.3	1.3
Middle East	3.6	2.7	0.6	1.1	0.7	0.9	1.9
United Arab Emirates	3.5	2.7	0.3	0.8	0.5	0.7	1.4
Asia	4.0	4.2	5.0	7.2	5.3	7.1	10.5
China	0.2	0.4	0.4	0.4	0.3	0.4	0.6
Japan	0.4	0.4	0.6	1.1	0.6	1.6	1.1
Six East Asian Traders	1.9	1.7	2.3	3.3	2.3	2.6	4.7
Hong Kong, China	0.4	0.2	0.4	0.4	0.3	0.3	1.5
Chinese Taipei	0.4	0.1	0.4	0.4	0.6	0.7	1.3
Singapore	0.4	0.4	0.6	0.7	0.7	0.8	0.9
Thailand	0.3	0.6	0.4	0.8	0.3	0.3	0.5
Other Asia	1.4	1.7	1.7	2.4	2.2	2.5	4.1
Viet Nam	0.1	0.1	0.1	0.1	0.2	0.8	2.1
India	0.5	0.7	0.6	0.9	0.7	0.8	0.8
Bangladesh	0.1	0.1	0.1	0.1	0.2	0.3	0.6
Other	7.9	13.1	0.0	0.0	0.0	0.0	0.0

Source: UNSD Comtrade database.

Table A1. 3 Merchandise imports by product group, 2007-13

(US\$ million and %)

	2007	2008	2009	2010	2011	2012	2013
Total (US\$ million)	3,901	4,670	3,725	4,402	5,159	5,772	5,398
	(%)						
Total primary products	40.7	45.9	40.7	43.4	46.9	45.5	47.0
Agriculture	21.3	23.5	23.9	23.1	24.2	23.5	24.2
Food	18.8	20.9	21.6	21.0	21.2	21.5	22.0
0342 Fish, frozen (excluding fillets and minced fish)	5.0	5.7	5.1	5.0	5.4	5.8	6.2
1222 Cigarettes containing tobacco	0.5	0.9	1.0	1.1	1.0	1.1	1.2
0222 Milk concentrated or sweetened	1.4	1.5	1.3	1.5	1.4	1.3	1.2
0412 Other wheat (including spelt) and meslin, unmilled	1.3	1.1	1.2	1.1	0.8	0.9	1.2
0423 Rice, milled, semi-milled	0.9	1.3	1.4	1.3	1.0	0.8	1.0
0989 Food preparations, n.e.s.	0.8	0.7	0.9	0.8	0.8	0.7	0.8
Agricultural raw material	2.5	2.6	2.4	2.2	3.0	2.0	2.2
2631 Cotton (other than linters), not carded or combed	0.9	1.2	0.9	0.8	1.5	0.8	0.8
Mining	19.5	22.4	16.8	20.2	22.7	22.1	22.8
Ores and other minerals	0.2	0.2	0.3	0.2	0.3	0.3	0.3
Non-ferrous metals	0.9	0.8	0.8	0.8	0.8	0.9	0.8
Fuels	18.3	21.4	15.7	19.2	21.6	20.9	21.7
3212 Other coal, whether or pulverized, not agglomerated	1.3	1.6	1.5	1.7	1.8	1.6	1.3
3425 Butanes, liquefied	1.2	1.4	1.1	1.2	1.3	1.3	1.3
Manufactures	57.6	53.9	59.0	56.1	52.7	54.0	52.6
Iron and steel	2.6	2.8	2.3	2.6	2.3	2.2	2.0
Chemicals	7.8	7.9	9.0	9.2	8.2	7.8	7.8
5429 Medicaments, n.e.s.	1.5	1.6	2.2	2.6	1.7	1.7	1.6
Other semi-manufactures	9.4	9.6	9.5	9.8	10.0	10.2	9.6
6672 Diamonds (excl. industrial, sorted) not mounted/set	1.1	0.8	0.9	1.2	1.2	1.2	1.6
6612 Portland cement and similar hydraulic cements	1.2	1.8	1.3	1.1	0.9	1.1	1.1
Machinery and transport equipment	22.7	19.8	23.4	20.2	18.0	20.5	19.7
Power generating machines	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other non-electrical machinery	6.8	5.0	6.3	5.1	4.6	4.9	4.5
Agricultural machinery and tractors	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Office machines & telecommunication equipment	5.7	5.4	5.2	5.1	4.4	5.1	5.7
7643 Radio or television transmission apparatus	2.9	2.0	0.9	0.9	0.7	0.7	1.6
Other electrical machines	2.5	2.9	3.1	3.0	2.6	3.2	2.6
Automotive products	4.2	4.6	4.4	4.9	4.7	5.2	4.6
7812 Motor vehicles for the transport of persons, n.e.s.	2.4	2.7	2.6	2.8	2.7	3.2	3.1
7821 Goods vehicles	0.9	1.0	0.9	1.1	0.9	1.0	0.7
Other transport equipment	3.1	1.5	4.0	1.7	1.4	1.7	2.0
7932 Ships, boats, etc. (excl. pleasure craft, tugs, etc.)	0.0	0.5	0.1	0.0	0.1	0.0	1.0
Textiles	7.4	5.7	5.4	5.4	5.5	4.7	5.0
6523 Other fabrics of 85% finished cotton <200g/m2	1.3	1.3	1.3	1.3	1.3	1.3	1.4
6513 Cotton yarn, excluding thread	2.4	1.3	1.2	1.3	1.4	0.9	0.9
Clothing	1.1	1.2	1.3	1.4	1.5	1.5	1.5
Other consumer goods	6.6	6.9	8.0	7.6	7.2	7.1	7.1
8973 Jewellery of gold, silver or platinum metals (except watches)	0.5	0.5	0.8	1.0	0.9	0.8	0.7
Other	1.7	0.2	0.3	0.5	0.3	0.5	0.4

