

#### IV. TRADE POLICIES AND PRACTICES BY MEASURE

##### (1) Overview

1. In the past decade, Mauritius' trade régime has been extensively liberalized. In 1983 quantitative restrictions and price controls affected a large majority of imports, tariffs were as high as 600 per cent, and the effective rate of protection to manufacturing was estimated at 89 per cent. In 1984 and 1985 quantitative restrictions were dismantled, price controls lifted on all but essential items and the export tax on sugar was reduced. In 1991 import licensing, which had applied to the vast majority of imports, was eliminated for all but a limited range of products subject to health, sanitary or strategic controls. In 1994 a three-column tariff consisting of the fiscal duty, the general customs duty and the preferential duty was consolidated into one column, and the number of tariff rates reduced from 60 to eight. At the same time, the maximum customs duty was lowered to 100 per cent, the import levy abolished, and the incidence of specific duties was reduced to two items.

2. While the maximum duty has been lowered considerably, the simple average tariff is nearly 30 per cent and evidence of tariff escalation suggests that protection of domestic value added remains high. Under incentive schemes and in specific cases, duty concessions and exemptions are available for a wide variety of industries. Tariffs on industrial products are bound for 76 (out of a possible 5,010) tariff lines. Imports dutiable at 55 per cent or higher from non-preferential sources attract an additional charge of 20 per cent and motor vehicles imported from these suppliers are liable to a 40 per cent surcharge above standard excise duties. Differing excise duties apply to equivalent local and imported goods.

3. Import and export licensing applies to a number of products for health, safety or environmental reasons or other technical requirements. Technical standards are mainly voluntary; Mauritius adopts international standards whenever possible. Licensing may also serve to encourage local production of agricultural crops, e.g. potatoes and onions, or to safeguard State-trading privileges for rice, cement and petroleum products.

4. The Government does not operate local content schemes or provide export subsidies, although certain industries, including (but not limited to) export enterprises, are eligible for tax concessions and preferential interest rates on development loans. Export performance is assisted by an air freight rebate scheme for fresh fruit, flowers and electronic parts. Measures to improve the competitiveness of the Mauritian economy include schemes to diffuse technology, public financing of research and development efforts and tax allowances for modernization and training.

##### (2) Measures Directly Affecting Imports

###### (i) Registration

5. Established importers and exporters must register with the Income Tax Department and are issued an identification number which must be used in all customs documentation. Occasional importers and exporters must also register with the Customs Department.

(ii) Tariffs

(a) Structure of tariffs

6. Mauritius has applied the Harmonized System (HS) since 1 January 1988; with 5,436 lines at the eight-digit HS level. Prior to June 1994, the tariff schedule contained 60 different tariff rates and the maximum customs duty was 600 per cent. The tariff consisted of three columns: a general duty column, a column specifying preferential rates (the duty applied to scheduled territories) and a fiscal charge.

7. In July 1994 a revised and simplified tariff was introduced which consolidated the fiscal charge, the general and the preferential duty into a single customs duty. The number of different tariff rates was reduced to eight from 60 and the duties lowered on 4,400 items. The maximum duty has been set at 80 per cent, although for goods dutiable at 55 or 80 per cent a 20 per cent additional duty on imports from "non-scheduled territories" is in place. Most major trading partners, including member States of the European Union, and the United States form a part of the scheduled list; notable exceptions include Japan, the Republic of Korea and Switzerland (Table IV.1). The use of specific duties has also been virtually eliminated; in the 1994 tariff only two tariff lines were subject to specific duties.<sup>1</sup>

8. The unweighted average tariff across all sectors is 29 per cent with a standard deviation of 26.3 per cent. Between broad economic sectors the average tariff for mining products is 14.1 per cent with little (4.7 per cent) deviation around the mean, 17.7 per cent for agriculture with a standard deviation of 16 per cent and a mean tariff for manufacturing of 30.1 per cent where the dispersion is greatest at 26.8 per cent (Table AV.1).

9. Tariffs are applied on an ad valorem basis except for the two lines mentioned above. Duties range from 0 to 80 per cent (zero, 5%, 15%, 20%, 30%, 40%, 55% and 80%). Taking into account that goods from non-scheduled suppliers dutiable at 55 per cent or more are liable to an additional rate of duty of 20 per cent, the number of tariff rates or tiers increases to ten, i.e., though not indicated clearly in the tariff, de facto there is a 75 per cent and a 100 per cent duty.

10. Although the average tariff is high, nearly 20 per cent of all tariffs are zero; over two thirds of all tariffs are 20 per cent or less. Another 23 per cent, almost entirely in manufacturing, are equal to or more than 55 per cent (Chart IV.1). High tariffs, tariff "peaks", occur in a number of manufacturing branches, with the greatest absolute frequency in the apparel sector.

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<sup>1</sup>These apply to thong-type sandals (6402.201) and their straps (6406.101) at the rates of Mau Rs 15/pair and Mau Rs 10/pair, respectively.

**Table IV.1**  
**Scheduled Territories**

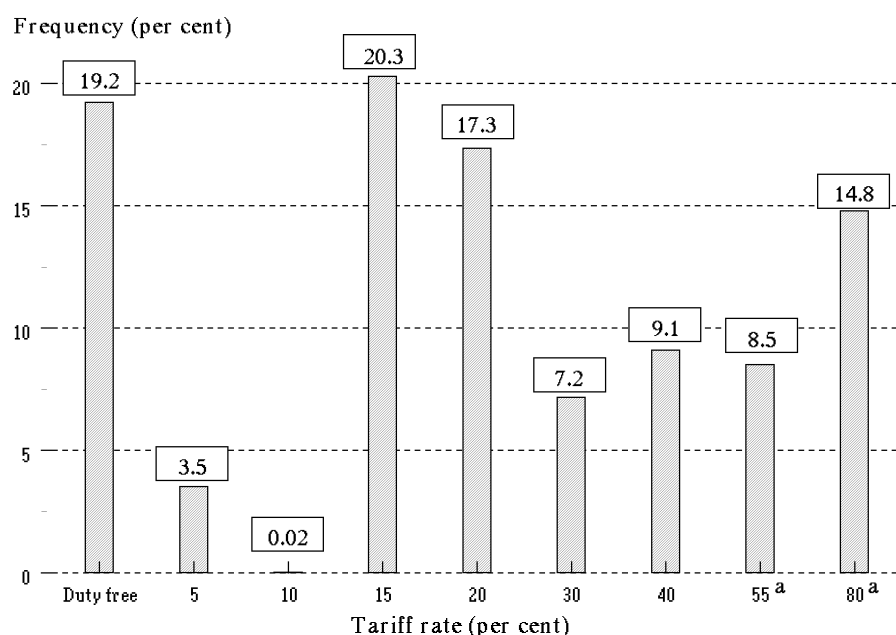
Arab Republic of Egypt	Kenya
Ashmore and Carier Islands	Leeward Islands (comprising Antigua, Montserrat, St. Christopher, Nevis and Anguilla)
Australian Antarctic Territory	Lesotho
Bahamas	Malawi
Bangladesh	Malaysia (comprising Federation of Malays, Sarawak and Sabah)
Barbados	Malta
Belgium	Monaco - French territory
Bermuda	Mozambique
Botswana	Namibia
British Antarctic Territory	Nauru
British Honduras	New Zealand
British Indian Ocean Territory (comprising the Chagos Archipelago, Aldabra, Farquahar and Desroches)	Nigeria
British Solomon Islands Protectorate	Norfolk Island
Brunei	Pakistan
Burma	Papua
Burundi	Portugal
Canada	Republic of Ireland
Cayman Islands	Republic of South Africa
Channel Islands	Ross Dependency
Christmas Island	Rwanda
Cocos or Keeling Islands	Seychelles
Commonwealth of Australia	Sierra Leone
Comoros Islands	Singapore
Cyprus	Somalia
Democratic Republic of Madagascar	Spain
Denmark	Sri Lanka
Djibouti	St. Helena (with Ascension and Tristan da Cunha)
Ethiopia	Swaziland
Falkland Islands and dependencies	Sweden
Fiji	Tanzania (comprising Tanganyika and Zanzibar)
France	Territory of New Guinea
Gambia	The Netherlands
Germany	Tonga
Ghana	Trinidad and Tobago
Gibraltar	Turks and Caicos Islands
Gilbert and Ellice Islands Colony	Uganda
Grand Duchy of Luxembourg	Union of the Soviet Socialist Republics
Greece	United Kingdom
Guyana	United States of America
Heard Island and McDonald Island	Virgin Islands (British)
Hong Kong	Western Samoa
India	Windward Islands (comprising Dominica, Grenada, St. Lucia and St. Vincent)
Isle of Man	Zambia
Italy	Zimbabwe
Jamaica	

Source: Government of Mauritius.

11. The schedule of duties exhibits a significant tendency towards tariff escalation with the simple average unweighted tariff for raw materials 14.8 per cent, for semi-manufactures 17.2 per cent and for finished goods 39.5 per cent (Table AV.1).<sup>2</sup>

<sup>2</sup>All agricultural and mining products are included in the category raw materials; excluding these products reduces the average tariff (on industrial raw materials) to 11.2 per cent.

Chart IV.1  
Frequency distribution of tariffs, 1994



a Does not include the 20 per cent supplementary duty on imports from "non-scheduled" countries.

Source: Government of Mauritius; and WTO Secretariat calculations.

(b) Tariff bindings

12. In the Uruguay Round Mauritius bound ten (four-digit) tariff items, equal to 76 six-digit tariff lines, on industrial products at 65 per cent; bound items include plastic and iron and steel tubes and pipe fittings, rolled glass, fork-lift trucks and public transport motor vehicles. Like other participants, all of its agricultural products are bound; the ceiling binding has been set at 122 per cent, with lower rates of bound duties applied to 25 tariff lines. Potatoes, onions, milk, butter, wheat, maize and rice have all been bound at 37 per cent; other items, including bananas, tea and shelled groundnuts have been bound at 82 per cent.<sup>3</sup> For all of the items bound, Mauritius has also bound "other duties and charges" at 17 per cent.<sup>4</sup> Applied rates on all of these products are considerably lower.

(c) Tariff preferences

13. While preferential tariffs per se were eliminated with the 1994 tariff, on imports originating from non-scheduled sources dutiable at 55 per cent or 80 per cent, an extra charge of 20 per cent is levied.

14. Tariff preferences for trading partners who are members of COMESA (Common Market for Eastern and Southern Africa) have been levied since October 1994 at the rate of 30 per cent (a

<sup>3</sup>Schedule CXVIII, 15 April 1994.

<sup>4</sup>This corresponds to the import levy of 17 per cent which was abolished on 30 June 1994.

70 per cent reduction) of the customs duty.<sup>5</sup> Under the terms of the PTA (Preferential Trade Area for Eastern and Southern African States), preferential tariff treatment was product-specific; according to the COMESA Treaty all products are eligible for preferential tariff treatment.

15. Between 1989 and 1993, imports from non-scheduled territories (i.e. liable to general tariff treatment) lost market share while those under preferences nearly doubled. Most of this was accounted for by increasing imports from the EC, but imports from other scheduled territories and COMESA partners have also been rising; the latter from 1 to 2.5 per cent in the five-year period (Chart IV.2).

