

Expanding your Trade Horizons



Overview of Trade Agreements

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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

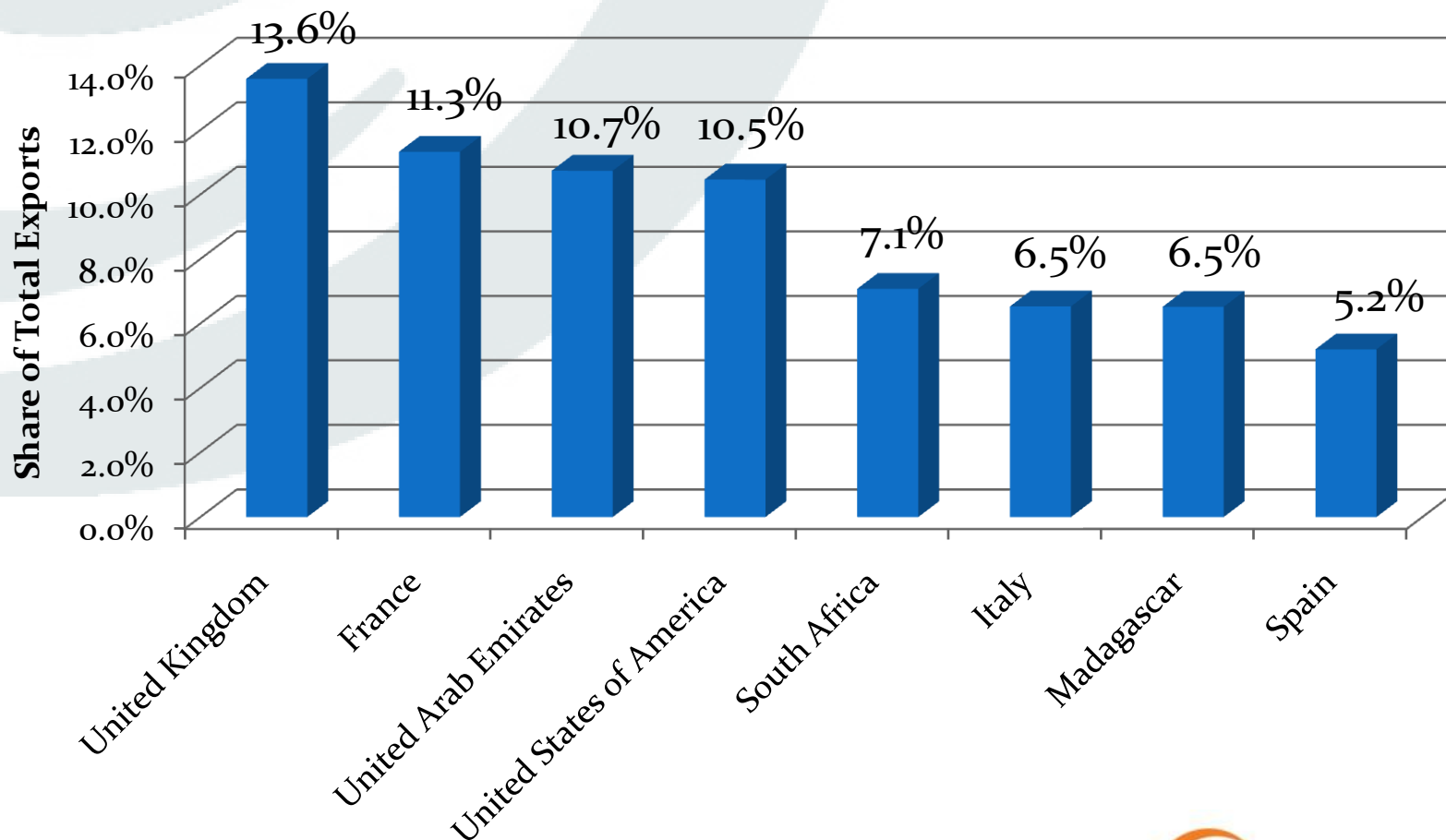
Main Export Markets: Facts

Mauritius