Source: UNSD Comtrade database, SITC Rev.3.

Table A1. 4 Merchandise imports by origins, 2007-13

(US\$ million and %)

	2007	2008	2009	2010	2011	2012	2013
Total (US\$ million)	3,901	4,670	3,725	4,402	5,159	5,772	5,398
	(%)						
America	4.2	5.2	5.0	4.9	5.2	5.3	4.3
United States	2.3	2.4	2.2	2.4	1.9	2.1	1.5
Other America	1.9	2.8	2.8	2.5	3.2	3.2	2.8
Argentina	1.2	1.6	1.5	1.4	1.7	1.4	1.3
Europe	29.3	23.9	28.4	25.0	25.7	24.1	24.1
EU(28)	27.1	22.1	26.6	22.9	23.6	22.4	22.3
France	10.7	7.8	11.8	8.8	9.0	8.3	8.2
Spain	2.6	2.8	2.4	2.7	3.0	3.3	4.0
Germany	2.7	2.2	2.6	2.4	2.4	2.4	2.5
Italy	2.7	2.5	2.3	2.2	2.1	1.9	2.2
United Kingdom	3.0	2.3	2.5	2.2	2.3	2.0	2.1
EFTA	1.7	1.1	1.0	1.0	1.1	0.9	1.0
Switzerland	1.7	1.1	0.9	1.0	1.1	0.9	0.9
Other Europe	0.5	0.7	0.9	1.1	1.0	0.8	0.9
Turkey	0.5	0.7	0.8	1.1	1.0	0.8	0.9
Commonwealth of Independent States (CIS)	0.0	0.2	0.2	0.2	0.2	0.2	0.2
Africa	11.5	12.7	12.4	12.4	11.4	10.6	10.6
South Africa	7.4	8.1	8.6	8.4	7.1	6.5	6.2
Seychelles	1.0	0.4	0.1	0.3	0.1	0.3	0.9
Middle East	2.8	1.4	1.8	1.5	1.8	2.1	2.1
United Arab Emirates	1.2	0.4	0.7	0.9	1.3	1.7	1.7
Asia	52.2	56.5	52.3	56.0	55.8	57.7	58.6
China	11.4	11.5	12.6	13.3	14.0	16.1	14.7
Japan	3.6	4.1	3.2	3.3	2.5	2.6	2.4
Six East Asian Traders	8.9	9.2	9.4	8.9	8.5	9.8	9.3
Malaysia	2.6	2.6	2.9	2.6	2.2	2.6	2.4
Thailand	1.8	2.4	2.6	2.3	2.2	2.0	2.1
Korea, Rep. of	1.4	1.6	1.2	1.2	1.5	1.6	1.9
Chinese Taipei	1.6	1.4	1.3	1.7	1.6	2.0	1.9
Other Asia	28.4	31.8	27.1	30.4	30.7	29.1	32.3
India	21.2	23.9	18.9	22.3	23.4	22.5	24.2
Australia	2.3	2.4	2.8	3.1	2.6	2.2	2.6
Indonesia	2.3	2.3	2.5	2.2	2.0	1.7	1.7
Viet Nam	0.1	0.2	0.6	0.2	0.2	0.3	1.6
New Zealand	1.1	1.1	1.1	1.2	1.5	1.6	1.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: UNSD Comtrade database.