(d) Tariff quotas

16. Mauritius applies no tariff quotas to imports.

(e) Tariff concessions

17. Duty exemptions are extended under various investment incentive schemes (Section (4)(ii) and Table IV.14). In addition to these, there are 93 unclassified exemptions or concessions, including such universally exempt merchandise as re-imports, all imports by the President of the Republic, donations and samples. Duty reductions on inputs for various manufacturing industries, e.g. tools for the building industry or machinery and equipment to be used exclusively in agriculture, are also available. These are listed in Part II of the First Schedule to the Tariff. Exemptions or concessions in the tariff are granted only upon Customs being satisfied that the beneficiaries are entitled to the exemptions as per the above criteria.

18. Other firm-specific exemptions or concessions are granted by the Ministry of Finance for one year and if the concession is expected to increase domestic value added or export potential.

19. In 1991, on total imports for the domestic market (i.e. excluding for export-processing zones, trans-shipment and temporary admission) of Mau Rs 16.9 billion, duties (including sales and excise tax) collected amounted to Mau Rs 4.6 billion, while exemptions amounted to Mau Rs 2.6 billion, half of which were through Ministerial exemptions.<sup>6</sup> Exemptions for EPZ and Export Service Zone (ESZ) firms amounted to another Mau Rs 1 billion. In other words, although the average duty collected was 19.1 per cent, subtracting the exemptions gave an average collection rate on non-exempt imports of 34.2 per cent. More recent data points to the continued high level of duty exemptions and concessions accorded outside export-oriented sectors. "Other exemptions/concessions" are twice the value of duties waived on imports for export production, although in the 1992 to 1994 period the value of overall exemptions declined either as a result of the general lowering of duties or indicative of reduced discretionary actions (Table IV.2).

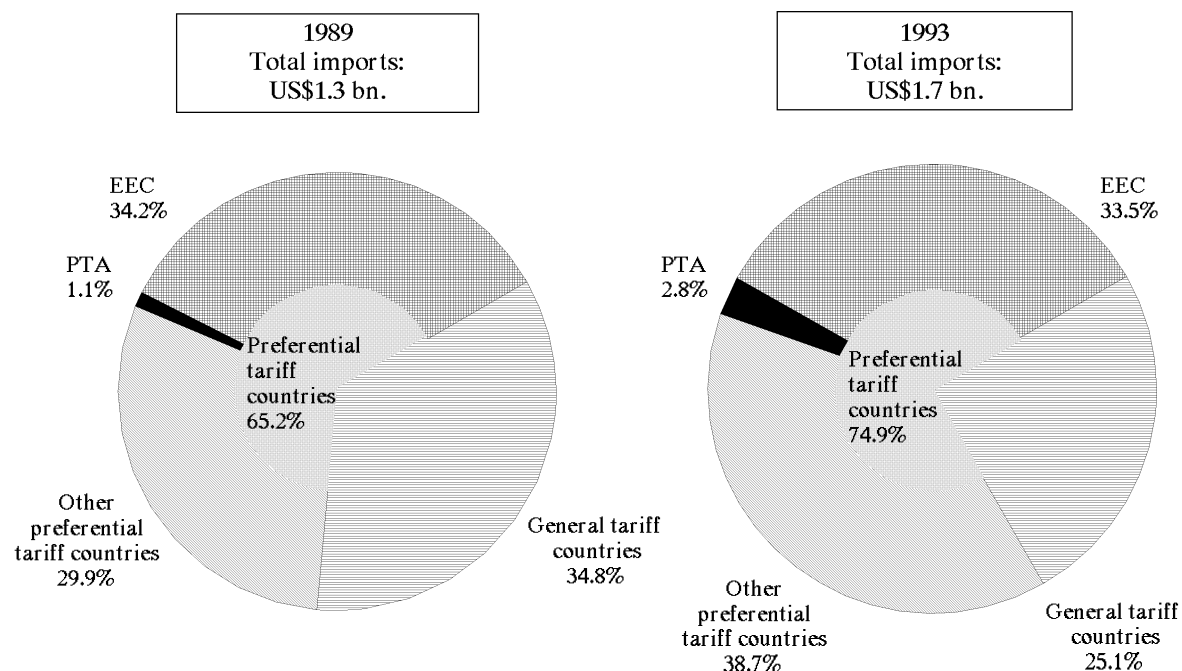
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<sup>5</sup>The signatories of the PTA were Angola, Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. As of 1 January 1995 13 member States had ratified the COMESA Treaty.

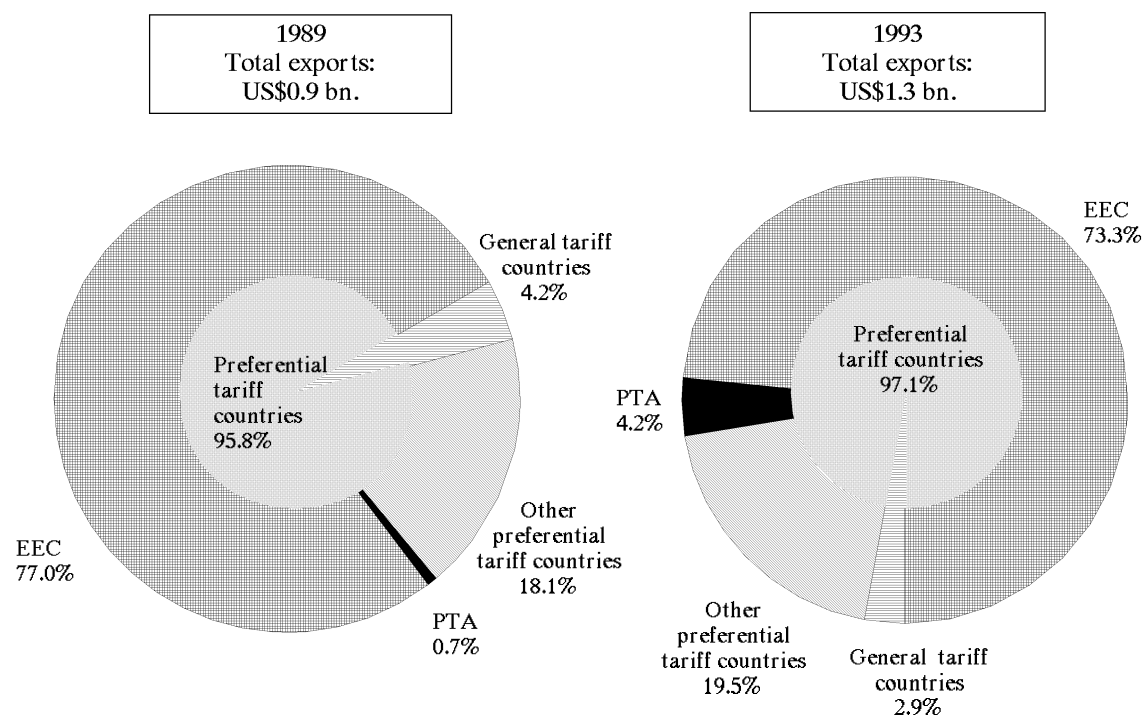
<sup>6</sup>World Bank (1993), Table 3.2.

Chart IV.2  
Structure of trade, 1989 and 1993

A. Imports



B. Exports



Source : Government of Mauritius; and UNSTAT, Comtrade database, SITC Rev.2

Table IV.2

## Duty collections and exemptions, 1992-94

(Mau Rs million and per cent)

	1992		1993		1994	
	Mau Rs Mn	Per cent	Mau Rs Mn	Per cent	Mau Rs Mn	Per cent
<b>Total imports</b>	<b>25,232</b>		<b>30,438</b>		<b>32,620</b>	
Import duty collected	4,307	17.1	5,207	17.1	5,176	15.9
Import duty exempted	4,920	19.5	4,050	13.3	3,304	10.1
EPZ/ESZ exemption	1,115	4.4	1,489	4.9	1,137	3.5
Other exemptions/concessions	2,718	10.8	2,493	8.2	2,058	6.3

Source: Government of Mauritius.

(iii) Other import charges

20. Fiscal duties and customs surcharges were in force until they were consolidated in June 1994 into the customs duty under the Customs Tariff, 1994. In addition, a stamp duty of 12 per cent was raised to 13.2 per cent in 1984 and transformed to a 17 per cent import levy in 1985. The levy was originally collected at the time of issue of the import permit by the Ministry of Trade; collection was transferred to Customs in 1988. The levy applied, until abolished in June 1994, to all imports except essential items, such as rice, flour, pulses, salt fish, kerosene and public transport equipment, and inputs for the EPZ and export companies holding development certificates.

21. Cess fees are collected on imports of maize at Mau Rs 50 per ton, and on tea at Mau Rs 0.20 per kilo.

22. A sales tax is normally levied at 5 per cent of the wholesale value on domestic deliveries and on the duty-paid value of imported goods. There are various exemptions to the sales tax, including on essential items and on imports by EPZ firms, for temporary admission and into the freeport.<sup>7</sup> The sales tax approximates to a value-added tax, as tax paid by producers for materials incorporated into finished goods can be deducted from the sales tax payable on the final good.

23. Hotel services and airline tickets are taxed at 10 per cent.

24. Until 1 July 1994, a capital transfer tax of 5 per cent was applied to imports of gold coins other than those by the central bank.

25. Excise duties are in principle applied to both imports and local production of a wide range of alcoholic beverages, tobacco products and motor vehicles; exports are exempt (Table IV.3).<sup>8</sup> Table IV.4 gives examples of the cumulative effect of import duties and excise taxes on selected products.

<sup>7</sup>Essential items include basic foodstuffs (such as rice, flour, sugar and molasses, raw and dried vegetables, tea, coffee, meat and fish, bread, fruit, edible oils and fats, milk and cream, butter, eggs and honey), fuels, medicine, live animals, agricultural machinery, animal feed, containers, fertilizers, live plants, flowers and seeds, textiles, textile machinery, locally manufactured clothing, books and periodicals.

<sup>8</sup>Manufacturers of excisable goods must be licensed and pay an annual or quarterly fee whose rate has been fixed in the Second Schedule of the Excise Duty Act.

