Expanding your Trade Horizons
Overview of Trade Agreements

Rooma PILLAY NARRAINEN
Manager-Trade Division
Agenda

1. Overview of main markets and products
2. Trade Agreements with the EU and USA
3. Regional Trade agreements
   - SADC, COMESA, IOC, Tripartite FTA
4. Bilateral Trade Agreements: Turkey and Pakistan
5. Understanding Rules of Origin
6. Export Tools
Overview of Main Markets and Products
Main Export Markets: Facts

**Mauritius**

- **Heavy reliance on trade preferences**
- **75% of Exports destined to Europe, USA, the SADC/COMESA Region**
- **4 Product categories account for approx. 65% of total exports (garments, preserved fish, sugar, jewelry)**
Main Export Markets in 2014

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Total Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>13.6%</td>
</tr>
<tr>
<td>France</td>
<td>11.3%</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>10.7%</td>
</tr>
<tr>
<td>United States of America</td>
<td>10.5%</td>
</tr>
<tr>
<td>South Africa</td>
<td>7.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>6.5%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>6.5%</td>
</tr>
<tr>
<td>Spain</td>
<td>5.2%</td>
</tr>
</tbody>
</table>
Main Products Exported in 2014

- Garments: 30%
- Fish and Fish products: 17%
- Sugar: 10%
- Cellular phones (re-export): 13%
- Jewelry: 6%
- Other: 24%
Imports 2014 – Main countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Total Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>21.6%</td>
</tr>
<tr>
<td>China</td>
<td>16.2%</td>
</tr>
<tr>
<td>France</td>
<td>7.6%</td>
</tr>
<tr>
<td>South Africa</td>
<td>6.6%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>3.6%</td>
</tr>
<tr>
<td>Spain</td>
<td>3.5%</td>
</tr>
<tr>
<td>Australia</td>
<td>2.5%</td>
</tr>
<tr>
<td>Germany</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
Main Imports in 2014

- Mineral Fuels & Oils: 19%
- Textile and Textile Articles: 7.5%
- Agro-Industry (excluding frozen fish): 16.0%
- Other: 41.8%
- Precious Stones & Jewellery: 3%
- Frozen Fish: 5.6%
- Telephone Sets & Other Apparatus: 7%
- Other: 41.8%
Overview of Trade Agreements
## Trade Agreements

<table>
<thead>
<tr>
<th>Category</th>
<th>Agreement/Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>Interim Economic Partnership Agreement (EPA)</td>
</tr>
<tr>
<td>USA</td>
<td>Africa Growth &amp; Opportunity Act (AGOA)</td>
</tr>
<tr>
<td>Regional</td>
<td>SADC, COMESA, Indian Ocean Commission, Tripartite FTA (on-going)</td>
</tr>
<tr>
<td>Bilateral</td>
<td>PTA with Pakistan, FTA with Turkey, Tunisia (on-going)</td>
</tr>
<tr>
<td>Other</td>
<td>Generalized System of Preferences - GSP (Japan, Switzerland,...)</td>
</tr>
</tbody>
</table>
Exporting to Europe

Interim Economic Partnership Agreement

www.exporthelp.europa.eu
Economic Partnership Agreement with EU (EPA)

- Duty-free access on all products exported
- 28 Countries in European Union (EU) with a population of 500 million
- Preferences under-utilized
  - Exporting only to a few markets
  - Exporting a limited range of products
Interim EPA

- Previously known as Lomé Conventions/Cotonou Agreement
  - Preferences to African, Caribbean and Pacific Countries (ACP)
  - Not compatible with WTO

- Replaced by Economic Partnership Agreement (EPA)

- Interim EPA signed in August 2009 in Mauritius
  - Signed between European Union and 4 Eastern Southern African (ESA) countries namely Mauritius, Madagascar, Seychelles and Zimbabwe
  - Mauritius will **gradually** liberalise around 96% of its tariff lines by the year 2022
  - List of sensitive products excluded

- Negotiations on-going for concluding a full EPA
Interim EPA

EXPORTING TO EU

- Duty-free on all products exported to 28 EU Countries
- Goods must meet EPA product-specific rules of origin
- EUR1 Certificate of Origin issued by MRA Customs

IMPORTING FROM EU

- Gradual reduction of customs duties by 2022
- Sensitive list of products excluded (no tariff reduction)
- EUR 1 Certificate of Origin
Exporting to the USA

Africa Growth and Opportunity Act

www.agoa.info
AGOA/GSP

- Extension on the US Generalized System of Preferences (GSP)
- Trade Preferences to eligible sub-Saharan African countries
- Unilateral Trade Preferences
  - Duty-free only when exporting to the US
  - Validity period (preferences need to be renewed)
  - Conditions attached
- Main products:
  - Apparel (75%)
  - Jewellery (12%)
  - Sunglasses (2%)
- Renewal of AGOA Trade preferences up to 2025
AGOA

Duty-free access for nearly 7000 products

General Rules of Origin (except for Textiles and Apparel)
- 35% Value Added Criteria

Specific Rules of Origin for Textiles and Apparel
- Manufacture from US/African yarn
- Third-country fabric derogation (more flexible rule)