Table A2. 1 Summary of the institutional framework of Mauritius

Executive	<p>President: Head of State and Commander-in-Chief of the Republic. Elected by the National Assembly for a five-year term (eligible for re-election with no limit).</p> <p>Prime Minister: appointed by the President as the Member of the National Assembly deemed best able to command the support of its majority.</p> <p>Cabinet: consists of Prime Minister, Deputy Prime Minister and other Ministers. Deputy Prime Minister and other Ministers are appointed by the President on the advice of the Prime Minister.</p>
Legislature	<p>National Assembly: 70 Members, 62 of which are elected by universal adult suffrage and up to 8 are appointed by the Electoral Supervisory Commission.</p>
Judiciary	<p>The Supreme Court: is the highest judicial authority. It has unlimited original jurisdiction in civil and criminal matters and has appellate, equitable and constitutional jurisdiction. In its original jurisdiction, it consists of a Criminal Division, a general Civil Division, a Commercial Division, a Family Division and Mediation Division. In its appellate jurisdiction, it consists of the Court of Civil Appeal and the Court of Criminal Appeal. The Industrial Court has exclusive criminal and civil jurisdiction to try any matter relating to industrial relations.</p> <p>The Intermediate Court has both original and criminal and civil jurisdiction. Its criminal jurisdiction encompasses all offences triable by a District Court as well as more serious offences, to the exclusion of murder, manslaughter and drug dealing with an averment of trafficking. In its civil jurisdiction it can entertain claims up to MUR 500,000.</p> <p>The District Courts sit in Mauritius' 9 districts; they have original criminal jurisdiction for offences that are punishable by a maximum term of imprisonment of 2 years or a maximum fine of MUR 10,000 or both. They also have original jurisdiction to entertain claims of up to MUR 50,000.</p> <p>The Court of Rodrigues has jurisdiction over the island of Rodrigues and has the same original jurisdiction as a District Court together with some of the jurisdiction of the Intermediate Court.</p>
Non-judicial complaint-handling bodies	<p>Ad hoc Boards of Assessment: address disputes on the quantum of compensation in compulsory acquisitions of land by the State.</p> <p>Assessment Review Committee: addresses tax appeals</p> <p>Commission for Conciliation and Mediation: acts and a forum for conciliation and mediation in labour disputes.</p> <p>Data Protection Office: addresses complaints relating to processing of personal data.</p> <p>Employment Relations Tribunal: addresses appeals relating to labour disputes and recognition of trade unions by employers.</p> <p>Environment Appeal Tribunal: addresses appeals relating to environmental matters</p> <p>Equal Opportunities Commission: acts as a forum for conciliation in cases of discrimination on the grounds of status and sex.</p> <p>Equal Opportunities Tribunal: addresses complaints in cases of discrimination on the grounds of status and sex where no conciliation is possible before the Equal Opportunities Commission.</p> <p>Fair Rent Tribunal: addresses complaints relating to the fair rent of any premises let after 15 August 1999 or the market rent of business premises let on or before 1 July 2005.</p> <p>Independent Review Panel: addresses complaints relating to the allocation of contracts for the procurement of goods or services by public bodies.</p> <p>ICT Appeal Tribunal: addresses appeals against decisions of the Data Protection Commissioner as well as decisions of the ICT Authority in matters of information and communication technologies.</p> <p>Industrial Property Tribunal: addresses IPR-related appeals</p> <p>Ombudsman: addresses complaints about the exercise of administrative functions by public officers or authorities.</p> <p>Public Bodies Appeal Tribunal: addresses appeals made by public officers or local government officers against any decision of the Public Service Commission or the Local Government Service Commission, as the case may be, pertaining to an appointment exercise or to a disciplinary action.</p> <p>Town and Country Planning Board: addresses appeals against decisions of planning committees in respect of building and land use permits.</p> <p>Valuation Tribunal: addresses appeals relating to the valuation of immovable property for the levying of local rates by a Municipal City Council or a Municipal Town Council.</p>

Source: WTO (2008); and information provided by the authorities.

Table A2. 2 Trade-related legislation, 2014

Sector	Legislation	Latest modification
Investment	Investment Promotion Act 2000	2013
	Business Facilitation (miscellaneous Provisions) Act 2006	None
	Freeport Act 2004	2012
	Business Registration Act 2002	2009
	Immigration Act	2009
	Passports Act	None
	Non-Citizen (Employment Restriction) Act 1975	2007
	Non-Citizen (Property Restriction) Act	2011
	Small and Medium Enterprises Development Authority Act 2009	None
	Freeport Act 2004	2012
	Companies Act 2001	2012
	Protected Cell Companies Act 1999	2012
	Limited Partnerships Act 2011	2012
	Customs procedures and valuation	Customs Act 1988 1988	2013
Customs Tariff Act 1969		2013
Taxes and charges	Value Added Tax Act 1998	2013
	Excise Act 1994 1994	2013
	Mauritius Revenue Authority Act 2004	2014
	Income Tax Act 1995	2013
	Gambling Regulatory Authority Act 2007	2012
Import and export control	Consumer Protection (Prices and Supplies Control) Act 1998	2014
	Dangerous Drugs Act 2000	2007
Trade remedies	Trade (Antidumping and Countervailing Measures) Act 2010	None
SPS and TBT	International System of Units (SI) Act	1991
	Mauritius Standards Bureau Act 1993	1999
	Food Act 1998	2011
	Legal Metrology Act 1985	1994
	Dangerous Chemicals Control Act 2004	None
	Genetically Modified Organisms Act 2003	None
	Plant Protection Act 2006	None
	Animal Diseases Act	1991
	Mauritius Accreditation Service Act 1998	None
	Seeds Act 2013	None
Environment Protection Act 2002	2010	
Government Procurement	Public Procurement Act 2006	2013
Competition	Fair Trading Act 1979	2009
	Competition Act 2007	2012
	Public-Private Partnership (PPP) Act 2004	2008
Intellectual Property	Copyright Act 1997	2000
	Patent, Industrial Designs and Trademarks Act 2002	None
	Layout Designs (Topographies) of Integrated Circuits Act 2002 (not yet in force)	None
	Geographical Indications Act 2002 (not yet in force)	None
	Protection Against Unfair Practices (Industrial Property Rights) Act 2002	None
Agriculture	Sugar Industry Efficiency Act 1988	2013
	Sugar Industry Efficiency (Amendment) Act 2013	None
	Tea Industry Control Act 1975	1997
	Mauritius Cane Industry Authority Act 2011	None
	Mauritius Agricultural Marketing (MAM) Act 1963	None
Fisheries	Fisherman Investment Trust Act 2006	None
	Fisheries and Marine Resources Act 2007	None
Financial services	Banking Act 2004	2013
	Bank of Mauritius Act 2004	2014
	Insurance Act 2005	2012
	Financial Services Act 2007	2012
	Securities Act 2005	2012
Telecommunications and broadcasting	Information and Communications Technologies Act 2001	2011
	Independent Broadcasting Authority Act 2000	2009
Postal services	Postal Services Act 2002	None