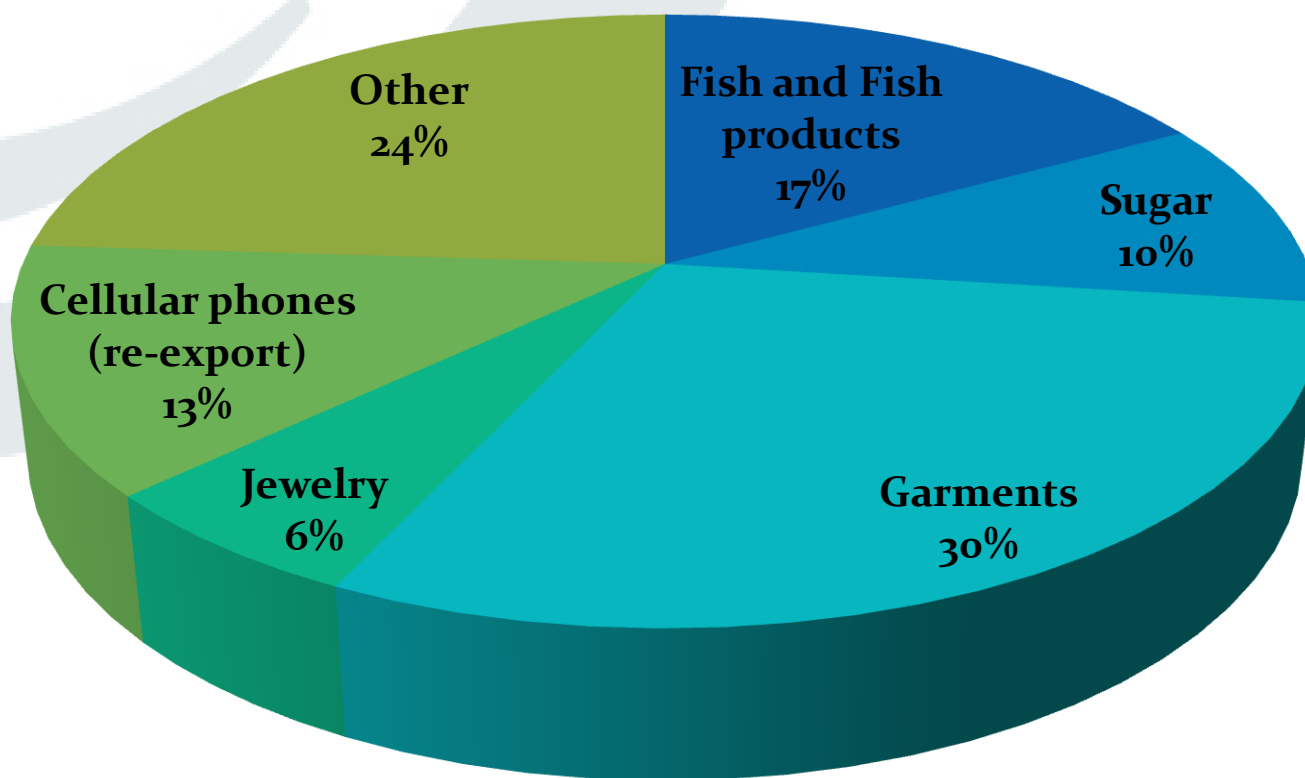
- **Heavy reliance on trade preferences**
- 75% of Exports destined to Europe, USA, the SADC/COMESA Region
- 4 Product categories account for approx. 65% of total exports (garments, preserved fish, sugar, jewelry)