**Table IV.3**  
Excisable goods manufactured or imported into Mauritius

ISIC Code	HS Code	Description	Rate of excise duty on imported items	Excise duty on locally produced items (Rupees or per cent ad valorem)
3133	2203001	Beer made from malt	150	8.22 per litre
3133	2203002	Beer made of malt, stout	150	8.22 per litre
3133	2203003	Beer made of malt, shandy	150	6.85 per litre
3132	220410	Wine, of fresh grapes	20	3.00 per litre or 30% ad valorem, whichever is the higher
3132	2204291	Other wine, of fresh grapes	15	3.00 per litre or 30% ad valorem, whichever is the higher
3132	2204292	Fortified wine	15	3.00 per litre or 30% ad valorem, whichever is the higher
3132	2204293	Wine imported in bulk, for bottling	15	36 per cent
3132	2204299	Other wine of fresh grapes	20	0
3132	2205109	Other flavoured vermouth and wine	20	0
3132	2205901	Other vermouth, imported in bulk for bottling	15	0
3132	2205909	Other vermouth, n.e.s.	20	0
3132	2206001	Fermented beverages, imported in bulk for bottling	15	3.00 per litre or 30% ad valorem, whichever is the higher
3132	2206009	Other fermented beverages	20	0
3131	2207101	Undenatured ethyl alcohol, for medicinal use	200	0
3131	2207102	Undenatured ethyl alcohol, for perfumed spirits and cosmetics	200	5.00 per litre
3131	22071099	Undenatured ethyl alcohol, for use as input for other purposes	200	0.78 per percentage of alcohol per litre
3131	220720	Ethyl alcohol and other spirits, denatured	200	0
3131	2208201	Cognac	100	0
3131	2208202	Brandy	100	1.75 per percentage of alcohol per litre
3131	2208209	Other spirits	200	0
3131	2208301	Whisky, or matured whisky	150	3.00 per percentage of alcohol per litre
3131	2208303	Whiskies, imported in bulk for bottling	150	0
3131	2208309	Other whiskies	200	3.00 per percentage of alcohol per litre
3131	220840	Rum and tafia	200	0.78 per percentage of alcohol per litre
3131	220850	Gin	200	1.75 per percentage of alcohol per litre
3131	2208901	Eau-de-vie, cane spirit	100	1.75 per percentage of alcohol per litre
3131	2208902	Aperitif (local)	-	1.10 per percentage of alcohol per litre
3131	2208903	Cordial (local)	-	1.10 per percentage of alcohol per litre
3131	2208904	Liqueur (local)	-	1.10 per percentage of alcohol per litre
3131	2208905	Vodka (locally produced)	-	1.75 per percentage of alcohol per litre
3131	2208906	Compounded spirits made from local rum	-	0.78 per percentage of alcohol per litre
3131	2208907	Compounded spirits made from rum	-	0.78 per percentage of alcohol per litre
3131	2208908	Admixed spirit (local)	-	1.75 per percentage of alcohol per litre
3131	2208909	Other alcoholic beverages, n.e.s.	200	0.78 per percentage of alcohol per litre
3140	2401101	Leaf tobacco, flue cured, not stemmed	-	36.30 per kg
3140	2401102	Leaf tobacco, air cured, not stemmed	-	24.20 per kg
3140	2401201	Leaf tobacco, flue cured, stemmed	-	36.30 per kg
3140	2401202	Leaf tobacco, air cured, stemmed	-	24.20 per kg
3140	240210	Cigars, cheroots and cigarillos	270	0
3140	2402201	Cigarettes containing tobacco, state express brand	400	132 per cent
3140	2402209	Cigarettes containing tobacco, other brand	400	120 per cent
3140	2402901	Other cigars, cheroots, cigarillos and cigarettes, state express brand	400	132 per cent
3140	2402902	Other cigars, cheroots, cigarillos and cigarettes, other brand	400	120 per cent
3140	240310	Smoking tobacco	230	0
3530	271000	Aviation spirit	120	0
3843	8703219	Motor vehicles, of a cylinder capacity below 1,000cc	17	17 per cent

Table IV.3 (cont'd)



ISIC Code	HS Code	Description	Rate of excise duty on imported items	Excise duty on locally produced items (Rupees or per cent ad valorem)
3843	87032291	Motor vehicles, of a cylinder capacity below 1,150cc	17	17 per cent
3843	87032292	Other motor vehicles, of a cylinder capacity between 1,150cc and 1,400cc	17	37 per cent
3843	87032299	Other motor vehicles between 1,400cc & 1,500cc	77	77 per cent
3843	87032391	Motor vehicles, below 1,850cc	77	77 per cent
3843	87032399	Motor vehicles between 1,850cc and 3,000cc	157	157 per cent
3843	8703249	Motor vehicles, below 3,000cc	157	157 per cent
3843	87033191	Motor vehicles (diesel, semi-diesel), of a cylinder capacity below 1,400cc	17	17 per cent
3843	87033199	Other motor vehicles (diesel, semi-diesel), between 1,400cc and 1,500cc	77	77 per cent
3843	87033291	Motor vehicles (diesel, semi-diesel), between 1,500cc and 1,850cc	77	77 per cent
3843	87033299	Motor vehicles (diesel, semi-diesel), between 1,850cc and 2,500cc	157	157 per cent
3843	8703339	Other diesel vehicles, (above 2,500cc)	157	157 per cent
3843	87042191	Transport vehicles, not exceeding 1,400cc	17	17 per cent
3843	87042192	Transport vehicles, between 1,400cc and 1,850cc	37	37 per cent
3843	87042193	Transport vehicles, between 1,850cc and 2,500cc	77	77 per cent
3843	87042199	Other transport vehicles	157	157 per cent
3843	87043191	Other transport vehicles, with spark-ignition, not exceeding 1,150cc	17	17 per cent
3843	87043192	Other transport vehicles, with spark-ignition, between 1,150cc and 1,400cc	37	37 per cent
3843	87043193	Other transport vehicles, with spark-ignition, between 1,400cc and 1,850cc	77	77 per cent
3843	87043199	Other transport vehicles, n.e.s.	157	157 per cent

Note: For motor vehicles (ISIC 3843) there is an additional 40 per cent on imports from non-scheduled territories.

Source: Excise Act 1994, Government of Mauritius.

**Table IV.4**  
**Charges on selected imports by stage of processing in Mauritius**  
(Per cent)

	Wheat HS 1001	Iron bars HS 7213	Motor spirit HS 2710		Passenger cars HS 8703.2295	
			Scheduled supplier	Non-scheduled supplier <sup>a</sup>	Scheduled supplier	Non-scheduled supplier <sup>a</sup>
Import value (c.i.f.)	100	100	100	100	100	100
Customs duty	0	30	80	100	80	100
Sub-total	100	130	180	200	180	200
Excise duty	0	0	120 <sup>a</sup>	120	77	117 <sup>b</sup>
Landed cost	100	130	300	320	257	317
[Ad valorem equivalent of import taxes on c.i.f. value]	0	30	200	220	157	217

a Imports from non-scheduled suppliers dutiable at 55 per cent or more are subject to an additional duty of 20 per cent.

b A 40 per cent surcharge is added to the excise duty on motor vehicles imported from non-scheduled territories.

Source: WTO Secretariat.

26. There are several instances of significant differences in the application of excise duties between imported and locally produced goods. In the most obvious cases, the excise duty on locally manufactured ethyl alcohol and manufactured tobacco is zero-rated and on imports ranges from 200 to 400 per cent. Motor spirit, for which there is no local production, is subject to an excise duty of 120 per cent. Furthermore, on motor vehicles, where excise duties range from 17 to 137 per cent depending on cylinder capacity, there is an additional 40 per cent excise duty levied on vehicles imported from non-scheduled sources.

27. In most cases the rate of excise duty on locally manufactured excisable goods is applied on a specific basis and that on imports at an ad valorem rate. The ad valorem equivalents, or effective rates, on local goods cannot be compared to the duties applied to equivalent imports as duty collected for each product manufactured in Mauritius is not available.

28. In the six months from June to December 1994 Mau Rs 500 million in excise duties were collected on local production and Mau Rs 345 million on imports, over half of which derived from excise on petroleum products and motor vehicles.<sup>9</sup>

(iv) Rules of origin

29. Imports dutiable above 55 per cent from scheduled territories must have undergone substantial processing in the country of origin, amounting to 50 per cent of the value of the goods.

30. For imports from COMESA partners, origin is defined as: (i) wholly produced; (ii) 60 per cent or less imported material content; (iii) 45 per cent value added on an ex-factory cost basis or 25 per cent value added for goods of particular importance to economic development. Direct transport is required for obtaining originating status.

(v) Customs procedures

31. The invoice for merchandise imports must specify the f.o.b. value of the goods, the cost of packing, all inland transport charges, dock and shipping charges, the total cost including the expenses incurred for freight and insurance and any buying and selling commissions.<sup>10</sup> Where there is more than one package in the shipment a packing list is required. The invoice must be accompanied by a certificate stating that the invoice is correct and that no different invoice for the goods has been, or will be, issued.

32. An import declaration form or bill of entry giving full information as to the description, quantity and value of the goods for each consignment has to be submitted in the approved form. With the ASYCUDA (Automated System for Customs Data) system of clearance now functioning the import declaration can be processed within ten minutes and goods cleared within one or two days. According to a World Bank study in the last quarter of 1990, it took over ten days for over half of all imports to receive port clearance.<sup>11</sup>

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<sup>9</sup>Data supplied by Customs Department.

<sup>10</sup>Customs Regulations 1989; Section 13.

<sup>11</sup>World Bank (1992), p. 40.

33. A certificate of origin for imports from "scheduled" territories should indicate separately the ex-factory value of the goods and the total value of the material, labour and other manufacturing cost originating in the scheduled territory.

34. Customs provides free warehousing for three days, after that goods are stored at freight stations or by the Mauritius Marine Authority at the owner's expense. Goods must be removed within two months; otherwise, they are subject to sale.

35. The temporary admission régime allows for goods to enter for processing and re-export within a six-month period; this can be extended for an additional six months, against a guarantee covering duties and sales tax payable.

36. Goods entered for transit or trans-shipment must be removed within two years.

(vi) Customs valuation

37. The customs valuation system is based on a hybrid definition of the Brussels Definition of Value and the WTO valuation provisions. Valuation of imported goods is carried out according to the provisions of Section 18 of the Customs Tariff Act 1988 and Sections 10, 11 and 12 of the Customs Regulations, 1989. Section 18 of the legislation states that the "value of the goods for customs purposes shall be taken to be the price paid or payable at which such, or like, goods are ordinarily sold or offered for sale for delivery in Mauritius". The implementing regulations, however, allow value to be determined either: "(i) on the basis of the price paid for identical or comparably similar goods made by the same manufacturer and imported at or about the same time by another independent buyer in Mauritius under fully competitive conditions; or (ii) imported by another country from the same manufacturer; or (iii) sold in the country of export; or finally (iv) made by another manufacturer and imported into Mauritius".

38. Mauritius plans to adapt its legislation to the WTO provisions within the required timeframe, that is by 1 January 2000.

39. In practice, Customs accepts the declared value on the invoice in most cases. The majority of merchandise, approximately 70 per cent, is cleared through customs within 24 hours, without being inspected, although Customs hopes to increase this proportion further. Where there are doubts regarding the accuracy of the value or the classification, Customs is entitled to request additional payment of duties; the authorities estimate that this occurs in some 5 per cent of shipments.

40. Disputes arising from the classification or valuation of goods are examined by the Customs Advisory Committee and importers may appeal decisions, including for refund of customs or excise duty, within 28 days to the Tax Appeal Tribunal. Typically, 20 cases a year are examined by the Committee with two or three subsequently appealed to the Tribunal.

(vii) Import restrictions

41. Mauritius has not applied any import quotas since 1985. However, with the dismantling of import licensing in 1991, certain import prohibitions were introduced, including on ball valve bottles, explosive caps for toy pistols and guns, rubber tyres that have been retreaded, recapped or regrooved, white phosphorous matches, certain firecrackers, kerosene stoves, water scooters, ivory and tortoise shell, underwater fishing guns, sugar and chocolate confectionery, chewing gum in the form of cigarettes, rolling papers for cigarettes and secondhand motor vehicle spare parts (Table IV.5).