Sector	Legislation	Latest modification
Maritime transport	Ports Act 1998	2004
	Merchant Shipping Act 2007	2011
Air transport	Civil Aviation Act 1974	2006
Tourism	Tourism Authority Act 2006	2011
	Mauritius Tourism Promotion Authority Act 1996	None
	Tourism Employees Welfare Fund Act 2002	None
Legal services	Law Practitioners Act	2012
	Mauritius Bar Association Act	2008
	Mauritius Law Society Act	None
	Notaries Act	None
	Law Officers Act	1992
Engineering	Registered Professional Engineers Council Act	None
Accounting & auditing services	Financial Reporting Act 2004	2008

Source: Office of the Attorney General. Viewed at:
<http://attorneygeneral.gov.mu/English/LawsOfMauritius/Pages/default.aspx>.

Table A2. 3 WTO notifications, January 2008 to July 2014

Agreement	Requirement/content	Periodicity	WTO document and date (latest document if recurrent)
Agreement on Agriculture			
Articles 18.2 and 18.3	Domestic support	Annual and <i>ad hoc</i>	G/AG/N/MUS/1, 25 April 2008
Articles 10 and 18.2	Export subsidies	Annual	G/AG/N/MUS/2, 25 April 2008
Agreement on Implementation of Article VI of the GATT 1994 (Anti-dumping)			
Article 16.4/16.5	Anti-dumping actions taken over the past six months / Investigating authority	Biannual/annual	G/ADP/N/193/MUS, 22 December 2009
General Agreement on Tariffs and Trade 1994			
Article XXIV.7	Customs unions and free-trade areas	<i>Ad hoc</i>	WT/REG341/N/1, 31 May 2013 WT/REG307/N/1, 10 February 2012
General Agreement on Trade in Services			
Articles III:4 and IV:2 of the GATS	Enquiry point	Once, then changes	S/ENQ/78/Rev.10, 13 June 2008
Agreement on Import Licensing Procedures			
Article 5	Import licensing procedures	<i>Ad hoc</i>	G/LIC/N/2/MUS/1, 17 March 2008
Article 7.3	Questionnaire	Annual	G/LIC/N/3/MUS/3, 17 March 2008
Agreement on Rules of Origin			
Annex II, paragraph 4	Preferential rules of origin	Once, then changes	G/RO/N/103, 19 September 2013
Agreement on Subsidies and Countervailing Measures			
Article 25.1	Article XVI:1 of the GATT 1994 and Article 25 of the SCM Agreement	Full notification every three years; annual updating	G/SCM/N/220/MUS, 26 September 2011 G/SCM/N/226/MUS, 26 September 2011
Article 27.4	Transition period for the elimination of export subsidies		G/SCM/N/243/MUS, 4 September 2012
Agreement on Technical Barriers to Trade			
Articles 2.9, 2.10, 5.6 and 5.7	Proposed and adopted technical regulations	<i>Ad hoc</i>	G/TBT/N/MUS/3, 23 July 2012
Agreement on Trade-Related Aspects of Intellectual Property Rights			
Article 63.2	Laws and regulations	Once, then changes	IP/N/1/MUS/3, 29 April 2008
Preparatory Committee on Trade Facilitation			
Article 1.4	Notification of Category A commitments	<i>Ad hoc</i>	WT/PCTF/NMUS/1, 8 July 2014

Source: WTO Secretariat.

