



United Nations  
Economic Commission for Africa



This project is funded by  
the European Union

## **Validation Workshop**

### **Mauritius National AfCFTA Response Strategy**

#### **Concept Note**

**Balacava, Mauritius**



# The Mauritian Strategy<sup>1</sup> to Leverage the Opportunities of the African Continental Free Trade Area (AfCFTA):

## 1. Background: Support of UNECA to AU member states and Mauritius

The Government of Mauritius, through the Ministry of Foreign Affairs, Regional Integration and International Trade (MOFARIT) has developed its African Continental Free Trade Area (AfCFTA) National Response Strategy. This strategy was developed with technical support from the United Nations Economic Commission for Africa (ECA) and funded by the European Union (EU), as part of ECA's mandate to help African Member States formulate National AfCFTA implementation strategies so that they can leverage opportunities from Africa's soon to be largest free trade area by the number of its members.

The strategy is expected to, among others:

- Provide guidance on how Mauritius could enhance economic diversification and expand its trade in goods and services with African countries, including in markets not yet explored;
- Boost investment potential through an assessment of comparative advantages and investigate value chains development at the regional and continental level;
- Account for issues pertaining to investment, intellectual property rights, competition policy and e-commerce; and
- Mainstream cross cutting issues such as gender, environmental and climate change mitigation and digital technologies.

It is expected that the AfCFTA National Response strategy will recommend concrete actions that Mauritius should undertake in order to best leverage the opportunities arising under the AfCFTA and address related challenges. A National Validation Workshop will take place on 21 March 2022, gathering stakeholders on the island to review, discuss and validate the Response strategy.

## 2. Main messages from the National AfCFTA Response Strategy.

### 2.1. The underexploited potential of African intra-continental trade for Mauritius

**Trade in Africa remains fragmented.** Despite accounting for 16.7% of the world's population in 2019, Africa only represents 2.5% of global exports, and 3% of global Gross Domestic Product (GDP) (ITC Trade Map, 2021). Additionally, intra-continental trade stood at only 12.4% and 16.4% for imports and exports, respectively, in 2019. This share of intra-regional trade is far behind other economic communities, such as the European Union (EU) (55%), and the Association of South-East Asian Nations (ASEAN) (21%) (ITC Trade Map, 2021).

**Mauritius's main trading partners lie outside of Africa.** For example, the EU absorbs 36.1% of the country's total exports (mainly France), the UK (11.1%) and the USA (10.8%). Africa represents 23.7% of Mauritius' total exports and 12.7% total imports, in which South Africa and Madagascar are the only African countries that account for any significant share of Mauritius' merchandise exports.

**Nevertheless, the African continent has become an increasingly important region for Mauritius.** The island nation's exports of goods to the Continent stood at USD 450 million in 2019, in comparison to USD 240 million in 2010, which represents an average annual growth rate of 6.1%. Such growth has been driven by textile exports, particularly clothing, which grew at an annual rate of around 10% between 2010 and 2019. In

---

<sup>1</sup> The strategy has been authored by International Economic Consulting Ltd (Mauritius).



2019, over half of the country's exports to African markets were destined to South Africa (53%), followed by Madagascar (14%), Kenya (8%) and Seychelles (7%).

## 2.2. The AfCFTA as a key instrument to boost the continent's economic integration

To date, 54 African Union member States signed the Agreement Establishing the African Continental Free Trade Area (AfCFTA). The Agreement, with 54 Contracting Parties, creates a market of 1.2 billion people and a USD 2.6 trillion economy for goods and services that aims to remove tariff and non-tariff barriers on substantially all trade in goods and services. The AfCFTA entered into force at the end of May 2019 after reaching a minimum threshold of 22 ratifications. As of November 2021, 42 countries had ratified the Agreement Establishing the AfCFTA. Up to date, the Agreement Establishing the AfCFTA is comprised of three key protocols – Trade in Goods, Trade in Services and Dispute Settlement. Additional protocols on Intellectual Property Rights, Competition Policy, Investment and E-commerce are currently being negotiated.

