

***Statement by Hon. A.Boolell,
Minister of Foreign Affairs,
Regional Integration & International Trade
at the
161st Annual General Assembly of the
Mauritius Chamber of Commerce and Industry,
Labourdonnais Waterfront Hotel, 25 March 2010***

Hon. D. Gokhool, Minister of Industry, Science and Research

Hon. M. Gowressoo, Minister of Business, Enterprise and Cooperatives

Hon. Sylvio Tang Wah Hing, Minister for Consumer Protection and Citizens Charter

Mr. Kiran Juwaheer, President of the Mauritius Chamber of Commerce and Industry

Mr. Mahmood Cheeroo, Secretary General, Mauritius Chamber of Commerce and Industry,

Distinguished Guests, Ladies and Gentlemen,

I am very pleased to associate myself with the opening ceremony marking the 161st Annual General Meeting of the MCCI. And I am thankful to the President and members of the Chamber for inviting me to address this august gathering to-day.

I must say that both at the level of my Ministry and in Government, we have a well established and productive relationship with the Chamber of Commerce and Industry. We in Mauritius, should take pride in the good synergy that exists between the public and private sectors. Indeed, over the years, the joint public-private sector platform has become a *lieu privilégié* for the exchange of information on trade and business and for building common positions on such issues. These exchanges have helped to dispel erroneous perceptions and have generally led to better informed decision making. However better informed decisions are only possible when one has access to reliable sources of information.

Only last week, the international press reported the adoption of targeted sanctions by the African Union against the *de facto* regime of Madagascar. The immediate perception was that Madagascar would not be able to pursue trade and economic

relations with the international community and I have received many such queries from the business community. Let me reassure all concerned that the sanctions imposed by the AU in the form of travel ban, freeze of personal assets and diplomatic isolation are directed specifically towards a group of individuals and institutions which are “*seen to be impeding the efforts of the AU and the SADC to restore constitutional normalcy in the country*”. This makes it clear that the AU sanctions will not affect our economic and trade relations with Madagascar, neither will it have an adverse impact on the activities of Mauritian operators in the country.

Of course at the bilateral level, there are a number of sensitive issues relating to competition practices that must be ironed out and we will work towards that with a view to avoiding any prejudice towards our operators.

This however is distinct from the issue of sanctions which, I have indicated are not expected to have a direct bearing on the trade and economic relations between our two countries.

Even the US sanctions which have withdrawn the AGOA eligibility of Madagascar since December 2009, have not had the impact that we were afraid of for Mauritius. In the same vein, possible sanctions by the EU in keeping with article 96 of the Cotonou Agreement, would unlikely target the economic and trade relations of Madagascar with Europe and therefore may not necessarily impact Mauritian economic activities in that country. Article 96 in fact underlines that in the selection of sanctions, priority must be given to those which least disrupt the application of the Agreement. Suspension would be a measure of last resort.

Ladies and Gentlemen,

Let me re-emphasize the importance of reliable sources of information. The issue of Atlantic Bluefin Tuna as recently reported in various quarters gave rise to confusion and provoked more calls from the business community.

The proposal for a listing of the Bluefin Tuna on Appendix I of the Convention on the International Trade in Endangered Species (CITES), and which would have led to a ban of international trade in the species, was rejected on 18 March 2010. This species is not found in the Indian Ocean (it is rightly called Atlantic tuna), and there would **not** have been immediate trade implications for Mauritius. Notwithstanding, my Ministry has been closely following this issue because we are concerned about the sustainability of fish stocks and the long term impact of industrial fishing. Let me add that this is a common view shared by both the private and public sectors. In fact, the Government and the private sector are collaborating in a pro-active manner on this

issue as evidenced by our recent participation in the First Tuna Conference held in Seychelles in February last.

Ladies and Gentlemen,

Competitiveness remains the buzz word, if we are to survive in the globalising world economy. Nothing should distract us from this path. And it is only a close and meaningful collaboration between the public and private sector including other non-state actors that will help achieve this objective. While we have always had an inclusive approach in Mauritius, we must still make added efforts to include NGO's, Trade Unions and Civil Society in our consultation and development processes.

Democratisation of the economy can only be achieved if there is an exchange of ideas and views across the broad spectrum of society. Let me recall that upon assuming office as Minister responsible for Foreign Affairs, Regional Integration and

International Trade, that one of my first initiatives was to create a forum where the public and private sectors, civil society, NGO's and Trade Unions could interact and participate in decision making.

Last year, this Forum adopted a roadmap for trade negotiations which is now at its implementation stage by my Ministry. The roadmap defined the position of Mauritius in the different negotiations we are involved in and led to the creation of the necessary legal framework for trade and investment flows.