**Table IV.5**  
**Prohibited imports**

Description of goods	HS Code	GATT Article invoked	Reason
Ball valve bottles	7010.90	XX(b)	Public health
Explosive caps for toy pistols and guns containing a mixture of potassium chlorate and red phosphorus	3604.90	XX(b)	Public safety
Fire crackers of a type commonly known as "petards rapes"	3604.90	XX(b)	Public safety
White phosphorous matches	3605.00	XX(b)	Public safety
Rubber tyres which have been remoulded, recapped or regrooved	4012.10	XX(b)	Public safety
Kerosene stoves of a type "lampes vertes" and parts thereof	7321.12	XX(b)	Public safety
Water scooters	8506.29	XX(g)	
Ivory and tortoise shell	9601.10, 90		Application of the Convention on International Trade in Endangered Species of Fauna and Flora
Underwater fishing guns	9303.90	XX(g)	" "
Sugar and chocolate confectionery and bubble/chewing gum in the form of cigarettes	1704.10, 90 1806.90	XX(a)	Public health
Second-hand motor vehicle spare parts & accessories as follows:	4011.10	XX(b);	Public safety
(a) Tyres, tubes and wheels	4013.10 8708.70, 91	(d)	
(b) Radiators	7320.90		
(c) Springs and front legs	8707.90		
(d) Lorry cabins and parts thereof	8409.91		
(e) Injector nozzles	8708.99		
(f) Chassis and parts thereof	8708.31		
(g) Brake linings	8708.93		
(h) Clutch nut and parts thereof	8708.93		
(i) Fuel tanks	8421.23		
(j) Filters	4009.10		
(k) Hoses	4016.9911		
(l) Engine mountings	4010.10		
(m) Belts	4016.9911		
(n) Oil seals	8482.10		
(o) Ball joints	8482.10		
(p) Bearings	8708.80		
(q) Shock absorbers	7320.90		
(r) Spring leaves			
(s) Car bodies			
Toy motor-cyclists' helmets	9503.90	XX(b,d)	Public safety
"Roll-your-own" cigarette papers	4813.909	XX(a)	Public health
Aerosol insecticides containing C.F.C. (Chloro Fluoride Carbon) as propellant		XX(g)	Application of the Montreal Protocol Concerning Products Containing C.F.C.
Egg yellow in powdered form	0408	XX(b)	Public health
Bakery additives containing Potassium Bromate as an ingredient		XX(b)	Public health
Hydrogenated oils and fats imported under HS 15.16 and containing more than 75% saturated fatty acids		XX(b)	Public health
Margarine rich in polyunsaturates imported under HS 15.17 containing less than 45% of polyunsaturated fat and more than 20% of saturated fats		XX(b)	Public health
Other margarine imported under HS 15.17 and containing more than 60% of saturated fats and more than 25% of palm oil		XX(b)	Public health
Edible mixtures or preparation of animal/vegetable fat or oil of fractions of different fats or oil imported under HS 15.19 and containing more than 23% of saturated fatty acids and more than 25% of palm oil		XX(b)	Public health
P.V.C. pipes not complying with Mauritius Std. 5 & Mauritius Std. 6	3917.23	XX(b)	Public health & safety
Straw brooms and brooms wholly or partially made of vegetative material	1403	XX(g)	Safeguarding agriculture

Source: Government of Mauritius.

**Table IV.6**  
**Imports subject to licensing**

Description of products	HS Code	GATT Article Invoked	Reason
Salted fish	0305	XI 2(c)	To remove temporary surplus of the like domestic product
Milk (fresh/liquid)	0401	XX(b)	To protect health
Potatoes (in all forms) including seeds	0701	XI 2(c)	To remove temporary surplus of the like domestic product
Onions and shallots	0703.10	XI 2(c)	"
Garlic	0703.20	XI 2(c)	"
Beans	0708.20	XI 2(c)	"
Other broad beans	0708.90	XI 2(c)	"
Groundnuts	0802	XI 2(c)	"
Oranges	0805.10	XX(b)	Health and plant protection
Tangerines, mandarines	0805.20	XX(b)	Health and plant protection
Lemons and limes	0805.30	XX(b)	Health and plant protection
Grapefruit	0805.40	XX(b)	Health and plant protection
Spices	0904-10	XI 2(c)	To remove a temporary surplus of the like domestic product
Maize in all forms	1005 1103.13, 1102.20	XI 2(c)	"
Rice	1006	XVII	To ensure food security
Wheat or meslin flour	1101	VIII 4(e)	To monitor food aid programme
Plants and parts of plants (including seeds and fruits) of a kind used primarily in pharmacy fresh or dried, whether or not cut, crushed or powdered	1211	XX(b)	Health and plant protection
Soyabean oil and its fractions, whether or not refined, but not chemically modified	1507	XX(b)	Health protection
Palm oil and its fractions, whether or not refined, but not chemically modified	1511	XX(b)	Health protection
Sunflower-seed, safflower seed or cotton-seed oil and their fractions, whether or not refined, but not chemically modified	1512	XX(b)	Health protection
Coconut oil (copra) and its fractions, whether or not refined, but not chemically modified	1513.11 1513.19	XX(b)	Health protection
Rape, colza or mustard oil and their fractions whether or not refined but chemically modified	1514	XX(b)	Health protection
Maize (corn) oil and its fractions (crude)	1515.21	XX(b)	Health protection
Maize (corn) oil and its fractions (other)	1515.29	XX(b)	Health protection
Animal or vegetable fats and oils and their fractions partly or wholly hydrogenated, inter-esterified, re-esterified or elaidonised, whether or not refined, but not further prepared	1516	XX(b)	Health protection
Margarine edible mixtures or preparations of animal or vegetable fats or oils or of fractions of different fats or oils of Ch. 15, other than edible fats or oils or their fractions of HS 1516	1517	XX(b)	Health protection
Animal/vegetable fats & oils & their fractions boiled, oxidised, dehydrated, sulphurised, blown, polymerised by heat in vacuum or inert gas or otherwise chemically modified	1518	XX(b)	Health protection
Artificial sweeteners	1702	XX(b)	Health protection
Infant formulas	1901.10, 1905.401 0401	XX(b)	Health protection
Nutrient supplements	2106	XX(b)	Health protection
Dietary foods	2106	XX(b)	Health protection

**Table IV.6 (cont'd)**

Description of products	HS Code	GATT Article Invoked	Reason
Bakery additives	2106.902	XX(b)	Health protection
Cigarettes containing tobacco	2402.20	XX(b)	Health protection
Salt	2501	XI 2(c)	To remove temporary surplus of the like domestic product
Portland cement	2523.21,29	XVII	Sensitive and essential commodity, national security
Petroleum oils and oils obtained from bituminous mineral crude	2709	XVII	Sensitive and essential commodity, national security.
Petroleum oils and oils obtained from bituminous minerals other than crude	2710	XVII	Sensitive and essential commodity, national security
Acrylic acid	2916	XX(b)	Public security
Pharmaceutical products, ayurvedic and other traditional medicines	Chapter 30	XX(b)	Health and life protection
Diagnostic materials of biological origin	3006.20,303822	XX(b)	Health protection
Insecticides, rodenticides, fungicides, herbicides, antisprouting products, plant growth regulators, disinfectants & similar products, put up in forms or packing for retail or as preparations/articles (e.g. sulphur treated bands, wicks, candles & fly-paper)	3808	XX(b)	Health, life and plant protection
PVC pipes	3917.23	XI 2(b)	Standard specification and public security
Plastic feeding bottles	3926	XI 2(b); XX(b)	Health protection
Teats and soothers	3926.909, 4014.90	XI 2(b); XX(b)	Health protection
Motor-cyclists' helmets (crash helmets)	6506.101	XI 2(b); XX(b)	Standard specification and life security.
Gold (inc. gold-plated with platinum) unwrought or semi-manufactured forms, or in powder form	7108	XX(c)	National security
Waste/scrap gold inc. metal clad with gold exc. sweepings of other precious metals	7112.10	XX(c)	National security
Bakery and pastry equipment	8417.20, 8438.10, 8514	XI 2(b); XX(b)	Health protection and standard specification
Weighing machinery	8423	XI 2(b); XX(d)	Standard specification and prevention of deceptive practices
Electric water heaters and immersion heaters and parts thereof.	8516.10	XI 2(b); XX(b)	Standard specification and life protection
Public transport type, passenger motor vehicles, buses	8702	XI 2(b); XX(b)	Standard specification and public security
Bus chassis fitted with engines	8706.001	XI 2(b); XX(b)	Standard specification and public security
Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods	8901	XI 2(b); XX(b)	Standard specification and public security
Fishing vessels, factory ships or other vessels for processing or preserving fishery products	8902	XI 2(b); XX(b)	National security, standard specification and public security
Tugs and pusher craft	8904	XX(b)	Public security
Instruments for measuring length, for use in the hand (e.g. measuring rods and tapes)	9017	XI 2(b); XX(d)	Standard specification and prevention of deceptive practices
Syringes with or without needles	9018.31	XI 2(b); XX(b)	Health protection
Sutures and ligatures	9018.39	XI 2(b); XX(b)	Health protection
Brooms	9603.10	XX(g)	Protection of environment
Food additives (preservatives colouring substance, flavouring substance, flavour enhancers.	Chs. 13, 21, 28,32,33,35	XX(b)	Health protection
Second-hand (used/reconditioned) motor vehicles		XX(b); (d)	Public security and prevention of deceptive practices
2nd-hand motor vehicle parts and accessories		XX(b); (d)	"
Other used, scrapped and second-hand goods		XX(b); (d)	"

Source: Government of Mauritius.

42. A number of products require approval by the regulatory authorities, many for health and safety or security reasons, but some, for example certain staple foods, such as potatoes and spices, in order to protect self-sufficiency objectives in the domestic market. These import restrictions were notified to the GATT Committee on Non-Tariff Measures and justified under Articles XI, XVII and XX (Table IV.6).

43. Import permits must be requested from the Import Division of the Ministry of Trade and Shipping. Import permits normally require clearance from the relevant Ministries, e.g. Ministry of Agriculture for agricultural goods or Ministry of Health for prepared foods, drugs and dangerous chemicals, and the clearance process varies between one week and a month. In 1995 an electronic approval procedure will be functioning which is intended to speed up this process.

(viii) Local-content requirements

44. Mauritius has no manufacturing schemes involving local-content requirements.

(ix) Trade remedies

45. Mauritius currently has neither anti-dumping, countervailing nor safeguard legislation, but the Government is considering the introduction of such legislation in view of the recent tariff reductions. In 1994 a temporary duty increase on iron bars from 40 to 50 per cent was aimed at countering alleged dumping.

(x) Government procurement

46. Mauritius is not yet a member or an observer to the Agreement on Government Procurement, but is seriously considering participation to some degree.

47. Until 1995, government procurement in Mauritius was decentralized. A Tender Board, within the Ministry of Finance was responsible for the procurement needs of government departments, but not for local authorities or other public or parastatal institutions. In 1994 the Central Tender Board Act was passed establishing an autonomous and independent body, the Central Tender Board, to approve the award of "major contracts" in the public sector.<sup>12</sup> Responsible officers for public bodies are obliged to notify the Board of major procurement plans and must obtain approval from the Board prior to launching a tender or awarding a contract.