Table 1 AfCFTA Architecture and Key Features

|   |   |   |   |
|---|---|---|---|
| Framework of the Agreement Establishing the African Continental Free Trade Area | Protocol on Trade in Goods                      | Annex 1: Schedules of Tariff Concessions<br>Annex 2: Rules of Origin<br>Annex 3: Customs Cooperation and Mutual Administrative Assistance<br>Annex 4: Trade Facilitation<br>Annex 5: Non-Tariff Barriers<br>Annex 6: technical Barriers to Trade<br>Annex 7: Sanitary and Phytosanitary Measures<br>Annex 8: Transit<br>Annex 9: Trade Remedies | <ul style="list-style-type: none"> <li>• Elimination of duties and quantitative restrictions on imports</li> <li>• Imports shall be treated no less favourably than domestic products</li> <li>• Elimination of non-tariff barriers</li> <li>• Cooperation of customs authorities</li> <li>• Trade facilitation and transit</li> <li>• Trade remedies, protections for infant industries and general exceptions</li> <li>• Cooperation over product standards and regulations</li> <li>• Technical assistance, capacity-building and cooperation</li> </ul> |
|   | Protocol on Trade in Services                   | Schedules of Specific Commitments<br>MFN Exemption<br>Annex on Air Transport  | <ul style="list-style-type: none"> <li>• Transparency of service regulations</li> <li>• Mutual recognition of standards, licensing and certification of services suppliers</li> <li>• Progressive liberalization of services sectors</li> <li>• Service suppliers shall be treated no less favourably than domestic suppliers in liberalized sectors</li> <li>• Provision for general and security exceptions</li> </ul>  |
|   | Protocol on Dispute Settlement                  | Annex 1: Working Procedures of the Panel<br>Annex 2: Expert Review Groups<br>Annex 3: Code of conduct for Arbitrators and Panelists   | <ul style="list-style-type: none"> <li>• Rule-based avenue for the resolution of any disputes that may arise between State Parties in the application of the AfCFTA Agreement</li> </ul>  |
|   | Protocol on Intellectual Property Rights (IPRs) |   | To be concluded in 2021   |
|   | Protocol on Competition Policy                  |   |   |
| Protocol on Investment  |   |   |   |
|   | Protocol on e-commerce                          |   |   |

Source: ATPC

In relation to trade in goods liberalization, the Agreement under the Protocol on Trade in Goods requires members to progressively remove tariffs on at least 97% of tariff lines that account for at least 90% of intra-African imports. The modalities of tariff reduction are highlighted in

Table 2 AfCFTA's Tariff Liberalisation Modality



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

Source: African Union

**The AfCFTA offers significant potential to transform the economic landscape of the entire continent and is set to help countries achieve higher levels of industrialisation, employment creation, sustained economic growth and development.** However, Mauritius will mostly benefit from deeper economic integration commitments if Non-Tariff Barriers (NTBs) are removed and trade facilitation initiatives are adopted across the continent. The removal of tariffs will increase the country's income by 0.3%, whilst the removal of NTBs and the adoption of trade facilitation measures would lead to a 3.8% and 6.9% increase, respectively. A similar analysis is done on the trade side, with the removal of tariffs increasing imports by 0.8% and exports by 0.7% by 2035, whilst aiming for a comprehensive implementation of the AfCFTA – i.e., removing NTBs and including trade facilitation reforms – would boost imports by 31.7% and exports by 32.9% (World Bank, 2020).

. The Protocol on Trade in Services aims to create a liberalised market for services in Africa. Services will be liberalised through the extension of national treatment and removal of barriers for foreign participation in domestic markets. Phase 1 of the negotiations covers tourism, transport, financial services, business services and communication as priority sectors (ECA, 2020).

Table 2 AfCFTA's Tariff Liberalisation Modality

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

Source: African Union

**The AfCFTA offers significant potential to transform the economic landscape of the entire continent and is set to help countries achieve higher levels of industrialisation, employment creation, sustained economic growth and development.** However, Mauritius will mostly benefit from deeper economic integration commitments if Non-Tariff Barriers (NTBs) are removed and trade facilitation initiatives are adopted across the continent. The removal of tariffs will increase the country's income by 0.3%, whilst the removal of NTBs and the adoption of trade facilitation measures would lead to a 3.8% and 6.9% increase, respectively. A similar analysis is done on the trade side, with the removal of tariffs increasing imports by 0.8% and exports by 0.7% by 2035, whilst aiming for a comprehensive implementation of the AfCFTA – i.e., removing NTBs and including trade facilitation reforms – would boost imports by 31.7% and exports by 32.9% (World Bank, 2020).

### 2.3. Mauritian Strategy to Leverage the Opportunities offered by the AfCFTA

**Mauritius' recognition of the importance of the African Continent is not new.** The country's Vision 2030 already elevates trade as one of the key pillars supporting the country's economic transformation. The Three-Year Strategic Plan 2018/2019-2021/22 also envisages trade to be an engine of growth and sets the objective of achieving a 5% average annual increase in exports of goods and services. The importance of international trade has also been recognised by the government through its National Export Strategy (2017), whose vision embodies the ambition that trade could and should support a more competitive economy.

In order to strengthen its position in the course of economic integration, Mauritius needs to focus on a set of sectors that the country has a strong potential to supply for the African continental market. Pharmaceutical



United Nations  
Economic Commission for Africa



This project is funded by  
the European Union

and health related sector; Regional food value chains; Educational services; Textile and clothing; ICT; and Jewellery have been identified as the priority sectors for this purpose.