Table A3. 1 VAT-exempt supplies, 2013

Item
Rice
Wheat; cereal flours (excluding wheat flour)
Bread
Animal or vegetable fats and oils other than ghee produced in Mauritius and edible oils
Butter
Milk and cream (other than sterilised liquid milk), buttermilk, whey, kephir and other fermented or acidified milk and cream; cheese and curd
Food of a kind used for human consumption: (a) fish (excluding fresh, chilled or frozen fish, the produce of Mauritius); (b) meat (excluding meat of poultry), meat offal (excluding offal of poultry); (c) primary agricultural and horticultural produce (including tomatoes, potatoes, onions and other vegetables and fruits, tea, coffee, cocoa beans and nuts) which have not been processed except for reaping, threshing, husking, crushing, winnowing, trimming, drying and packaging to put them into marketable condition and bird's eggs in the shell
Soya bean protein cakes or chunks
Food preparations for infant use put up for retail sale of H.S. Code No. 1901.10
Common salt other than common salt produced in Mauritius
Live animals of a kind generally used as, or yielding or producing, food for human consumption other than live poultry
Unprocessed agricultural and horticultural produce
Medical, hospital and dental services including clinical laboratory services, services provided in a health institution, veterinary services and a residential care home registered with the Ministry responsible for the subject of social security
Invalid carriages of heading No. 87.13; orthopaedic or other appliances or articles of heading No. 90.21
Educational and training services provided by institutions registered with the Mauritius Qualification Authority
Journals and periodicals of heading No. 49.02
Goods re-imported in respect of which no refund under this Act was made on exportation under item Nos. E1 and E2
Goods imported under the transshipment procedure laid down in the Customs Act 1988 under item No. E4
Articles reimported after repairs on proof that they were sent from Mauritius provided that they shall be charged with VAT on the value of the repairs and the customs duty and excise duty chargeable thereon under item No. E6
Bone fide baggage of a passenger under item No. E8
Household and personal effectors of a passenger under item No. E9
Goods imported in the baggage of a passenger under item No. E10
Goods (excluding merchandise for sale, tobacco in any form, wines, spirits, arms and ammunition) imported by post of a value for duty purposes not exceeding 2000 rupees under item No. E11
Sharon shade, green house, shade screens, fertigation pumps, irrigation pumps, drip irrigation and automatic irrigation controller, imported by persons for use in agriculture under item No. E12
The transport of passengers by public service vehicles excluding contract buses for the transport of tourists and contract cars
(a) Charges under a hire purchase agreement or under a finance lease agreement; (b) postal services and services provided by a person holding a Postal Service Licence under the Postal Services Act 2002 in connection with payment of pension and utility bills
Vegetable seeds, fruit and flower seeds, bulbs and plants, used for sowing or planting
Molasses when supplied, either for consideration or otherwise, to planters and bagasse
Herbicides
(a) the renting of fixed telephone lines; (b) charges in respect of internet services provided by an internet service provider of an amount of up to 100 rupees per billing period
Aircraft leasing
Aircrafts of heading No. 88.02
Ships for the transport of persons or goods or both persons and goods falling under heading No. 89.01
Fishing vessels, factory ships and other vessels for processing or preserving fishery products of heading No. 89.02
Works of art, collectors' pieces and antiques of headings Nos. 79.01 to 97.06
Cargo handling services in respect of goods transported by sea or air (a) from or to Mauritius; from or to the Island of Rodrigues; (c) from or to the Outer Islands; or (d) from a place outside Mauritius to another place outside Mauritius
Entrance fees to any event in respect of any sport discipline specified in the Physical Education and Sport (Designation of Sport Disciplines) Regulations 1986
The renting or, or other grant of the right to use, accommodation in a building used predominantly as a place of residence of any person and his family, if the period of accommodation for a continuous term exceeds 90 days
Subject to item 48, the grant, assignment or surrender of any interest in or right over land or of any licence to occupy land

