

# **PRESS RELEASE**

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## **TRADE POLICY REVIEW BODY REVIEW OF MAURITIUS TPRB'S EVALUATION**

The Trade Policy Review Body of the World Trade Organization (WTO) concluded its second review of Mauritius on 2 and 5 November 2001. The text of the Chairperson's concluding remarks is attached as a summary of the salient points which emerged during the discussion.

The review enables the TPRB to conduct a collective examination of the full range of trade policies and practices of each WTO member countries at regular periodic intervals to monitor significant trends and developments which may have an impact on the global trading system.

The review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment. A record of the discussion and the Chairperson's summing-up together with these two reports will be published in due course at the complete trade policy review of Mauritius and will be available from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

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Since December 1989, the following reports have been completed: Argentina (1992 and 1999), Australia (1989, 1994 and 1998), Austria (1992), Bahrain (2000) Bangladesh (1992 and 2000), Benin (1997), Bolivia (1993 and 1999), Botswana (1998), Brazil (1992, 1996 and 2000), Brunei Darussalam (2001), Burkina Faso (1998), Cameroon (1995 and 2001), Canada (1990, 1992, 1994, 1996, 1998 and 2000), Chile (1991 and 1997), Colombia (1990 and 1996), Costa Rica (1995 and 2001), Côte d'Ivoire (1995), Cyprus (1997), the Czech Republic (1996 and 2001), the Dominican Republic (1996), Egypt (1992 and 1999), El Salvador (1996), the European Communities (1991, 1993, 1995, 1997 and 2000), Fiji (1997), Finland (1992), Gabon (2001), Ghana (1992 and 2001), Guinea (1999), Hong Kong (1990, 1994 and 1998), Hungary (1991 and 1998), Iceland (1994 and 2000), India (1993 and 1998), Indonesia (1991, 1994 and 1998), Israel (1994 and 1999), Jamaica (1998), Japan (1990, 1992, 1995, 1998 and 2000), Kenya (1993 and 2000), Korea, Rep. of (1992, 1996 and 2000), Lesotho (1998), Macao (1994 and 2001), Madagascar (2001), Malaysia (1993 and 1997), Mali (1998), Mauritius (1995 and 2001), Mexico (1993 and 1997), Morocco (1989 and 1996), Mozambique (2001), New Zealand (1990 and 1996), Namibia (1998), Nicaragua (1999), Nigeria (1991 and 1998), Norway (1991, 1996 and 2000), OECS (2001), Pakistan (1995), Papua New Guinea (1999), Paraguay (1997), Peru (1994 and 2000), the Philippines (1993 and 1999), Poland (1993 and 2000), Romania (1992 and 1999), Senegal (1994), Singapore (1992, 1996 and 2000), Slovak Republic (1995), the Solomon Islands (1998), South Africa (1993 and 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 and 1994), Switzerland (1991, 1996 and 2000 (jointly with Liechtenstein)), Tanzania (2000), Thailand (1991, 1995 and 1999), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 and 1998), the United States (1989, 1992, 1994, 1996, 1999 and 2001), Uganda (1995), Uruguay (1992 and 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994).

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## TRADE POLICY REVIEW BODY

### REVIEW OF MAURITIUS

#### CONCLUDING REMARKS OF THE CHAIRPERSON

We have had open and fruitful discussions on Mauritius' trade policies and practices. This second Trade Policy Review of Mauritius has been thorough and comprehensive; this was made possible by the full engagement of the Mauritian delegation, led by Minister Cuttaree, and by the active involvement of many Members. Members were impressed by the sustained strong growth of Mauritius' economy over the past two decades. This performance was attributed to sound macroeconomic policies and preferential market access. Noting that despite its economic success, and political and social stability, Mauritius had attracted less foreign direct investment (FDI) than other developing countries, Members queried its failure to attract higher levels of FDI. Clarification was sought about further steps to take up challenges faced by the economy, including labour market rigidities, and high production costs.

Members appreciated Mauritius' active participation in the multilateral trading system. There was also recognition of the constraints facing Mauritius due to it being a small developing country located on a remote group of islands, and of the need for assistance to enhance its integration into the multilateral trading system. Members were supportive of Mauritius' initiatives towards regional and bilateral agreements to expand its trade, and its position on regionalism as building blocks towards multilateralism. However, some concern was expressed about Mauritius' participation in various overlapping regional agreements. Members commended Mauritius on its efforts to adjust to erosion of preferential margins due to multilateral trade liberalization and increasing participation of developed countries in regional and bilateral agreements, and sought information on the importance of preferential market access for the Mauritian economy.

Noting that customs duties accounted for about 50% of Mauritius' tax revenue, Members inquired about its plans to reduce its reliance on border taxes. They encouraged Mauritius to further liberalize its trade regime through simplification of its tariff structure, dismantling of non-tariff measures on imports and exports, and elimination of differing tariffs and excise duties. Suggestions were made that Mauritius narrow the gap between bound and applied rates, and increase the coverage of its tariff bindings on non-agricultural products.

Some Members joined Mauritius in its support for the multifunctionality of agriculture while some others viewed this concept as an excuse for barriers to trade, and urged Mauritius to liberalize its agricultural sector. Members pointed out that the textile, clothing and sugar industries, the main sources of earnings from merchandise exports, were highly protected, and inquired about Mauritius' plans to further liberalize these industries and diversify its exports away from these products. Clarification was sought about Mauritius' plans for future structural reforms in its services sector and for further commitments under the GATS, particularly in areas such as tourism, telecommunications and financial services.

Members also sought further clarification on, *inter alia*:

- business environment;
- elimination of elements of duality in the economy through transformation from export- to outward-orientation;
- incentive schemes, including export subsidies and credit, and duty and tax concessions;

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- state-trading enterprises and implementation of the privatization programme;
- government procurement and eventual participation by Mauritius in the Plurilateral Agreement on Government Procurement;
- adoption of legislation on competition and on contingency trade remedies; and
- revision and adoption of legislation to comply with obligations under the WTO Agreement on TRIPS.

Members appreciated the responses provided by the delegation of Mauritius during the meeting, and look forward to later replies to some questions.

In conclusion, this Review has given Members an opportunity to better understand the challenges facing Mauritius. Members commended Mauritius on its transformation from a monocrop, to a relatively diversified economy with four pillars, and appreciated its steps to adjust to changes in the international environment. Members encouraged Mauritius to further liberalize and diversify its economy. In my personal capacity, I advocate that all Members support Mauritius in its efforts by securing market access for its products and assisting it to meet adjustment costs and improve competitiveness.

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