48. The Board, which started operations on 15 March 1995, has issued guidelines on tendering procedures which are similar to those currently in practice, i.e. publication in the Government Gazette, advertising in the local and, as appropriate, in the international press. Existing legislation only provides for open tendering, although selective or single tendering may be covered in the future. In cases where an international development agency is providing the financing, its own procurement guidelines are followed.

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<sup>12</sup>A major contract is defined as procurement of goods and services above the following thresholds: for government departments, Mau Rs 500,000; for local authorities and some parastatal bodies, Mau Rs 10 million (limited to civil engineering works and capital goods); and for other parastatal bodies and State-owned companies, Mau Rs 25 million (limited to civil engineering works and capital goods).

49. There are no registration requirements for foreign suppliers. Local agents of foreign suppliers can participate in tenders calling for goods not available locally.

50. According to the authorities, national firms do not receive preferential treatment in procurement contracts except where authorized by foreign agencies, such as under Article (9) of the General Regulations of the European Development Fund, the financing mechanism for the Lomé Convention.<sup>13</sup>

51. Data on the value of government procurement contracts or the percentage met by imports are not available, although foreign suppliers have obtained between 15 and 20 per cent of contracts concluded with the previous Tender Board.

(xi) State trading

52. In the area of merchandise imports and exports, Mauritius has a number of State-trading enterprises and sole importers.<sup>14</sup> These parastatal bodies purchase, import and store a number of strategic commodities, the majority of which are subject to price controls.

53. The State Trading Corporation (STC), established under Act No. 24 of 1982, assumed in January 1983 the operations of the Department of Supplies in the then Ministry of Trade and Shipping. The Corporation is expected to "operate on sound commercial principles" and is the sole importer of ration rice (20-45 per cent broken), wheat flour and petroleum products. It also manages storage facilities for rice, flour and petroleum products and is responsible for the distribution of staple foods; petroleum products are distributed by the local oil companies.

54. Purchases of low-grade ration rice, which accounts for the vast majority of imported rice and two thirds of domestic consumption, and flour are made through the STC "in order to supply these staple products at reasonable prices to domestic consumers".<sup>15</sup> Until May 1993, the STC sold these products below cost against payment of a government subsidy to cover the losses incurred and paid the Government a fixed annual dividend on its profits earned primarily from trading in petroleum products. Subsidies amounted to 2.3 per cent of central government expenditure and 0.5 per cent of GDP in 1991 (Chart IV.3). With increasing awareness of the rise in purchasing power of the population and the unjustifiable element of subsidy, the Government eliminated subsidies to consumers in 1993 and set the price for low-grade rice to allow the STC to break even.<sup>16</sup> The STC expects to cover its residual deficit on "ration" rice from profits on its sales of luxury grade rice. The STC also imports about 40 per cent of luxury rice demands (principally from Pakistan and Thailand) and has had a monopoly since 1990 on Basmati rice.

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<sup>13</sup>Article 303 of Lomé IV allows a 10 per cent margin of preference to ACP companies on works contracts and a 15 per cent margin of preference on supply contracts.

<sup>14</sup>According to the Uruguay Round Understanding on Article XVII, State-trading enterprises include "Governmental and non-governmental enterprises, including marketing boards... granted exclusive... privileges... [by]... which they influence... the level or direction of imports or exports" (GATT, 1994, p. 25).

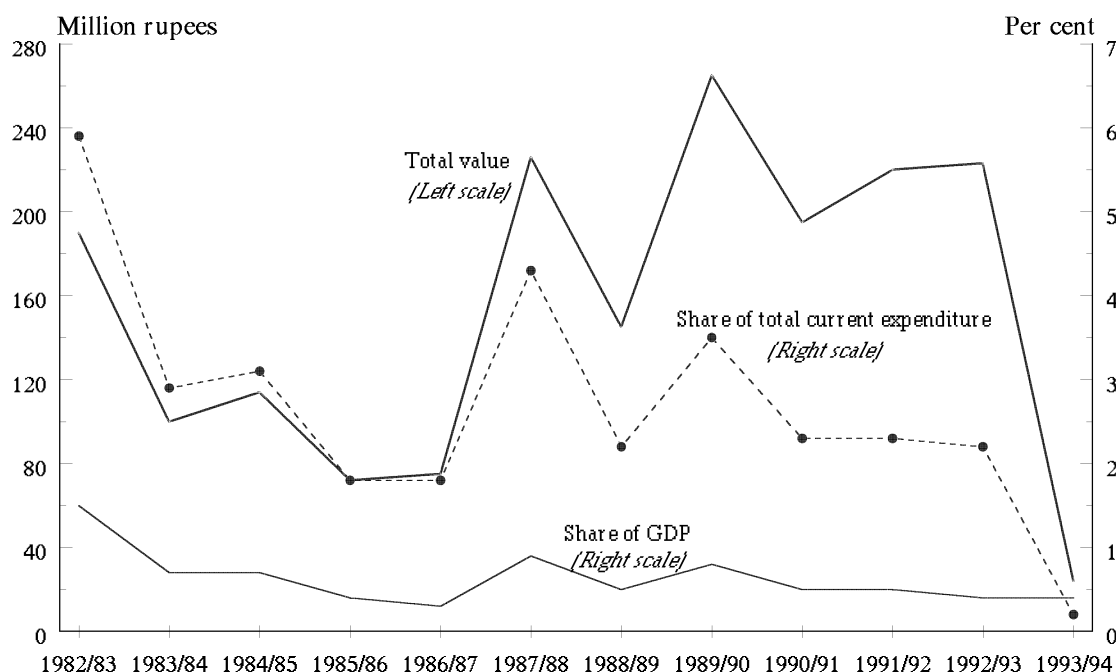
<sup>15</sup>Private traders may import rice containing less than 10 per cent broken rice.

<sup>16</sup>Consumer subsidies were reinstated in 1995.



## Chart IV.3

## Rice and wheat flour subsidies, 1982/83-1993/94



Source: Ministry of Finance; Central Statistical Office; and International Monetary Fund.

55. Originally, rice and flour requirements were negotiated on an annual basis between Mauritius and other governments. Rice purchases are still negotiated on a government-to-government basis; China, Pakistan, Myanmar and Thailand are the usual suppliers. The STC is the sole importer and bulk distributor of flour. In the late 1980s a private flour mill began operations in Mauritius and in 1990, the latest year for which data is available, supplied the bulk of flour requirements to the STC at prices competitive with international bids. The STC tenders for 50 per cent of expected annual needs, with the local mill given the option to supply the other 50 per cent at the price of the winning bid. The annual tender is open to the local mill, France, Australia and, since 1995, to the United States and India; wheat imports are not restricted (Table IV.7).

56. In the period 1957 to 1985, the Mauritius Portland Cement Company (MPCC) held a monopoly in the import and distribution of portland cement. Since 1985, the STC imports 50 per cent of Mauritius' requirements through international tender; the other 50 per cent is imported by MPCC. There is no local production. The State Trading Corporation's import price serves as the basis for the local price. Imports of cement are subject to licensing, justified to GATT under Article XVII (State trading).

57. The STC has been the sole authorized importer of Mauritius' requirements for petroleum products since 1985, when it was given these rights in order to effect scale economies in purchasing. The STC tenders annually for the quantity to be imported based on demand estimated in consultation with the distributors.<sup>17</sup> Products are sold by STC to local distributors at a set price, with price controls maintained along the distribution chain. From 1989 to 1991 annual imports averaged close to 500,000 metric

<sup>17</sup>WTO (1995).

tons, including fuel oil sold to the Central Electricity Board, gasoline and aviation fuel. Since 1990, the retail price of gasoline has been stable at Mau Rs 9.50/litre; this is three times the import cost, with taxes accounting for some two thirds of the cost structure.

**Table IV.7**  
**Purchases by the State Trading Corporation, 1989-94**  
(Tonnes)

Financial year ending 30 June	1989	1990	1991	1992	1993	1994
<b>TOTAL</b>	1,950	2,298	2,264	n.a.	n.a.	n.a.
<b>Rice (ration)</b>	85,460	68,243	83,810	57,308	68,528	n.a.
Luxury	-	8,530	1,500	6,000	16,852	n.a.
<b>Flour</b>						
Imports	34,686	4,252	11,459	7,700	7,204	n.a.
Domestic	1,514	58,885	60,181	n.a.	n.a.	n.a.
<b>Cement</b>						
STC	195,614	224,698	218,868	245,613	279,403	n.a.
MPCC <sup>a</sup>	198,643	190,750	265,991	n.a.	n.a.	n.a.
<b>Petroleum products</b>	488,231	517,164	494,738	557,309	561,061	n.a.
<b>Other<sup>b</sup></b>		9	7	10	237	n.a.

n.a. Not available.

a Mauritius Portland Cement Company.

b In 1990-91 the STC imported fresh grapes; in 1992 fertilizer; and in 1992 and 1993 fertilizer and motor cycle helmets. Imports of these have been discontinued.

Source: Government of Mauritius.

58. The STC recently entered the market for fresh fruit, importing and distributing fresh grapes in 1989 and 1990; as a result the price on the local market fell significantly.<sup>18</sup> Similarly in 1991 and 1992 it imported fertilizer but has discontinued this activity.

59. The share of the STC in total imports averaged around 9 per cent in the 1989-91 period.<sup>19</sup>

60. The Agricultural Marketing Board is the sole importer and distributor of agricultural products for which there are guaranteed prices: potatoes, onions, garlic, maize, turmeric, and cardamom. (Chapter V(2)(ii)(a)).

61. The Agricultural Marketing Board was established in 1963 in order to provide the marketing facilities felt necessary to support local food production. The Board is expected to ensure that marketing costs are kept to a minimum and to limit price fluctuations while promoting local production to the extent economically feasible. The AMB acts as a buyer of last resort, at producer prices based on production costs plus 30 per cent. The Board maintains storage facilities, including a storage capacity of 10,000 tons for potatoes, and when local supply is inadequate imports to ensure adequate supplies to the market (Table IV.8).

<sup>18</sup>Republic of Mauritius (1993b).

<sup>19</sup>Note that petroleum products, imported solely by the STC, as in other oil-importing countries, amount to 5 to 10 per cent of merchandise imports.

Table IV.8

Production and imports of selected products marketed by the AMB  
(Tonnes)

	Potatoes		Onions		Garlic	
	Production	Imports	Production	Imports	Production	Imports
1986	16,265	0	2,295	2,385	325	145
1987	15,535	3,646	2,145	2,585	245	410
1988	12,770	3,867	3,088	3,315	165	401
1989	19,690	5,045	3,225	3,161	160	608
1990	17,820	2,513	2,635	3,230	169	448
1991	16,445	6,347	2,960	4,779	140	621
1992	19,175	6,099	3,240	4,250	170	694

Source: Agricultural Marketing Board.

62. The Meat Authority, created in 1974, is a parastatal body under the aegis of the Ministry of Agriculture. The Authority has the power to establish and manage abattoirs, purchase and import livestock for slaughter, control and regulate the sale of meat and meat products and, with the approval of the Ministry of Trade and Shipping, fix prices. Since 1978, the Authority has operated the only abattoir in the country, and since 1986, the sole importer of slaughter cattle; modalities for the liberalization of imports, while continuing to protect local production, are currently being examined.