Certificate of Origin (Min. of Commerce)
- GSP Certificate
- AGOA Textiles Certificate of Origin

Export permit for Garments (Min. of Commerce)
EXPORTING TO THE REGION
Exports to the Region

- Growing exports to the regional under the various trade agreements
- Region represents approx. 20% of total exports
- Wide range of products exported

**Top 5 regional markets**

1. South Africa - 40%
2. Madagascar - 26%
3. Reunion - 13%
4. Seychelles - 6%
5. Kenya - 5%
Regional Exports

Exports to the SADC/COMESA Countries

- Wheat Flour
- Carton, Boxes and other paper products
- Iron/Steel Tubes and Pipes
- Animal Feed
- Machinery/Mechanical Appliances (Re-export)
- Ethyl alcohol, strength >=80% by volume
- Instant Noodles and Pasta
- PET Bottles and other Plastic Articles
- Cellphones (Re-export)
- Textile and Clothing

Total Exports to the Region

MCCI
EXPORTING TO COMESA COUNTRIES

www.comesa.int
1. Common Market for Eastern and Southern Africa
2. Free Trade Area (FTA) since 2000

3. Population of 400 million
4. Membership: 19 countries

5. 14 Countries in FTA
6. Customs Union launched in June 2009
## COMESA Member States

<table>
<thead>
<tr>
<th>FTA Member States</th>
<th>Non-FTA Member States</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Burundi</td>
<td>1. D R Congo</td>
</tr>
<tr>
<td>2. Comoros</td>
<td>2. Eritrea</td>
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<tr>
<td>3. Djibouti</td>
<td>3. Ethiopia</td>
</tr>
<tr>
<td>4. Egypt</td>
<td>4. Swaziland</td>
</tr>
<tr>
<td>5. Kenya</td>
<td></td>
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<tr>
<td>6. Libya</td>
<td></td>
</tr>
<tr>
<td>7. Madagascar</td>
<td></td>
</tr>
<tr>
<td>8. Malawi</td>
<td></td>
</tr>
<tr>
<td>9. Mauritius</td>
<td></td>
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<tr>
<td>10. Rwanda</td>
<td></td>
</tr>
<tr>
<td>11. Seychelles</td>
<td></td>
</tr>
<tr>
<td>12. Sudan</td>
<td></td>
</tr>
<tr>
<td>13. Uganda</td>
<td></td>
</tr>
<tr>
<td>14. Zambia</td>
<td></td>
</tr>
<tr>
<td>15. Zimbabwe</td>
<td></td>
</tr>
</tbody>
</table>
Trading with COMESA Countries

**EXPORTING**
- Duty-free to all FTA countries
- Other COMESA countries (% or no tariff reduction)
- General rules of origin (35% value added,...)
- COMESA Certificate of origin issued by Ministry of Commerce

**IMPORTING**
- Duty-free for FTA countries
- 90% tariff reduction for other COMESA countries
- Goods must be accompanied by a valid COMESA Certificate of origin
EXPORTING TO SADC COUNTRIES
**SADC**

- Mauritius joined SADC in 1992
- Membership: 15 countries

**Trade Protocol Establishing Free Trade Area**

- Came into effect in 2000
- Objective is to eliminate 85% intra-SADC Trade by 2008 and remaining 15% by 2012

**Road Map**

- SADC is expected become a Customs Union
SADC Member States

**FTA Member States**
1. Botswana*
2. Lesotho*
3. Madagascar
4. Malawi
5. Mauritius
6. Mozambique*
7. Namibia*
8. South Africa*
9. Swaziland
10. Tanzania*
11. Zambia
12. Zimbabwe

**Non-FTA Member States**
1. Angola
2. D R Congo
3. Seychelles

*Countries not in COMESA
SADC

Exporting

- Duty-free to all FTA countries
- Product-specific rules of origin
- Certificate of origin issued by MRA Customs

Importing

- Duty-free from FTA countries
- Goods need to be accompanied by a valid SADC Certificate of Origin
SETTING UP THE TRIPARTITE FREE TRADE AREA
Tripartite FTA

- Decision of COMESA-SADC-EAC Heads of States in 2008

- Set up a Free Trade Area among SADC, COMESA and EAC (East African Community) States

- Resolve issues related to overlapping Membership in different RECs

- Harmonization of trade rules for operators

- Trade negotiations based on ‘acquis’
Tripartite FTA

A common market spanning half of Africa

A step towards a continental free trade area

Tripartite Free Trade Area
Links 3 regional blocs
- COMESA: Common Market of East and Southern Africa
- SADC: South African Development Community
- EAC: East African Community

Intra-regional trade as a share of the region’s total exports (2007-2011)

<table>
<thead>
<tr>
<th>Region</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>11%</td>
</tr>
<tr>
<td>Latin America/Caribbean</td>
<td>21%</td>
</tr>
<tr>
<td>Developing Asia</td>
<td>50%</td>
</tr>
<tr>
<td>Europe</td>
<td>70%</td>
</tr>
</tbody>
</table>