### Pharmaceutical and medical devices

**Mauritius has successfully established an initial export network along with its local production of pharmaceutical products and medical devices.** Mauritius' exports of pharmaceuticals and medical devices have increased from USD 69 million to USD 78.5 million between 2015 and 2019. By comparison, Africa imported pharmaceuticals worth USD 23.2 billion in 2019, which showcases the potential of this product sector across the continent. Specifically, "medicaments for therapeutic or prophylactic uses, packaged for retail sale" (HS 300490) is the product with the biggest potential for Mauritius, amounting to USD 248 million. This product also aggregates the highest import demand from the continent, with total imports accounting for USD 10.1 billion in 2019. From a supply-side perspective, Mauritius is yet to put in place a proper legal and regulatory framework within the sector to be aligned with international practices.

### Food products

**In terms of food exports, the African continent is an enormous market for the food processing industry.** While cereals remain the most imported commodity across Africa, a regional analysis shows different import patterns. In the Central African region, for example, frozen poultry is the second main food import followed by frozen fish, and beverages and spirits, whilst in North Africa, the second most important item is dairy products (mainly powdered milk), followed by sugar products. In this context, refined sugar cane (HS 170199) is the product with the biggest potential for Mauritius, reaching USD 952 million in export potential. This product also registers the highest import demand from the continent, with total imports accounting for USD 2.4 billion in 2019, and a compound annual growth rate (CAGR) of 4.0%. Other potential products of interest include tuna preparations (HS 160414) with an export potential of USD 494 million, minced fish (HS 160420) with an export potential of USD 22 million, raw sugar cane (HS 170114) with an export potential of USD 532 million, and under-natured ethyl alcohol (HS 220710), with an export potential of USD 92 million.



### Education services

**The education sector is the one that has been subject to the most intense change due to the COVID-19 pandemic.** Improved technologies, better broadband and more stable internet will enable millions of users worldwide to access online education in the future. To date, the expansion of 4G networks has allowed teachers to deliver online learning material, such as videos, and digital platforms. The generalisation of 5G networks will enable the generalisation of personalised online lessons to suit students' different learning styles. Also, the scope of resources can be expanded, with students able to access not only recorded sessions and reading materials, but also a wider community of students and professors available for interaction (WTO, 2019).

Digitally-enabled education has gained traction in Mauritius, with over 26% of the tertiary student population pursuing their studies through this channel. In 2019, nearly 13,000 students in Mauritius followed their studies online. Whilst the number of international students in Mauritius has been increasing over the last decade, only 1.5% of all international students are engaged through e-learning in 2019. With the emergence of educational technology (EdTech) and the shift in learning paradigm, changes need to be made to promote Mauritius as a hub for e-learning. Establishing a sound regulatory environment will be key to ensure that the private sector can thrive in the digital environment.

### ICT services

**The ICT sector also shows a significant potential for trade under the AfCFTA. In Africa, imports of ICT services grew at a CAGR of 8.2% between 2010 and 2018, doubling the demand from USD 1.4 billion in 2010 to USD 2.9 billion in 2018.** South Africa, being the biggest ICT hub in Africa, was the top importer of ICT services in the continent in 2018, with imports accounting for USD 1.2 billion, or 41% of total African imports in the area. Côte d'Ivoire (USD 313.5 million), Ethiopia (USD 256.8 million), Morocco (USD 199.4 million) and Senegal (USD 124.2 million) are the next largest importers of ICT in the continent.

**In Mauritius, ICT holds a significant share in the country's overall service exports.** The country was a net exporter of ICT services with a consistently positive trade balance between 2010 and 2017. However, the country turned into a trade deficit in 2018, with exports decreasing from USD 91.4 million in 2014 to USD 53.8 million in 2018. Mauritius' ICT exports are concentrated in fewer than 10 firms, demonstrating a limited integration in the overall export value chain. Current exports focus on custom development and Oracle solutions-based work, ignoring public procurement in the continent. Additionally, any contracts have emerged mainly through *ad hoc*, opportunistic efforts rather than through the implementation of a long-term strategy.

### Textile and clothing

**On the textile and clothing sector, Africa holds large potential for Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excluding wadded waistcoats) (HS 611020),** accounting for USD 146 millions of export potential for Mauritius. This product also aggregates the highest import demand from the continent, with total imports accounting for USD 241 million in 2019, and a CAGR of 3% between 2015 and 2019. Other products of interest include Dyed cotton fabrics, knitted or crocheted (HS 600622), with an export potential of USD 112 million; Jerseys, pullovers, cardigans, waistcoats (HS 611030), with an export potential of USD 61 million; Men's or boys' trousers (HS 610342) with an export potential of USD 49 million; and Women's or girls' trousers (HS 610463), with an export potential of USD 17 million. Multiple factors, including rising transport costs, the introduction of new labour laws and a rising minimum wage, have affected the competitiveness of Mauritian textile products, causing the local textile companies to increase the prices of their products. The saturation in traditional markets and products, and shifting consumer preferences toward higher quality, eco-friendly products are other factors that Mauritian textile and apparel producers need to take into account in building long term strategies for expansion and diversification.