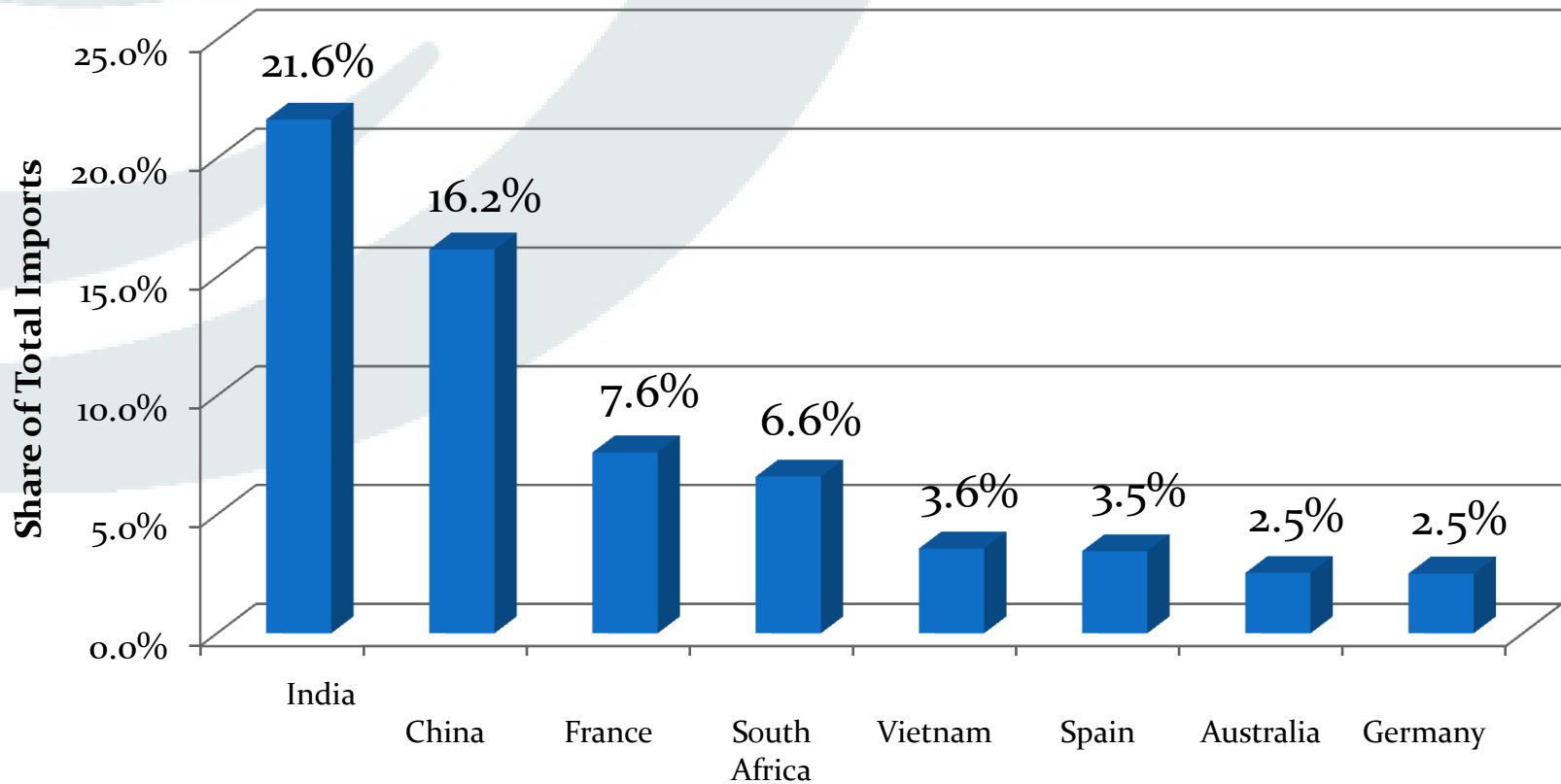
Main Export Markets in 2014



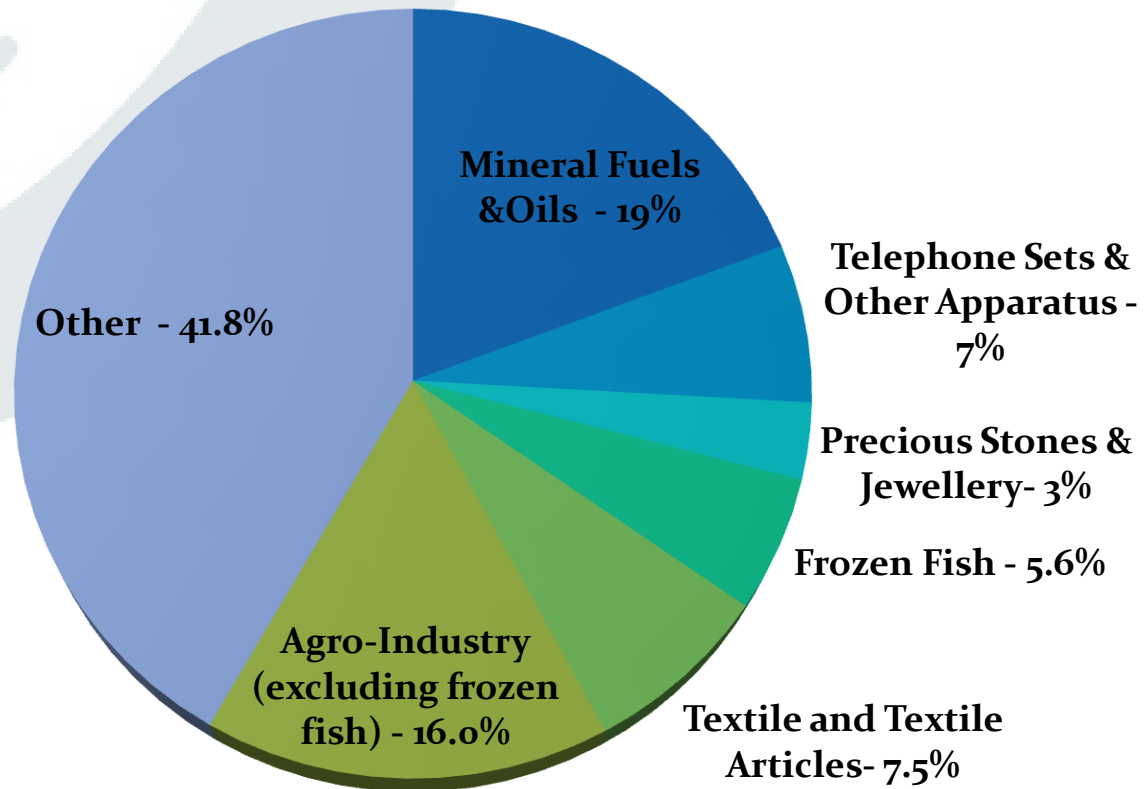
Main Products Exported in 2014



Imports 2014 – Main countries



Main Imports in 2014



Overview of Trade Agreements



Trade Agreements



Europe	Interim Economic Partnership Agreement (EPA)
USA	Africa Growth & Opportunity Act (AGOA)
Regional	SADC, COMESA, Indian Ocean Commission, Tripartite FTA (on-going)
Bilateral	PTA with Pakistan, FTA with Turkey, Tunisia (on-going)
Other	Generalized System of Preferences - GSP (Japan, Switzerland,...)