Let me focus on the some of the ongoing negotiations. We are currently engaged in the negotiation to conclude a full and comprehensive EPA. Several issues of key interest to Mauritius are on the agenda, including trade in services, investment and trade facilitation. This Agreement will help create a transparent and predictable business environment and attract investments. By

lowering import costs and providing access to affordable quality services, it will make Mauritius more competitive. A Joint Ministerial Meeting between the ESA and the EU Commissioners of Trade and Development will be held next month to guide the negotiations.

Ladies and Gentlemen,

Mauritius is the only country in Africa to have defined its negotiating position on services with the EU. We intend to substantially improve access for services trade on the EU market through the EPA. We have also identified the priority sectors where EU investment into Mauritius would give an added impetus to the development of the services sector, in particular financial services, Information and Communication Technology, Tourism, Research and Development, Education and Health Services.

On the issue of financial services, let me recall that this already represents some 12% of Mauritius GDP, a significant contributor to our economy. Too often, when we talk about financial services, people think this to mean only global business but this is only one part of the picture. Mauritius has worked hard to develop and constantly re-engineer this sector but the international context as well as the increasing number of competing jurisdictions demand even greater efforts on our part to further consolidate the sector through diversification and greater value addition.

To-day, Mauritius has some 35 active Double Taxation Avoidance Agreements while some 12 agreements are either underway or awaiting ratification. We are also engaged, in line with OECD guidelines, in the negotiation or re-negotiation of Tax Information Exchange Agreements or Articles with over a dozen countries. Let me add that the necessary legislation is already in

place for us to implement the OECD guidelines on exchange of information.

Whilst the development of a wide DTAA network has been part of our strategy, we do not want to remain treaty dependent. The Limited Partnership Bill and the Foundations Bill to be introduced in the National Assembly are steps in this direction. While we wish to evolve into a more sophisticated financial centre, we are conscious that this would require many more skills and human resources than we currently have and have thus sought strategic support in this direction. We believe that the right partnership would allow Mauritius to expand its financial services sector further.

Mauritius is to-day acknowledged as an efficient and credible jurisdiction which has substantially implemented internationally agreed tax standards as recognized by the OECD and others. We

are constantly and actively working to strengthen this good reputation and to maintain our competitiveness.

During her recent visit to Mauritius, Mrs Anne-Marie Idrac, secrétaire d'Etat chargée du Commerce extérieur de la France underscored the good reputation Mauritius enjoys internationally. This touches again on the issue of reliable sources of information. Allow me to quote briefly:

"Moi, je regarde ce qui se passe dans les lieux sérieux. Or les lieux sérieux, ce sont l'OCDE, la FMI et la Banque Mondiale. Nous sommes évidemment à l'égard de Maurice très attachés à ce que la transparence, les principes de l'OCDE continuent à prévaloir comme s'y est engagé le gouvernement. En ce qui concerne notre relation, elle est parfaitement cadrée par les règles de l'OCDE qui sont respectées".

Let me highlight that Mauritius will be in the first tier of countries that will undergo both phase 1 and phase 2 of the Global Tax Forum Peer Review process. This review which will take place before mid 2010 will be a good exercise in transparency and we welcome this as part of our ongoing efforts to consolidate the position of Mauritius as a credible jurisdiction for financial and other services.

Indeed, developing the services sector remains a cornerstone of our economic policy. This however requires the establishment of a modern and sophisticated regulatory framework on which we have already started work. With the assistance of the ACP/EU Trade.Com, the services of two international experts have been retained to identify gaps in existing legislation and to draft new legislation, where required, to boost the sector.

Ladies and Gentlemen,

As I said earlier, we are keen to improve our trade in services access to the EU which remains a privileged development partner like the United States, with whom we are currently negotiating a Bilateral Investment Treaty. Its objective is to provide legal security and predictability to investors and improve the investment climate. Upon conclusion of the Treaty, we expect to see substantial increase in quality investment from the US and the development of partnerships between the private sectors of both countries.

Our other traditional partners are also very much within our focus through the establishment of Trade and Economic Agreements with a view to further diversifying our market and enhance South-South trade. We are currently pursuing discussions with India, Pakistan and Turkey to conclude trade and economic agreements. These agreements would help open new

avenues for our local operators, expand market access and increase foreign direct investment.

On the multilateral front, the 8th WTO Ministerial Conference held last year has set December 2010, as the new deadline to complete the Doha Round of Trade Negotiations. Meeting the new 2010 deadline would help steer the international economy towards recovery and should not be missed. Already, a stocktaking exercise is underway with a view to moving the Round into the concluding phase. However, this will not happen without the strong commitment and concessions of major players. On our part, we can only express our own willingness to work with others to find an equitable deal for all.