63. In addition, the authority runs the Cattle Marketing Scheme, introduced in 1987, which provides a subsidy to cattle breeders and since May 1991 guaranteed prices are paid for local cattle.<sup>20</sup>

64. The Tobacco Board, set up in 1932, regulates the production of leaf tobacco, controlling land allocation and administering annual production quotas for tobacco growers. The Board purchases all local production, at prices based on production costs, and sells this to the sole manufacturer, British American Tobacco. The Tobacco Board is self-financing deriving its revenue from a mark-up of the purchase price.<sup>21</sup> Imports for blending purposes are effected by the manufacturer who must apply for an import permit which is granted upon request by the Tobacco Board (Chapter V(2)(ii)(a) and V(3)(ii)(a)).

65. The Tea Board issues import and export permits. Imports by manufacturers are permitted for blending purposes while private traders may import types of teas which are not grown in Mauritius. No fee is attached to the issuance of export permits; however, for tea imports a license fee, a statutory levy and cess are required (Chapter V(2)(ii)(c)).

(xii) Standards and other technical requirements

66. Mauritius is in the process of revising its legislation governing goods that present potential health risks to consumers and adopting international standards in all relevant areas. As a result of the Uruguay Round, Mauritius is required to implement the obligations of the Agreement on Technical Barriers to Trade with the entry into force of the WTO.

<sup>20</sup>WTO, (1995).

<sup>21</sup>WTO (1995)

## (a) Standards

67. Although Mauritius did not join the Tokyo Round Agreement on Technical Barriers to Trade ("Standards" Code), it has been a correspondent member of the International Organization for Standardization (ISO) since 1977 and became a full member in January 1995.

68. The Mauritius Standards Bureau (MSB), within the Ministry of Industry and Industrial Technology, was set up in 1975 under the Standards Act to promote standardization in industry and trade. The Standards Act was replaced by the Mauritius Standards Bureau Act in 1993; the revised legislation transformed MSB into a corporate body and served to introduce the establishment of a national quality assurance scheme with registration certificates issued to applicants who meet the quality management system standards. The system seeks to improve the quality of Mauritian products so that they can more readily compete on world markets.

69. The MSB, with a Standards Council as its the governing body, is responsible, *inter alia*, for the preparation and modification of standards and codes of practice, testing, calibration and inspection facilities, and for the supply of technical information to industry. Draft standards, as well as those amended, revised or withdrawn are published and, after due consideration has been given to any written objection or representation, come into force after one month. As a matter of policy, the MSB adopts international standards where they are available.

70. Mauritius has published 93 voluntary standards, including what are normally considered health regulations. Standards affecting food products include specifications on bread, canned peas, tomatoes and sardines, jams and jellies, rice and curry powder and processed chicken.<sup>22</sup> The MSB Act of 1993 contains provisions to convert standards into compulsory technical regulations and the Consumer Protection Act of 1991 empowers the Minister to introduce regulations with a view to adopting more testing services and compulsory standards. To date, seven standards have become compulsory, most under legislation implemented by the Ministry of Trade and Shipping, e.g. labelling of prepackaged foods (Table IV.9). Where a standard is compulsory, local manufacturers may require a licence issued by the Ministry of Trade and Shipping.

**Table IV.9**  
Compulsory standards (technical regulations)

Standards No.	Year of adoption	Product
MS 5	1981	Unplasticized PVC cold water pipes
MS 6	1981	Unplasticized PVC sewer and chain pipes
MS 10	1980	Steel bars for the reinforcement of concrete
MS 18	1982	Hot-dip galvanized coatings on iron and steel articles
MS 30	1983	Labelling of prepackaged foods
MS 34	1982	Hard drawn mild steel wires for the reinforcement of concrete
MS 37	1985	Specification for white and whole wheat bread

Source: Information provided by the authorities.

<sup>22</sup>Mauritius Standards Bureau.

71. The Bureau is in a position to certify, at the request of manufacturers, that products being sold on the local market meet specific standards. Licences for certification marks (Mauricert), available to foreign suppliers, are made available subject to application and conformity with the standard.<sup>23</sup>

72. Test certificates issued by a standards organization from a product's country of origin are recognized by the MSB. Safety regulations on, for example, electrical equipment have been based on the exporting country's certificate as local testing facilities have not been adequate. Type approval of weighing and measuring equipment is performed by the Legal Metrology division under the Legal Metrology Act.

73. A Quality Standards Committee recommended the adoption of ISO 9000 standards which institute strict surveillance and conformity at all stages of production by ensuring that management systems follow prescribed quality manuals and are clearly documented. The Bureau, which is responsible for operating the national quality assurance certification scheme has been issuing ISO 9000 certificates since February 1995. Since there is no international system for overseeing or accrediting certification activities, agreements are often sought between certification bodies in different countries. The MSB ISO 9000 certificates will be accredited by the *Raad voor de Certificatie* (RvC) in the Netherlands which will guarantee no technical obstacles to the circulation of Mauritian certified products within the EU.

74. The private sector has undertaken its own initiatives to guarantee quality assurance management systems. An affiliate of *Société Générale de Surveillance* (SGS) has been in operation in Mauritius since 1983; it tests both imported and exported goods, including food and textiles and offers consultancy services to companies installing ISO 9000.<sup>24</sup>

(b) Health and sanitary regulations

75. Control of food, drugs and chemicals with potential adverse effects on health is under the purview of the Ministry of Health. Certificates of analysis from recognized foreign institutions are accepted but the Health Inspectorate samples imported food to ensure that shipments comply with local food regulations. Under the Food and Drugs Act 1940, regulations have been issued identifying acceptable levels of, inter alia, chemicals, preservatives, trace elements. The Food and Drugs Act is being replaced by the Pharmacy Act 1995 and a Food Law (in draft) prepared in line with international standards recommended in the Codex Alimentarius, given the enormous changes in the past 50 years with respect to food processing, preservation, storage and transport.

76. Imported pharmaceuticals and pesticides must be registered for sale in their country of origin. Only registered pharmacists may import pharmaceuticals.

77. Import permits, from the Ministry of Agriculture, are required for grains, plants or seeds, animal feedstuffs, meat, fish products and live animals. The Plant Quarantine Service inspects and certifies all imports and exports of agricultural goods. Imports of plants, fruit and vegetables require a phytosanitary certificate; livestock, meat and offal require a health certificate; and alcoholic beverages a certificate of analysis.

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<sup>23</sup>Manufacturers of edible oils certified by the MSB may import certain inputs duty free.

<sup>24</sup>Chamber of Commerce and Industry (1993).

78. The Ministry of Agriculture has set up committees to draft international standards for food meant for local consumption and export in order to standardize Mauritian food and food products to international norms, and is establishing a Pesticides Residue Laboratory to detect chemical residues in food, and a Food Hygiene Laboratory to monitor standards of food of animal origin for local consumption and export.<sup>25</sup>

79. Only those authorized by the Pesticides Control Board are allowed to import, manufacture, sell and distribute pesticides.

(c) Marking, packaging and labelling

80. Certain locally manufactured and imported goods must bear a label indicating the country of origin, unless they are second-hand (Table IV.10).<sup>26</sup>

**Table IV.10**  
**Imports requiring origin labels**

HS 4202	Bags, trunks, wallets and similar receptacles (leather)
HS 9103	Clocks, clock cases and movements
HS 6906	Conduit pipes
HS 9616	Cosmetics
HS 8214	Cutlery
HS 8712	Cycles
HS 8506	Dry-cell batteries
HS 16, 17, 18, 19, 20	Food, including beverages
HS 64	Footwear
HS 61	Garments
HS 70	Glass
HS 7321	Household appliances and utensils
HS 9613	Lighters
HS 36	Matches
HS 3701	Photographic and cinematographic cameras, projectors and accessories
HS 8525	Radio receivers and transmitters
HS 8212	Razors and razor blades
HS 8519	Record players
HS 8213	Scissors
HS 3401, 11	Soap
HS 3401	Soap detergents
HS 9506	Sports gear and equipment
HS 8520 and 8521	Tape and video recorders and reproducers
HS 8528	Television receivers
HS 5204, 5401, 5508	Thread (embroidery, knitting and sewing)
HS 33	Toilet preparations
HS 82	Tools and implements
HS 95	Toys
HS 4013	Tyres and tubes
HS 9101 and 9102	Watches, watch cases and movements

Source: Government Notice, 1981.

<sup>25</sup>Republic of Mauritius (1994b).

<sup>26</sup>Commodities Regulations 1981. The list has, according to the authorities, been compiled in consultation with consumer representatives.

81. Sale or manufacture of prepackaged food (including dairy and meat products, cereals, baby foods, processed fruit and vegetables, sauces and chocolate) must bear a conspicuous label in conformity with Mauritian Standard 30, Labelling of Pre-packaged Foods Regulation (1983). This regulation, making the standard compulsory as of 2 May 1990, requires that the label on all prepackaged foods shall bear in English or French the name, ingredients, including additives, net contents, expiry date, the country of origin, the name and address of the manufacturer, a code or batch number and instructions for storage, preparation or use when necessary.<sup>27</sup>

82. Labelling for pesticides must contain: the name of the active ingredient and its concentration and formulation; the antidote to be used in case of poisoning and a brief description of treatment to be given; protective clothing to be worn when using the pesticide; the interval prescribed between the date of last application and harvesting or marketing; the crops on which the use of pesticide is recommended; measures necessary to ensure safe disposal of packages; and classification of the pesticide in regard to toxicity.<sup>28</sup>

(3) Measures Directly Affecting Exports

(i) Registration

83. Established exporters must register with the Income Tax Department and are issued an identification number which is used in all customs documentation. Occasional exporters are also registered with the Customs Department.

(ii) Export taxes

84. The Government has for several decades collected duties on sugar exports, a tax which has contributed significantly to financing the development of other sectors of the Mauritian economy. In order to promote efficiency in the sector and agricultural diversification, various laws have been introduced in the last ten years reducing the impact of the export duty. Export duties as a share of Government tax revenue were reduced from 15.8 to 3.4 per cent between 1983/84 and 1993/94 (Chart I.2).

85. In 1985 the Sugar Sector Package Deal Act eliminated the export tax on the first 1,000 tonnes of sugar.<sup>29</sup> In 1988, under the Sugar Industry Efficiency Act, the duty exemption was raised to the first 3,000 tonnes exported, the tax rate on exports lowered from an average of 20 to about 13.5 per cent and the export duty on molasses was eliminated (Table IV.11). Since June 1994, the export charge no longer accrues to the Government as a revenue item. Instead, it is channelled back to the industry for such purposes as research financing and investment in milling companies through the Planters' and the Employees' Funds. Export duty may be rebated in relation to the use of sugar cane as bagasse for electricity generation, investment in new cultivation and crop diversification.

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<sup>27</sup>Government Notice 174 (1989) and Government Notice 1058 (1983).

<sup>28</sup>Bureau of National Affairs (1993).