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

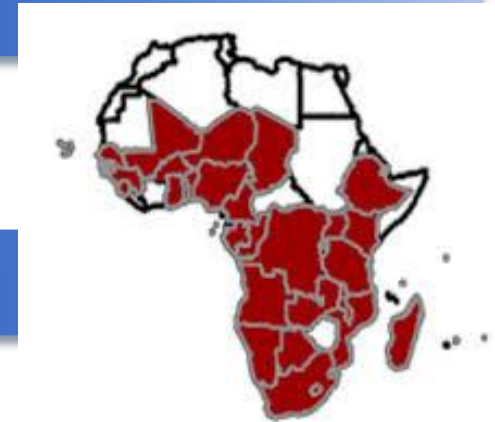
Unilateral Trade Preferences

- 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



AGOA.info

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

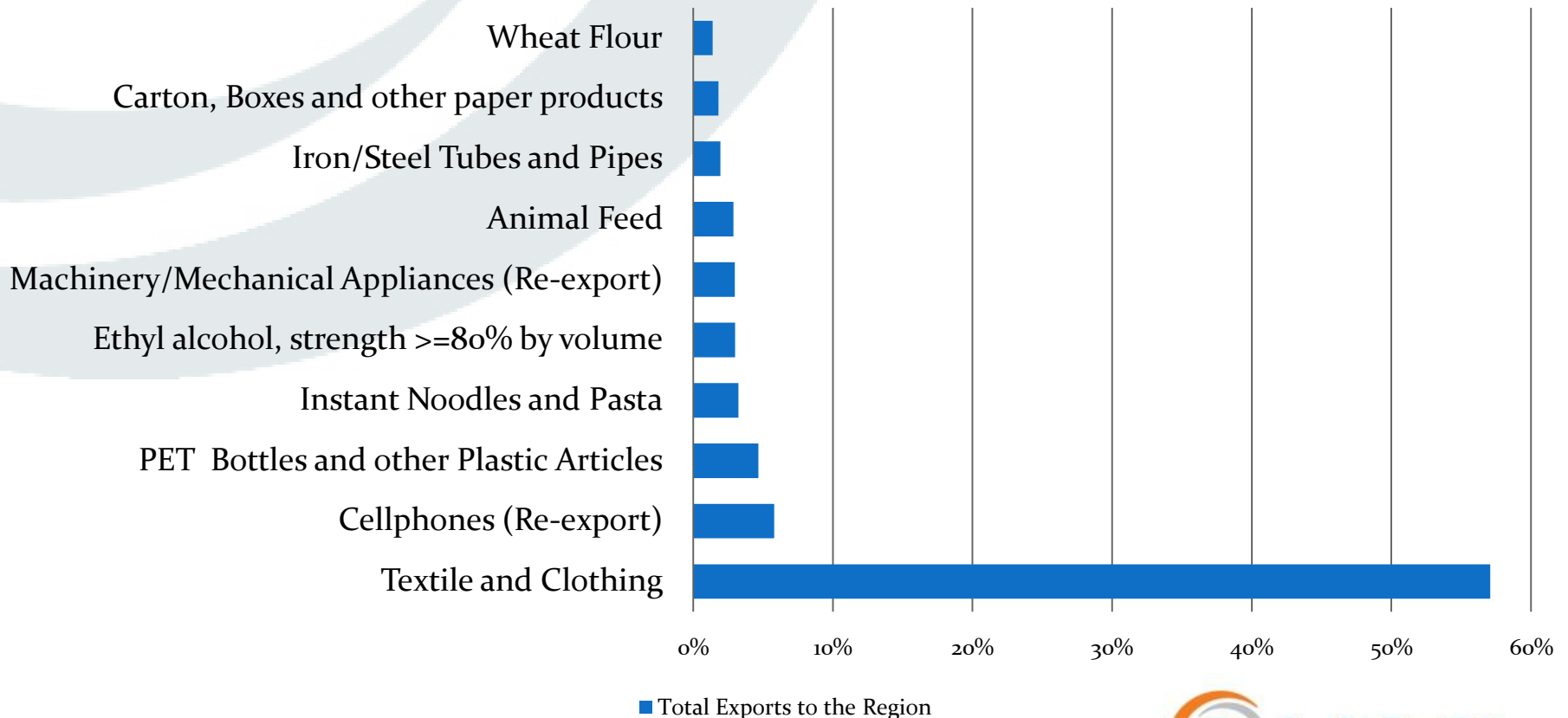
- Growing exports to the regional under the various trade agreements
- Region represents approx. 20% of total exports
- Wide range of products exported