Item
The sale or transfer of an immovable property, a building or part of a building, apartment, flat or tenement - (a) for residential purposes; (b) for any other purposes except land with any building, building or part of a building, apartment, flat or tenement together with any interest in or right over land, sold or transferred by a VAT registered property developer to a VAT registered person
Burial and cremation services and coffins
The following financial services: (a) banking services (other than services supplied by a bank holding a banking licence under the Banking Act 2004 in respect of its banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2011) including (i) services provided by the Bank of Mauritius; and (ii) the issue, transfer or receipt of, or any dealing with, money, any security for money or any note or order for the payment of money, the provision of prescribed Islamic financing arrangement as defined under the Banking Act 2004 and the operation of any current, deposit or savings account, but except (A) services provided to merchants accepting a credit card or debit card as payment for the supply of goods or services (merchant's discount); (B) services in respect of safe deposit lockers, issue and renewal of credit cards and debit cards; and (C) services for keeping and maintaining customers' accounts (other than transactions involving the primary dealer system); (b) services provided by foreign exchange dealers and money changers; (c) the issue, transfer or receipt of, or dealing with any stocks, bonds, shares, debentures and other securities, including the underwriting and the settlement and clearing of such securities; (d) the issue or transfer of ownership of a unit under any unit trust; (e) the management of investment funds and pension funds; (f) the arrangement, provision or transfer of ownership of any contract of insurance or re-insurance under the Insurance Act; (fa) the making of loans between entities within the same group; and (g) such other financial services as may be prescribed
Buses of HS Codes 8702.1011 and 8702.9011 and chassis for buses of HS Code 8706.0011 operated under a road service licence and used for the transportation of the general public
(a) gold compounds of HS Code 2843.30; (b) gold, unwrought or in semi-manufactured forms, or in powder form, or waste and scrap of heading 71.08. (c) chains and similar articles produced in continuous length exceeding 200 centimetres, clasps and parts of silver suitable for use in the manufacture of jewellery of HS code 7113.111; (d) chains and similar articles produced in continuous length exceeding 200 centimetres, clasps and parts of other precious metal suitable for use in the manufacture of jewellery of heading 7113.191; and (e) minted gold bars imported, purchased or offered for sale by the Bank of Mauritius
Blood glucose strip of HS Code 3822.001
Lancets of heading 90.18 and glucometer of HS Code 9027.801
Equipment for medical, surgical and dental uses, of heading 90.18 and of HS Codes 9006.301, 9019.105, 9019.20, 9022.12, 9022.13, 9022.14, 9022.21, 9022.30, 9022.901, 9022.902, 9022.909, 9027.801, 9402.101, 9405.103 and 9405.403
Equipment for medical, surgical and dental uses, of heading 94.03 and of HS Codes 8414.60, 8414.80, 8419.89 and 9011.80, when imported for use in a health situation
Cotton of headings 52.01, 52.02 and 52.03
Pearls, diamonds, stones, silver and platinum including waste and scrap, of headings 71.01, 71.02, 71.03, 71.05, 71.06, 71.10 and 71.12 and of HS codes 7104.20 and 7104.90
Machinery and equipment of headings 84.44 to 84.49 and 84.51 and of HS codes 8452.21, 8452.29, 8452.40 and 8452.90
Emery, natural corundum, natural garnet and other natural abrasives of HS code 2513.20
Preparations for the treatment of textile materials, leather, furskins or other materials of HS Codes 3403.11 and 3403.91.
Printed circuits of heading 85.34 and electronic integrated circuits and micro-assemblies of heading 85.42
Pigs', hogs' or boars' bristles and hair; badger hair and other brush making hair; and waste of such bristles or hair of heading 05.02
Machinery of HS codes 8422.20 to 8422.40
Watch movements of heading 91.08 and HS codes 9110.11 to 9110.19 and watch or clock parts of heading 91.14
Construction of a building or part of a building, flat or tenement (excluding repairs or renovation) to be used for residential purposes, provided that (a) the contract in respect thereof has been entered into; or (b) the letter of intent relating to an Integrated Resort Scheme prescribed under the Investment Promotion Act has been issued prior to 1 October 2006
Anti-smoking chewing gum and anti-smoking patches
Life jackets of HS codes 3926.201, 4015.901 and 6307.20
Parts of footwear of HS Code 64.06
Buckles and shoe lasts
Shoe welt
Colostomy bags and disposable urinary bags
Entrance fees to cinemas, concerts and shows
Cinematographic films, including royalties

Source: Value Added Tax Act 1998 (Consolidated Version with amendments to 1 September 2013), First Schedule. Viewed at: http://mra.gov.mu/download/VATAct_Proclamation_38_2013.pdfhttp://mra.gov.mu/download/VATAct_Proclamation_38_2013.pdf.

Table A3. 2 Zero-rated items under the VAT (Fifth schedule)