<sup>29</sup>Findlay and Wellisz (1993), p. 248

**Table IV.11**  
**Evolution of the rate of export duty on sugar**  
 (Percentage of gross proceeds)

Exports by individual producer	1973	1974	1975-1976	1977	1978	1979 <sup>a</sup> -1981	1982 <sup>b</sup>	1983	1984 <sup>c</sup> -1988	1989-1991	1992-1993 <sup>d</sup>
20 tonnes	-	-	-	-	-	-	-	-	-	-	-
20 to 75 tonnes	6	6	6	6	6	10.5	9	-	-	-	-
75 to 1,000 tonnes	7	7	7	7	7	10.25	10.5	12.5	-	-	-
1,000 to 3,000 tonnes	8	8	8	8	9	15.75	13.5	15.75	15.75	-	-
3,000 to 5,000 tonnes	8	8	12	13.5	13.5	23.625	20.25	23.625	23.625	18.75	18.75
> 5,000 tonnes	9	10	12	13.5	13.5	23.625	20.25	23.625	23.625	18.75	18.75
Millers only (on total production)	-	-	-	-	-	-	-	-	-		9,375

a Inclusive of 75 per cent surcharge to capture windfall profits from devaluation.

b For part of 1982 crop year, when 50 per cent surcharge was in force.

c New principle applied to the graduated scale.

d As from 1992 crop, millers have the option of calculating the export duty at a rate of 9.375 per cent on total production or at the same rate as miller-planters depending upon the one more advantageous to them.

Source: Gulhati and Nallari (1990), Table 2.2.

86. Export fees of Mau Rs 8.50/tonne for bulk sugar and Mau Rs 25/tonne for bagged sugar are payable to the Mauritius Marine Authority.

(iii) Export licensing

87. Products of strategic importance, such as cement, silver and gold, and exports restricted by quotas in importing markets, including clothing restricted in the United States and Canada, require an export permit. There is a complete prohibition on the export of coral, sand and coconuts. Other products, for example, wheat, flour, spices, products containing sugar, are subject to export licensing under either Article XI or XX (Table IV.12).<sup>30</sup> Sugar, tea and spices require approval by the Mauritius Sugar Syndicate, the Tea Board and the Agricultural Marketing Board, respectively. Other agricultural products listed in Table IV.12 require approval by the Ministry of Agriculture and Natural Resources and pharmaceutical products by the Ministry of Health. Licences are issued by the Ministry of Trade and Shipping subject to prior approval by the respective authorities.

<sup>30</sup>The sugar content of exported foods is monitored to ensure that the manufacturer has paid the industrial price for sugar.



**Table IV.12**  
**Products subject to export licensing**

Description of products	HS Code	GATT Article invoked	Reasons
Live animals	0101 to 0106	XI; XX	Implementation of sanitary measures. Remedy temporary shortages. CITES.
Meat, all species including poultry, meat, fresh, chilled or frozen	0201 to 0210	XI; XX	Implementation of sanitary measures. Remedy temporary shortages. CITES.
All fish and fish products (fresh, frozen, salted)	0301 to 0307	XI; XX	Implementation of sanitary measures. Remedy temporary shortages. Preservation of natural resources.
Aquatic bulbs	0601	XX	Implementation of phytosanitary measures.
Ornamentals: plants, flowers and leaves (green or dried)	0603 to 0604	XX	Phytosanitary measures.
Vegetables (general and green)	0701 to 0712	XI; XX	Implementation of phytosanitary measures. Remedy temporary shortages.
Red lentils, broad beans	0701 to 0712	XI; XX	"
Roots	0714	XX	Implementation of phytosanitary measures.
Coconuts, inc. dry coconuts, fruit	0801 to 0814	XX	Conservation of environment.
Spices	0910	XI; XX	Implementation of phytosanitary measures. Remedy temporary shortages.
Maize, popcorn	1005	XI; XX	"
Wheat, flour	1101	XI; XX	"
Oilseeds	1201 to 1207	XX	Implementation of phytosanitary measures.
Medicinal herb	1211	XX	Implementation of phytosanitary measures. Conservation of environment.
Dry raffia	1401	XX	Implementation of phytosanitary measures.
Cooked meat or processed, canned, smoked, salted	1601 to 1602	XX	Implementation of phytosanitary measures.
Sugar	1701	Enabling clause	Sugar Protocol Agreement. Mauritius Sugar Syndicate being the sole exporter of sugar.
Sugar confectioneries and products with sugar content	1704	VIII 4(e)	Monitoring of sugar contents in products by the Mauritius Sugar Syndicate. <sup>a</sup>
Palms	2008	XX	Implementation of phytosanitary measures. Conservation of environment.
Fruit juice	2009	VIII 4(e)	Implementation of phytosanitary measures. Monitoring of sugar content. <sup>a</sup>
Soybean meal	2106	XX	Implementation of phytosanitary measures.
Soft beverages (lemonade and Pepsi)	2202	VIII 4(e)	Monitoring of sugar content. <sup>a</sup>
Wheat bran	2302	XX	Implementation of phytosanitary measures.
Limestone	2521	XX	Conservation of environment.
Portland cement	2523	XI	Sensitive product. Regularity of local supply.
Organs (animals)	3001	XX	CITES.
Serum, samples of blood, biologically needed for veterinary research, vaccines, dead or live, attenuated, freeze-dried or wet form	3002	XX	Implementation of veterinary measures.
Products of animal origin, skin and hides, stuffed head	4101 to 4111	XX	Implementation of phytosanitary measures. CITES.
Textile and textile products for export to United States and Canada	5001 to 6310	MFA	Implementation of export quota under bilateral agreements.
Birds' feathers	6801	XX	CITES.
Silver	7106	XX	National security.
Base metal clad with silver	7107	XX	National security.
Gold	7108	XX	National security.

<sup>a</sup> Sugar content is monitored to ensure the manufacturer has paid the industrial price for sugar.

Note: Article XI 2(a) exempts export restrictions "temporarily applied to prevent or relieve critical shortages of foodstuffs..." from the general rule on eliminating quantitative restrictions.

Source: Government of Mauritius; GATT, MTN/NTM/W/6/Rev.5/Add.10, Annex VII, 9 December 1994.

(iv) Duty and tax concessions

88. Imports for export production, admitted under temporary admission and free-port régimes, are exempt from customs duties and sales tax. For industries producing under incentive schemes, such as the Export Processing Zone (EPZ) a defined list of goods may be imported exempt of customs duty and sales tax (section (ix) below).

89. Local manufacturers are entitled to a duty drawback on the share of imports used for export production. Drawback must be claimed from the Comptroller of Customs within six months of import. Drawback must be claimed on the appropriate form and include a copy of the export bill, the import bill and the invoice. Arrangements must be made with Customs, prior to export, to determine the proportion of raw materials. For a small group of products (varnishes, resins, detergents, plastic wares, pipes and fittings, mosquito killer mats and aluminum utensils), standard drawback rates for the duty and the levy are specified.<sup>31</sup> Drawback payments have varied between Mau Rs 3 million and Mau Rs 10 million in the last five years.<sup>32</sup>

90. Export performance by local companies producing primarily for the domestic market may act to reduce income tax payable. Starting in 1984 non-EPZ companies could lower the amount of tax they pay from the standard 35 per cent rate by 2 percentage points for each 10 per cent of output exported.<sup>33</sup> The formula was revised in 1991 so that, at present, when exports account for between 10 and 30 per cent of production, the tax rate is reduced by 30 per cent, from 35 to 24.5 per cent. When over 50 per cent of output is exported, the tax rate falls to 15 per cent, the same rate as that applied to EPZ companies.

(v) Export quotas under restraint arrangements

91. Mauritius maintains quotas on exports of textiles and clothing in accordance with its bilateral agreements with the United States and Canada (Chapter V(2)(i)). These are administered by the Ministry of Trade and Shipping on the basis of past performance; exporters who cannot fill their quota must relinquish these to a pool open to newcomers by the middle of the quota year.

92. The volume of sugar exports to the EU is restricted under the Sugar Protocol, attached to the Lomé Convention. Since 1986 the volume has been frozen at 507,000 tonnes (491,030.5 tonnes white sugar equivalent), which represents 40 per cent of total ACP exports to the EU although in June 1995 the quota will be increased by 81,500 tons (WSE) in order to supply the refiners' deficit in Portugal. Deliveries of bulk sugar are effected at the ACP guaranteed price, equivalent to the raw sugar intervention price, while sales of special sugars fetch premia on the basis of contracts negotiated with buyers.

93. Mauritius is allocated 1.2 per cent of the U.S. sugar import quota, an amount which varies annually but, according to the provisions of the 1990 Farm Act, sets a minimum quota of 1,134,000

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<sup>31</sup>Government Notice No. 46 (1989), Regulations made by the Minister under Section 163 of the Customs Act 1988.

<sup>32</sup>Information supplied by the Department of Customs.

<sup>33</sup>The Courier, May-June 1991, p. 75

metric tonnes raw value (MTRV). The current quota for both bulk raw and special sugars held by Mauritius amounts to 14,959 MTRV for the 14-month period 1 August 1994 to 30 September 1995.<sup>34</sup> The U.S. import fee (US\$22 per tonne) on special sugars (all sugars with a polarization of less than 99.5 per cent) has been waived with effect from January 1995.

(vi) Export cartels

94. The Mauritius Sugar Syndicate, representing 36,000 producers, is the sole marketer and exporter of sugar. The Syndicate pays the producer a basic price at the start of the harvest. Proceeds from the sale of sugar are distributed after deducting marketing and administrative expenses.

(vii) Export assistance

95. Since 1991, 50 per cent of the freight costs for selected exports, including pineapples, beans, chillies and orchids have been eligible for refund under the freight rebate scheme operated by the Mauritius Export Development and Investment Authority (MEDIA). In 1993 roses, carnations and heliconia were made eligible and a 25 per cent rebate was introduced for okra, avocados, star fruit, mangoes and lychees. In 1994 high-precision mechanical and electronic products, including watch parts and components, were made eligible for a 50 per cent rebate under the scheme.

96. Between September 1991 and December 1994 close to Mau Rs 6.8 million was disbursed under the Scheme. The principal beneficiaries by far were exporters of pineapples and, to a lesser extent, carnations. In the first six months since freight costs of electronics shipments have been included, over Mau Rs 500,000 has gone to reimburse exporters of electronic products.

(viii) Export credit guarantees and insurance

97. No government agency issues export credits, rather they are provided on market terms by commercial banks. Export credits can be insured and guaranteed by the Development Bank of Mauritius, government-owned but run as a commercial corporation, as well as by commercial banks.

(ix) Incentives for export production

98. The Export Processing Zone Act 1970 introduced a number of incentives to industries manufacturing for foreign markets. In contrast to the situation in many countries where EPZ arrangements are defined by specific location, any company operating in Mauritius and producing for export could acquire "export processing zone" status as an "export enterprise" on application to the Ministry of Industry and Industrial Technology, subject to Cabinet approval of a recommendation by the Industrial Development Committee, composed of representatives from various branches of Government (Chapter III(1)(i)).

99. Export enterprises benefit from a reduced corporate tax rate of 15 per cent, compared to the standard 35 per cent rate, for the life of the company. They also receive exemption from payment of taxes on distributed dividends for 20 years. Customs duty and sales tax are exempted on "scheduled" raw materials and equipment (Table IV.13). This concession is estimated to have allowed export

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<sup>34</sup>Mauritius Sugar Syndicate (1994).

enterprises to reduce their imported input costs by an estimated 50 per cent.<sup>35</sup> Local banks were, until 1988, encouraged to lend at preferential interest rates to local investors in export enterprises.