• 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





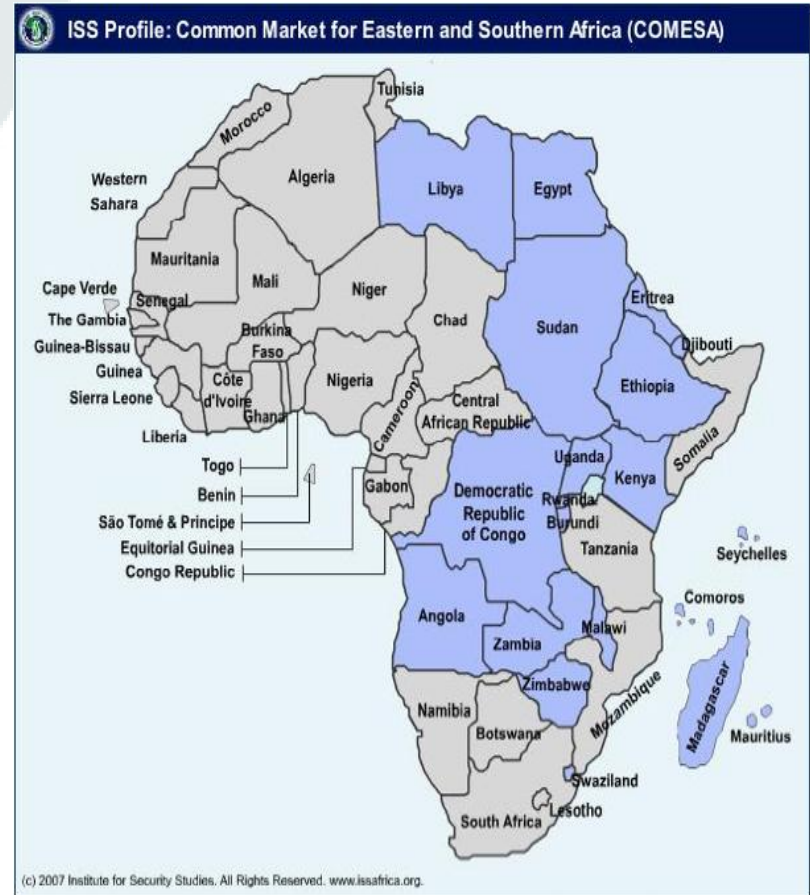
EXPORTING TO COMESA COUNTRIES

www.comesa.int

COMESA

COMESA

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

FTA Member States

1. Burundi
2. Comoros
3. Djibouti
4. Egypt
5. Kenya
6. Libya
7. Madagascar
8. Malawi
9. Mauritius
10. Rwanda

11. Seychelles
12. Sudan
13. Uganda
14. Zambia
15. Zimbabwe

Non-FTA Member States

1. D R Congo
2. Eritrea
3. Ethiopia
4. Swaziland

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

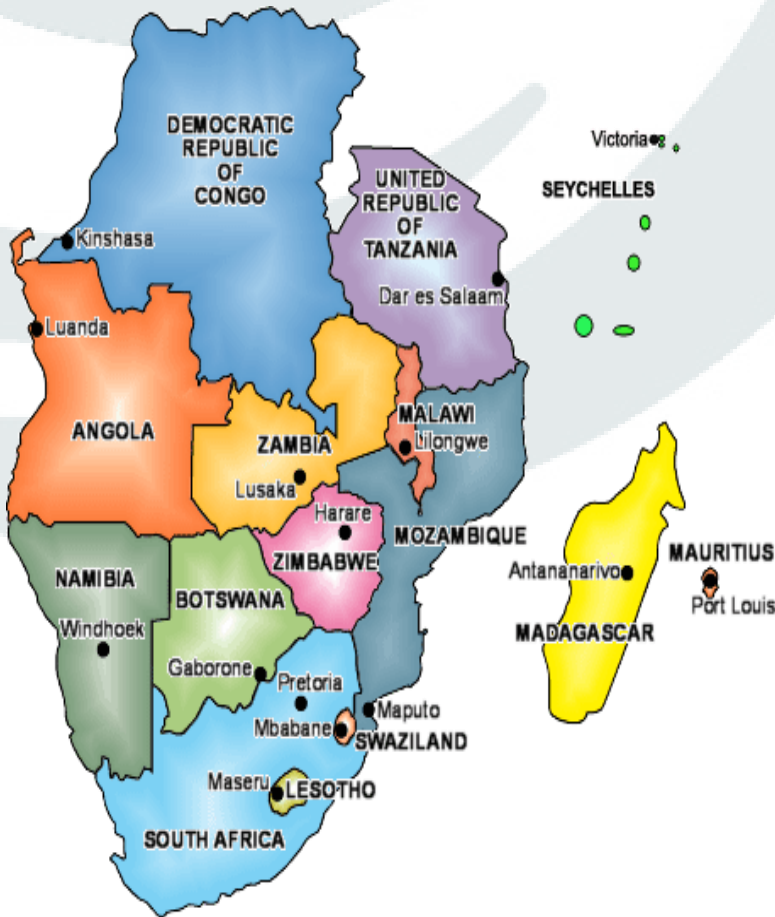
IMPORTING

- 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



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

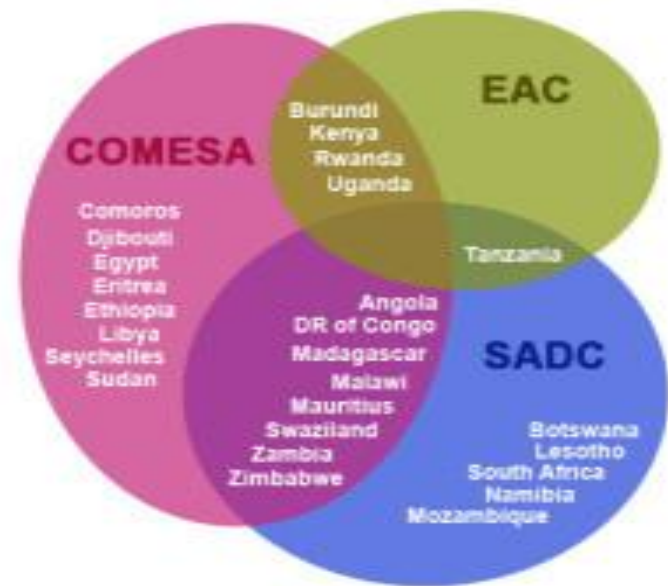
- Duty-free from FTA countries
- Goods need to be accompanied by a valid SADC Certificate of Origin



**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

- countries 26
- population 625 million
- total GDP \$1 trillion
- aim boost trade between African countries