Item
Goods exported from Mauritius under Customs control
The following goods (a) wheat flour and wheat bran; (b) edible oils; (c) margarine; (d) sterilised liquid milk, curdled milk and cream; yoghurt; (e) sugar, sugar cane; (f) live poultry, meat of poultry, edible offal of poultry and birds' eggs in the shell; (g) fertilizers; (h) animal feeding stuffs other than prepared pet foods; (i) printed books, booklets, brochures and pamphlets, leaflets and similar printed matter (except directories and reports) of heading No. 49.01 and atlases of HS Code 4905.911; (j) children's picture, drawing or colouring books of heading No. 49.03; (k) music, printed or in manuscript, whether or not bound or illustrated of heading No. 49.04; (l) common salt produced in Mauritius; (m) fish, fresh, chilled or frozen, the produce of Mauritius; (n) ghee produced in Mauritius; (o) Kerosene including kerosene jet type fuel
The transport of passengers and goods by sea or air (a) from or to Mauritius; (b) from or to the Island of Rodrigues; (c) from or to the Outer Islands; or (d) from a place outside Mauritius to another place outside Mauritius
(a) any supply of goods made by an operator of a duty free shop situated at the port or airport; (b) any supply of goods made by an operator of a duty free shop situated at a place other than the port or airport, provided that the goods are delivered, under Customs control, to the visitor at the port or airport
The supply of goods or services, other than those specified in the First Schedule and in section 21(2) provided that the goods and services so supplied are meant wholly and exclusively for the Freeport activities of the licensee whose business premises are located in a Freeport zone
(a) the supply of services to a person who belongs in a country other than Mauritius and who is outside Mauritius at the time the services are performed; and (b) the supply of services (i) by a holder of a management licence under the Financial Services Development Act 2001 to corporations holding a Category 1 Global Business Licence or a Category 2 Global Business Licence; or (ii) by a bank holding a banking licence under the Banking Act 2004 in respect of its banking transactions with non-residents and corporations holding a Global Business Licence under the Financial Services Development Act 2001. <i>For the purposes of para. A, a person belongs in a country other than Mauritius if that person - (i) has no permanent establishment in Mauritius for the carrying on of his business; or (ii) has his place of abode outside Mauritius</i>
(a) electricity supplied by the Central Electricity Board and the renting out of a meter, the reconnecting of electricity supply and the carrying out of infrastructure works, by the Board; (b) water supplied by the Central Water Authority and the renting out of a meter and the carrying out of infrastructure works by the Authority; (c) water for irrigation
Goods and services supply by the Wastewater Management Authority established under the Wastewater Management Authority Act 2000
Aeronautical services provided within an area at the airport, approved by the Director of Civil Aviation in respect of renting spaces, hangarage and handling of aircrafts by an operator holding an investment certificate under the Investment Promotion Act
Dyes, products and preparations, of heading 38.09 and of HS Codes 3204.11 to 3204.17, 3204.19 and 3212.901
Raw hides and skins and leather of headings 41.01 to 41.15
Silk, silk yarn and woven fabrics of silk, of headings 50.02 to 50.07
Wool and other animal hair, yarn and woven fabrics made of wool or other animal hair, of headings 51.01 to 51.13
Cotton sewing thread, yarn and woven fabrics of cotton, of headings 52.04 to 52.12.
Vegetable fibres, yarn and woven fabrics of vegetable fibres, of headings 53.01 to 55.16
Wadding and nonwovens, of heading 56.03 and of HS Codes 5601.211, 5601.221, and 5601.291
Rubber thread and cord, yarn and strip and the like, of headings 56.04, 56.05 and 56.06
Fabric of headings 58.01 to 58.04, 58.06, 58.09, 59.03, 59.06, 60.01 and 60.06 and of HS Code 5907.001
Labels, embroidery in the piece and the like, of headings 58.07, 58.08, 58.20 and 58.11 and of HS Code 6307.902
Buttons and press-fasteners, snap-fasteners and press studs, button moulds and other parts of these articles; button blanks, of heading 96.06
Slide fasteners and parts thereof, of heading 96.07
Dyeing services
Soluble chemicals being potassium nitrate of HS Code 2834.32, mono potassium phosphate of HS Code of 2835.24 and magnesium sulphate of HS Code 2833.21
Antibiotics of heading No. 29.41
Pharmaceutical products of heading No's 30.01 to 30.06
Construction of semi-industrial fishing vessels during the period from 1 January to 31 December 2012

Source: Value Added Tax Act 1998 (Consolidated Version with amendments to 1 September 2013), Fifth Schedule. Viewed at: http://mra.gov.mu/download/VATAct_Proclamation_38_2013.pdfhttp://mra.gov.mu/download/VATAct_Proclamation_38_2013.pdf