Ladies and Gentlemen,

Regional integration remains one of the important planks of our economic policy and we need to tap the regional potential. In

this context, I would like to note that COMESA and SADC have proved quite successful markets for many non- traditional exports, mostly from the small and medium sized enterprises of Mauritius. We have registered exports of some Rs 8 billion to the region. However the existing potential is much higher. It is therefore necessary to develop a regional export strategy which would also look at an export promotion scheme specific to the region. The leadership and contribution of Enterprise Mauritius, the MEXA, MCCI, MCA and SMEDA would no doubt be essential to this exercise.

The region is now set to undergo a further transformation with the intended creation of an enlarged FTA encompassing COMESA, SADC and the East African Community. A summit decision of the three REC's in 2008, has given the political blessing to a process of harmonization that will eventually lead to the emergence of a single region in the long run. From a trade

perspective, the enlarged FTA will not only provide a larger market but will also help reduce the cost of doing business, since exporters will have to comply with the same set of trade rules, be it the rules of origin, trade documentation or trade measures such as SPS or technical regulations.

At the level of the Indian Ocean Commission, we are pursuing efforts to create an economic and commercial space with a view to unlocking the development potential of the region. We have raised this issue with Mrs. Idrac during her recent visit to Mauritius and have agreed to work towards a joint Mauritius-Reunion proposal at the forthcoming IOC Council meeting.

Ladies and Gentlemen,

The region is also important in the context of our food security policy. We are looking beyond our frontiers to produce some of our food requirements and are currently in the process of

defining a clear and coherent strategy which will enable us to take advantage of the vast opportunities that exist in the region for the production of some of our staple food requirements.

To take this forward, a Regional Development Company has been set up as a private company incorporated in Mauritius. Several private investors have expressed their interest in the RDC including Vita grain Ltd from Singapore and the Ng Group belonging to a Mauritian national based in Swaziland.

The Ng Group is an example of successful Mauritian entrepreneurship overseas. Government has time and again highlighted the need for Mauritius to become a nation of innovative and creative entrepreneurs. It is true that the limitations of our domestic market, our isolation and other inherent vulnerabilities as a small and developing state may not necessarily be conducive to successful entrepreneurship.

However, Intellectual Property Rights protection can play an important role and give us a competitive edge. My Ministry is working on a new Intellectual Property Policy for Mauritius with a view to consolidating IP enforcement and modernizing our IP laws. The objective is to use IP as a tool for economic development. An empowered Mauritius Intellectual Property Office will also be created to deal with all aspects of IP.

While sparing no effort to protect intellectual property rights, my Ministry will ensure that such rights are not used to restrict trade and competition. We are currently addressing the concerns that have been expressed by local businessmen about the application of the concept of national exhaustion of rights to trademarks and industrial designs. We may consider amending the Patents, Industrial Designs and Trademarks Act 2002 in order to introduce an international exhaustion regime for trademarks and industrial designs. Such a regime would enable Mauritius to

obtain products from a wider range of sources, bring more competition and as a result, lower prices. It would also contribute to ensuring a level playing field for all businessmen and to further democratizing our economy.

In the same vein, we are working on a project to address the obstacle to trade posed by Non Tariff Barriers (NTBs). Compliance with foreign NTBs also harms Mauritius competitiveness and integration within the global economy by holding back export performance. We therefore want to address, in a meaningful manner, the issue of NTB's with a view to stepping up the competitiveness of the economy. It is in this perspective that Government has established a committee on NTBs chaired jointly by my Ministry and the Joint Economic Council. A team of World Bank experts are currently in Mauritius to develop a template on NTBs for Mauritius which would help in

either eliminating or streamlining such barriers and hence improve competitiveness.

Ladies and Gentlemen,

There are NTB's that we can deal with and others which are sometimes difficult to grapple with. One such example is the issue of Piracy in the Indian Ocean which purportedly generated more than US \$ 150 million for pirates last year, causing quite some trade diversion effects for the international community at large. In response to the concerns expressed, Mauritius has taken measures to strengthen surveillance in the Northern part of its Exclusive Economic Zone. Our proposed adherence to the Djibouti Code which provides for cooperation between signatory states to combat piracy and the establishment of a maiden Joint Anti-Piracy Patrol in the vicinity of Agalega with the support of India go in the same direction. Mauritius has equally supported international initiatives such as the Atalanta Project put in place

by the European Union and the efforts of the African Union to address the political situation in Somalia, including the agreement between Somalia and the International Maritime Organisation for the establishment of a national coast guard. We will continue to work with partners at regional and international levels to try and strengthen security within the Indian Ocean region.

Ladies and Gentlemen,

I started my address on the issue of the good synergy between the public and private sectors. I believe that the constant re-affirmation of this partnership at the service of our country is essential for the continued development and success of Mauritius. When we come to power again after the elections, we will further pursue this collaboration.

I thank you for your attention.

Port-Louis
24 March 2010