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



Source: UNCTAD

■ ■ COMESA + SADC
 D. R. Congo
 Zambia
 Malawi
 Zimbabwe
 Swaziland
 Madagascar

■ ■ COMESA + EAC
 Uganda
 Kenya
 Rwanda
 Burundi

■ ■ SADC + EAC
 Tanzania
 Seychelles

Comoros

Mauritius



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)



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

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

Preserved Fruits/Vegetables

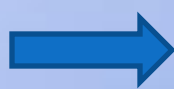


- Product HS Code: Chapter 20
- Markets identified: Kenya, Zimbabwe, Ile de la Reunion

Kenya

Zimbabwe

Ile de la Reunion



COMESA

COMESA, SADC

EPA with EU

SADC Specific rules (1)

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

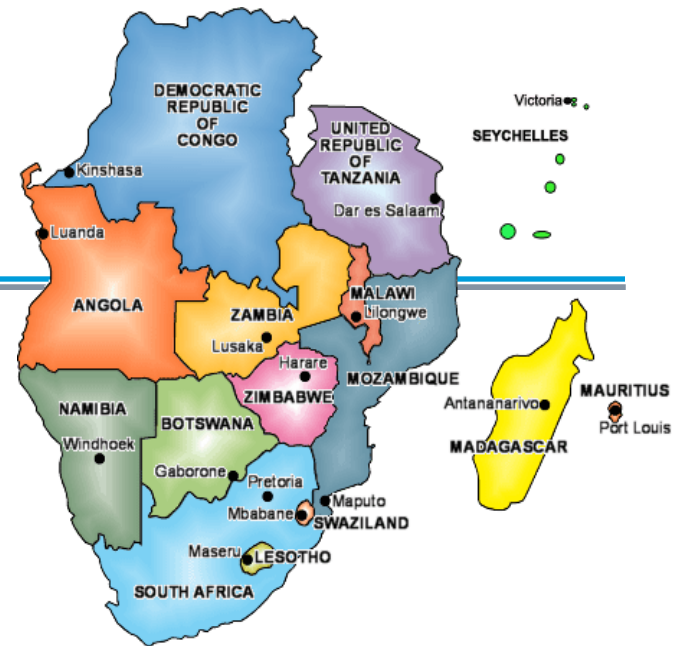
- Wholly obtained

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 digit

■ 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

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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Thank you