### Jewellery

**Finally, with regards to the Jewellery sector, Africa is renowned for its resources in precious gemstones and metals,** with the world's leading jewellery makers and retailers sourcing diamonds, gold, and other minerals from the continent. Africa has also slowly established itself as a jewellery maker instead of merely being a source for raw materials (Odu, 2020). In the case of Mauritius, the jewellery sector has been gaining momentum over the last few decades; becoming the 3<sup>rd</sup> largest manufacturing and 6<sup>th</sup> largest exporting sector in the economy. There are currently 595 registered jewellers and 18 export-oriented enterprises, creating a total employment of over 4,000.

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



The Mauritian Strategy to Leverage the Opportunities in the AfCFTA is an element of the country’s wider Africa Strategy that governs the country’s relationship with the continent. Thus, the vision of the AfCFTA Strategy is aligned with that of the Africa Strategy. In this context, a series of strategic objectives have been devised to ensure that the country takes full advantage from the AfCFTA.

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

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

Negotiating an FTA is only half of the way with regards to trade agreements. Their implementation is crucial to ensure that the negotiated benefits are effectively passed to the private sector. In this context, an AfCFTA National Implementation Committee (NIC) should be created, which will be in charge of ensuring the coordination and monitoring implementation of the AfCFTA.

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

The additional competitiveness achieved through the AfCFTA can only be realised if the private sector has the right information and tools to materialise those opportunities. Specifically, stakeholders report the lack of knowledge of export. Therefore, the right trade promotion infrastructure needs to be put in place, such as an export coaching programme to make SMEs export market ready, establish entrepreneurship centres through PPP to help companies to identify new business partners.

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

The private sector highlighted that their biggest challenge being the lack of a focal point in the region that can support them through the export/import exercise, such as identifying potential partners, securing permits, etc. Thus, the creation of a wide network of diplomatic agents and trade advisors in African capitals, develop and roll out periodical training courses to build the capacities of sector associations, amongst others, would be welcomed in supporting the country’s trade promotion efforts.

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

The weak and limited transport and logistics connectivity of Mauritius with the continent is one of the most pressing concerns highlighted by the stakeholders. The country has recently implemented a series of innovative projects aiming to tackle some of the natural constraints faced by Mauritian companies due to the country’s geographic location. Therefore, activities such as the creation of a digital platform for Africa and the support of the Africa Warehousing Scheme are included in the strategy.

**3. Objectives of the Workshop**

The objectives of the workshop are to present and validate the Strategic Objectives and Action Plan prepared and put forward in the National AfCFTA Response Strategy, and to provide further insights and comments into additional activities that could be implemented to promote the position of Mauritian enterprises in Africa, enabling them to take advantage of the AfCFTA.

**4. Format**

The workshop will be in a hybrid format and will consist of sessions where the National AfCFTA Response Strategy will be presented and discussed, preceded by a presentation of the AfCFTA , its architecture and contents and status of ongoing negotiations.





## 5. Expected Outcomes

It is expected that the workshop will lead to:

- Enhanced understanding of the AfCFTA, its architecture, protocols and provisions;
- Increased awareness and understanding of the challenges and opportunities faced by Mauritius to take advantage of the AfCFTA;
- Enhanced awareness of the role of the private sector in facilitating a reaping of the benefits of the AfCFTA for Mauritius;
- Enhanced knowledge of policy reforms that should accompany the implementation of the AfCFTA to ensure it delivers its expected benefits for Mauritius;

## 6. Expected Outputs

- A validated National AfCFTA Response Strategy and Action Plan;
- Recommendations to guide the implementation of the AfCFTA;
- Media articles on the AfCFTA in Mauritius;

## 7. Participants

The workshop will gather senior representatives from both the Mauritian public and private sectors as well as local civil society, local academia, members of the diplomatic community, members of the media and representatives of United Nations and regional organizations.

## 8. Date and Venue

The workshop will be held on Monday March 21, 2022 at the Labourdonnais Waterfront Hotel, Mauritius.

## 9. Contacts

The Ministry of Foreign Affairs, Regional Integration and International Trade may be contacted for further information as follows:

**Mr S.Boodhoo**

**Director-International Trade Division**

Ministry of Foreign Affairs, Regional Integration and International Trade  
Mauritius

Email: [naboodhoo@govmu.org](mailto:naboodhoo@govmu.org)

Phone: 260 2911