Table A3. 3 Import prohibitions, 2014

Product	Rationale for prohibition
Ball valve bottles	Life security
Explosive caps for toy pistols and guns containing a mixture of potassium chlorate and red phosphorus	Life security
Fire crackers of a type commonly known as "pétards rapés"	Life security
White phosphorous matches	Life security
Motor vehicle rubber tyres which, have been remoulded, recapped or regrooved	Life security and prevention of deceptive practices
Kerosene stoves of a type commonly known as "lampes vertes" and parts thereof	Life security
Ivory and Tortoise Shell	Conservation of endangered species
Underwater fishing guns	Environmental protection
Sugar and chocolate confectionary and bubble/chewing gum in the form of cigarettes	Protection of children's morals
Second-hand motor vehicle spare parts and accessories as follows: Tubes and wheels; Macpherson strut assembly; Injector nozzles; Chassis and parts thereof; Brake linings; Clutch nut and parts thereof; Filters; Hoses; Engine mountings; Belts; Oil seals; Ball joints; Bearings; Shock absorbers; Coil spring, leaf spring and torsion bar; Body shells of motor-cars or any parts of motor-cars originally welded by the manufacturer to their structured body shells or chassis; and Jacks.	Life security and prevention of deceptive practices
Toy motor-cyclists' helmets	Life security and prevention of deceptive practices
"Roll your own cigarettes" papers imported under H.S Code No. 48.13	Protection of public morals
Electric Water Heater with bare element and parts and accessories thereof.	Life security
Portable electric lamps commonly known as laser penlights/torches of 1 MW (milliwatt) or more	Life security
Toy pistols and guns with projectiles	Life security
Containers performing the function of "Aerosols" using C.F.C's (Chlorofluorocarbons) as propellant with contents other than pharmaceutical products and aerosols spray containing benzene.	Protection of life
The following items containing C.F.C's (Chlorofluorocarbons) and HCFCs (Hydrochlorofluorocarbons) as refrigerant or blowing agent: refrigerators, freezers, refrigerating cabinets, showcases, counters and other refrigerating or freezing furnitures, chilling units, coolers, airconditioners (including motor vehicle airconditioners), automatic beverage-vending machines, incorporating refrigerating devices, cold-room equipment, refrigerated transport vehicles, refrigerator insulation, freezer insulation, foam packings, dehumidifiers, fishing boat refrigeration equipment, and styrofoam	Protection of environment
Crocidolite(Blue Asbestos) and its products	Protection of life
Polybrominated Diphenyls(PBB) and its products; Polychlorinated Diphenyls(PCB) and its products; Polychlorinated Terphenyls (PCT) and its products and Tris (2,3 – Dibromopropyl) Phosphate and its products	Life security
PVC teethers and teething rings	Protection of life
Rolling machines (other than rolling machines of industrial types) used to manufacture cigarettes	Life security
All round logs and timber products from Liberia	United Nations General Assembly Resolution
Bull Bar	Life security
Asbestos fibres as follows: Actinolite; Anthophyllite; Amosite; Tremolite	Health hazard
Toy known as "Yoyo water ball"	Health hazard
Any jelly confectionery including jelly mini cups or mini capsules which are intended for human consumption and contain E425 (konjac), including konjac gum or konjac glucomannane)	Health hazard
Any jelly mini cup or any jelly mini capsule which is intended for human consumption and which contains food additives E400, E401, E402, E403, E404, E405, E406, E407, E407a, E410, E412, E413, E414, E415, E417 and E418	Health hazard
Batteries containing mercury	Environmental protection
Cosmetic products containing Vitamin K1 (Phytonadione)	Health hazard
Fishing hook of small size	Protection of marine fauna

Note: "Life security" refers to protection from life threatening hazards. "Protection of life" refers to prevention of threats to life.

Source: Government Notice No. 135 of 1999 (consolidated as at 3 January 2014). Viewed at: http://commerce.gov.mu/English/Legislations/Documents/GN%20135_%202014.pdf.

Table A3. 4 Import permit requirements under the Consumer Protection (Control of Imports) Regulations

HS code	Items
10.06	Rice
11.01	Wheat or meslin flour
2523.21; 2523.29	Portland cement
27.09	Petroleum oils and oils obtained from bituminous minerals crude
27.10	Petroleum oils and oils obtained from bituminous minerals other than crude oil, white spirit, lubricating oil and greases
3604.10	Fireworks (including fireworks commonly known as pétards)
3811.90	Potassium based additive
3917.31; 4009.11; 4009.12	Tubes and hoses (other than tubes and hoses consisting of a metal reinforcement) for connecting liquefied petroleum gas (LPG) cylinders to domestic gas appliances
6506.101	Motor cyclists' helmets (crash helmets)
7102.10; 7102.21; 7102.31	Rough diamonds
71.08	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form
7112.10	Waste and scrap of gold including metal clad with gold but excluding sweepings containing other precious metals
8407.2100	Outboard motors (above 15HP)
84.81; 90.26; 90.32	Low pressure, non-adjustable regulators for use with butane and liquefied petroleum gas (LPG) - specifications
84.23	Weighing machinery
90.16	Balances
85.16.10	Electric water heaters and immersion heaters and parts thereof
8536.20	Automatic circuit breaker with residual current devices <1,000 V
8536.501	Residual current switches <1,000 V (<i>interrupteur différentiel</i>)
8536.901	Leakage modules <1,000 V
85.44	Electric cable insulated with plastic materials; armoured electric cables
87.02	Public transport type, passenger motor vehicles, bus
8706.001	Bus chassis fitted with engines
89.01	Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods
89.04	Tugs and pusher craft
90.17	Instruments for measuring length, for use in the hand (for example measuring rods and tapes)
9504.301	Games operated by coins, banknotes, bank cards, tokens or other means of payment, other than bowling alley equipment, in completely and not completely knocked down condition falling under the HS Code 9504.39
9613.10	Pocket lighters, gas fuelled, non-refillable
9613.20	Pocket lighters, gas fuelled, refillable
Unspecified	Second-hand (used/reconditioned) motor vehicles
Unspecified	Second-hand motor vehicle parts and accessories
Unspecified	Other used, scrapped and second-hand goods
25.01	Salt

Source: MRA online information. Viewed at: <http://www.mra.mu/index.php/importexport-a-others/import/commercial-importers>; The Consumer Protection (Control of Imports) Regulations, First Schedule. Viewed at: http://commerce.gov.mu/English/Legislations/Documents/GN%20135_%202014.pdf.