Source: UNCTAD
Tripartite FTA

Negotiations - Phase I (2011- date)
- Trade in goods (Tariff liberalisation, rules of origin, ..)
- Industrial and Infrastructure Development
- Movement of Business Persons

Negotiations - Phase II (2015 - )
- Services, Intellectual Property Rights, Competition

Status of Negotiations (2015)
- FTA launched in June 2015 (but not yet operational)
- FTA Framework agreement finalised
- Negotiations still on-going - Annexes Rules of origin, tariff offers...
- Mauritius (already duty-free, main focus Rules of Origin)
Indian Ocean Commission

- Duty-free trade applicable only between Mauritius and Madagascar only
- Rules of Origin same as COMESA
- Focus on regional cooperation - Fisheries sector, Sustainable development, Renewable energy,...
Bilateral Trade Agreements
FTA with Turkey

Exporting to Turkey

- Industrial products (Ch. 25-97)
  Duty-free access on all goods – except for some garments (about 70 tariff lines) with a phase out over 4 years

- Agricultural/agro-industrial products
  Preferential market access for a list of products of export interest (tariff reduction and quotas)

Importing in Mauritius

- Duties to be phased out by 2022 on all products (except on sensitive goods)
- Aligned with EPA
Other Bilateral Trade Agreements

- **Preferential Trade Agreement with Pakistan**
  - Preferences on selected products of export interest (approx. 100 tariff lines)
  - Preferential treatment depending on product
    - Duty-free, tariff reduction, quotas
  - Certificate of origin issued by MRA Customs

- **Preferential Trade Agreement with Tunisia**
  - Negotiations started in 2013
  - Not yet completed
Understanding Rules of Origin
Rules of Origin

Criteria for obtaining preferences

Substantial Transformation

- Product Specific Rules
  Interim EPA, SADC, FTA with Turkey, AGOA (Textile & Clothing only), Tripartite FTA
- Set of defined rules (for e.g. 35% value addition)
  COMESA, IOC, GSP Scheme, AGOA (other than Textile & Clothing), Pakistan

Minimal processes do not confer origin

- Bulk-breaking, repacking, simple assembly,..
SELECTED PRODUCT
Preserved Fruits/Vegetables
Preserved Fruits/Vegetables

- Product HS Code: Chapter 20
- Markets identified: Kenya, Zimbabwe, Ile de la Reunion

Kenya  COMESA
Zimbabwe  COMESA, SADC
Ile de la Reunion  EPA with EU
COMESA Rules of origin (1)

Fruits and Vegetables

- Originating from Mauritius
  - Rule 1 - ‘Wholly produced’ rule

- Imported from Third Countries
  - Rule 2 - Value-added rule; or
  - Rule 3 - Import material content rule
  - Rule 4 - CTH

ANY RULE CAN BE USED

1. Wholly Produced

2. Local value addition of ‘at least 35% of the ex-factory costs of the product’

3. Value of imported materials does not exceed 60% of the total costs of materials used

4. CTH rule with specific processes
Preserved Fruits/Vegetables

- Product HS Code: Chapter 20
- Markets identified: Kenya, Zimbabwe, Ile de la Reunion

Kenya → COMESA
Zimbabwe → COMESA, SADC
Ile de la Reunion → EPA with EU
SADC Specific rules (1)

Chapter 20 – Preparations of vegetables, fruit, nuts or other parts of plants

- Wholly obtained
  OR
- Manufacture in which the value of the non-originating materials used does not exceed 60% of the ex-works price of the product
  OR
- Manufacture from materials of any heading, except that of the product (CTH Rule)
SADC – CTH Rule (2)

- Harmonised System for Classification of Goods (HS Code)
  - Chapter - First 2 digits
  - Tariff Heading - First 4 digits

- Change in Tariff Heading (CTH)
  - Fruits/Vegetables classified in Chapter 07 and 08
  - Preparations of vegetables/fruits in Chapter 20

- Change in any of the first four digits of the HS code
  - Fruits (Pineapple / Peach) - 0804 and 0809
  - Jam/ Fruit paste - 2007
Preserved Fruits/Vegetables

- Product HS Code: Chapter 20
- Markets identified: Kenya, Zimbabwe, Ile de la Reunion

Kenya → COMESA
Zimbabwe → COMESA, SADC
Ile de la Reunion → EPA with EU
Reunion – EPA with EU

2007 - Jams, fruit jellies, marmalades

Manufacture in which:

- all the materials used are classified within a heading other than that of the product (CTH);

- the value of any non-originating materials of Chapter 17 used does not exceed 30% of the ex-works price of the product.
Helping You Export

Freight Subsidy Scheme

- Locally manufactured products ONLY
- Refund of 25% on Basic Freight Cost or up to a maximum of USD 300 per 20ft container
- Extended to 44 ports in Africa/Landlocked Countries
- Conditions/Eligibility (Enterprise Mauritius)

Regional Payment and Settlement System

- COMESA REPSS / SADC SIRESS
- Payment System managed by Central Banks
- REPSS - Uganda, Kenya, DRC, Malawi, Rwanda, Swaziland, Zambia, Mauritius
- Allows faster, safe and secure transfer of funds by exporters/importers in the region
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