Table IV.13

Goods which export enterprises are allowed to import duty free

"Scheduled" goods that may be imported duty free once	Products that may be imported duty free at any time
Computer equipment (hardware and software)	Machines and related spare parts
Typewriters	Raw materials directly related to production
Air conditioners	Packing materials
Calculators and cash registers	Protective footwear and overalls (embossed with the name of the enterprise)
Close-circuit TV systems	
Exhaust fans/ceiling fans	
Fluorescent tubes and lamps	
Fire-fighting equipment	
Photocopying machines or duplicating machines	
Inter-communication systems	
Canteen equipment to be used exclusively for the purpose of providing meals to employees	
Electrical fittings for industrial use	
Telecopier facsimile machines	

Source: Ministry of Industry and Industrial Technology.

100. In the last few years EPZ firms have been allowed to sell up to 100 per cent of their textiles and clothing duty free on the domestic market. Other EPZ industries may sell 25 per cent of their previous year's export sales on the local market. Export enterprise status was also, in 1993, extended to deep-sea fishery enterprises.

101. The Export Processing Zone Development Authority (EPZDA), set up under the auspices of the Ministry of Industry and Industrial Technology to help existing firms achieve international standards of competitiveness, became operational in 1992. In the short term, the Authority seeks to assist the export sector by operating an information service and providing technical advisory and consulting services to enhance the productivity of export enterprises. Fees are charged for consulting services; however, the major share of the Authority's budget is through an annual grant, set initially at Mau Rs 3 million in 1992 and raised in 1994 to Mau Rs 12 million.

(x) Export promotion

102. The official export promotion agency, MEDIA, whose budget allocation in 1994 was Mau Rs 48 million, runs a Trade Information Centre, organizes participation in trade fairs, undertakes market surveys and promotes contacts with buyers. It maintains offices in France, Germany, India, Kenya, Singapore, South Africa, the United Kingdom and the United States.

103. The Mauritius Export Processing Zone Association (MEPZA) is a private association of industrialists in the EPZ sector. The Association participates in trade missions organized by MEDIA and provides information and training to its members.

<sup>35</sup>Woldekidan (1992a), p. 16.

(xi) Free port

104. As part of its diversification efforts, Mauritius has sought to become a regional trading and trans-shipment centre and has opened the only free port in the Indian Ocean area. Established through the 1992 Freeport Act and managed by the Mauritius Freeport Authority, the free port began operations in September 1993. Incentives offered to operators in the free port include exemption from corporate tax; exemption from dividends tax for the first 20 years; preferential rates of warehousing and storage (US\$20 per square metre per annum); reduced port charges for all goods destined for re-export (25 per cent of normal rates) and duty and sales tax exemption. Operations in the free port may be 100 per cent foreign-owned and have access to offshore banking facilities.

105. Free port activities provide warehousing for trans-shipment and facilities for processing goods and materials for re-export. By the end of December 1994, 230 licences had been issued and 60 companies were fully operational, the vast majority trading companies, one engaged in ship repair and eight in minor processing or assembly.

106. Re-exports from the free port, the majority destined for Madagascar, amounted to Mau Rs 269 million by the 12 months ended September 1994.<sup>36</sup>

(4) Measures Affecting Production and Trade

(i) Adjustment assistance

107. Full employment has resulted in wage increases far exceeding productivity growth. The Government is well aware of the need for the domestic economy to adjust to fiercer global competition, by improving its skills and technology base, especially in light of the likely erosion of preferential treatment in export markets. A number of public sector programmes are geared towards assisting the adjustment of Mauritius to changing internal and external conditions.

108. A Technology Diffusion Scheme was introduced in Mauritius in 1994. The programme, managed by a private contractor, is designed to offset the initial costs to the private sector of acquiring technology support services to improve productivity, product quality, design or manufacturing response time. Costs are to be shared equally by the Government and the private sector. Over a four-year period (1994-98) US\$2.7 million will be allocated to individual firms, primarily in the EPZ. Grants will average US\$10,000 per individual company with a maximum stipulated of US\$100,000 to any one firm. Other measures implemented to promote technology transfer have been the elimination of customs duties on computers and special tax concessions to expatriate workers in the electronics or other high-technology sectors.

109. While 90 per cent of the population is literate (education accounts for 11 per cent of government expenditure) just over half of students go on to secondary school and only 1.5 per cent of the graduates attend university compared to between 7 (Malaysia) and 19 (Chile) per cent for countries at similar levels of development.<sup>37</sup> The Ministry of Education has developed a Master Plan designed to improve teacher competence and educational infrastructure.

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<sup>36</sup>Data provided by the Mauritius Freeport Authority.

<sup>37</sup>World Bank (1994).

110. The Industrial and Vocational Training Board (IVTB), viewed as a link between formal education and the workplace, co-ordinates technical and vocational training on a cost-sharing basis with the private sector. Since its inception in 1989, several thousand workers have participated in IVTB-approved in-house training courses or attended the vocational centres providing training in textiles, electronics, jewellery, footwear, hotel and catering, printing and information technology. The 1994 budget more than doubled the allocation to the IVTB, granting Mau Rs 208 million for spending on training personnel and infrastructure. The IVTB is funded through a training levy paid by employers set at 1 per cent of the payroll and collected through the National Pension Fund. Seventy-five per cent of approved in-house or overseas training costs are reimbursed, part of it directly from IVTB, and the rest through tax deductions.<sup>38</sup>

111. In 1994 Mau Rs 22 million was allocated to provide for in-house training of public sector staff.

(ii) Tax and duty concessions

112. Fiscal incentives have been used throughout the period of Mauritius' industrialization to stimulate import substitution as well as export diversification. Starting in 1964 import substitution was pursued through the issuance of Development Certificates to companies producing for the local market. Incentives provided for import substitution were formalized under the Development Incentives Act 1964. The Development Certificates Scheme is no longer operational for the industrial sector. In 1970 the export-processing zone concept (as described above) was introduced, offering tax and customs duty advantages and a looser regulatory structure to firms manufacturing for export markets.

113. Under the Industrial Expansion Act 1993 incentives for industrial enterprises have been consolidated aiming, according to the authorities, at the integration of the EPZ and non-EPZ sectors: however, a number of differing incentive schemes still exist (Table IV.14). The Act established six broad categories of enterprise to which assistance could be granted: "Export Enterprises" (formerly EPZ enterprises); "Pioneer Status Enterprises" (in the fields of electronics, other than TV, microtechnics and manufacturing technologies); "Strategic Local Enterprises" (manufacturing for the local market, but meeting the "national interest" or promoting the economic, technological and industrial development of Mauritius as a whole, e.g. production of electricity using bagasse or coal); "Industrial Building Enterprises"; "Modernization and Expansion Enterprises" (businesses that invest in new plant and technology, other than pollution control equipment, for modernization and expansion); and "Small and Medium Enterprises" (not defined by sector, but with an aggregate c.i.f. value of production equipment not exceeding Mau Rs 5 million).

114. At present, all enterprises established or maintained under the Industrial Expansion Act (other than "Modernization and Expansion" enterprises) benefit from the reduced corporate tax rate of 15 per cent for the life of the company. Export Enterprises, Strategic Local Enterprises and Small and Medium Enterprises receive exemption from payment of taxes on distributed dividends for 20 years; enterprises with "pioneer" status and industrial building enterprises for ten years. All industrial companies receive an initial investment allowance for machinery and equipment of 50 per cent and an additional 20 per cent investment allowance annually for new machinery or equipment in the year when expenditure is incurred. Capital expenditure on environmental protection technology is eligible for a higher than average initial investment allowance.

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<sup>38</sup>Direct reimbursement is normally 17 per cent of cost but rises to 50 per cent for companies listed on the Stock Exchange and 64 per cent for EPZ enterprises.

115. The customs duty and sales tax exemptions for scheduled items imported by Export Enterprises have been extended to Pioneer Status enterprises; similar exemptions, only on production equipment are given to "Modernization and Expansion" enterprises.

**Table IV.14**  
**Industrial incentive schemes in effect in Mauritius, 1995**

Incentive scheme	Fiscal incentives
I. Export enterprise	Corporate tax rate of 15 per cent. Dividends are tax free for 20 years. Complete exemption from customs duties on machinery and equipment, spare parts and raw materials. No restrictions on the repatriation of profits, dividends and invested capital. Exemption from payment of half the normal registration fee on land and buildings by new industrial enterprises.
II. Pioneer status enterprise <sup>a</sup>	Corporate tax rate of 15 per cent for 10 years. Dividends tax free for 10 years. Exemption from payment of duty and sales tax on scheduled materials and equipment.
III. Strategic local enterprise <sup>b</sup>	Corporate tax rate of 15 per cent. Dividends tax free for 20 years.
IV. Modernization and expansion enterprise <sup>c</sup>	Customs duty exemptions on production equipment. 10 per cent tax credit (spread over 3 years) on new investment (Mau Rs 10 million minimum) for modernization/expansion, within 2 years of issue of certificate, including hardware and software. Tax allowance on capital expenditure incurred: total allowance of 125 per cent during the lifetime of the equipment. An enterprise investing in pollution control and environmental protection technology benefits from a tax allowance amounting to 80 per cent on capital expenditure incurred.
V. Industrial building enterprise Buildings with a floor space of not less than 1,000m <sup>2</sup> , for use by a manufacturing enterprise.	Corporate tax rate of 15 per cent throughout. Dividends tax free for 10 years. 50 per cent exemption on registration dues for land purchase.
VI. Small and medium enterprise	Exemption from payment of customs duties on production equipment of aggregate c.i.f. value not exceeding Mau Rs 5 million. Corporate tax rate of 15 per cent.
All enterprises	Grants of up to 75 per cent of costs incurred for approved vocational training programmes.

a A Pioneer Status Enterprise is defined as undertaking activities involving technology and skills that will enhance the industrial and technological development of Mauritius. Currently, these are limited to electronic assembly, biotechnology, printing and related support industries and services.

b A Strategic Local Enterprise is defined as one producing for the local market and promoting the industrial and technological advancement of Mauritius.

c A Modernization and Expansion Enterprise is defined as one investing in production machinery, involving automation on computer applications or in anti-pollution technology.

Source: Industrial Expansion Act (1993).

116. The main form of incentives offered in the agricultural sector is through the Agricultural Development Certificate Scheme. This scheme provides for the same tax benefits that apply under industrial incentives, exemption of duties and taxes on machinery, equipment, spare parts and approved office equipment, concessional loans from the Development Bank of Mauritius and, as for export enterprises, a 50 per cent reduction in land and building registration fees.

117. In the tertiary sector, there are schemes for film development, hotel management and Export Service Zone enterprises. Export Service Zone enterprises, which must have 70 per cent local

participation, include such services as accountancy, law, medicine, international marketing, quality control, preshipment services, civil engineering, re-insurance, trans-shipment and entrepôt trade. The incentives mainly consist of duty exemptions on imported equipment, for film production there are additional income tax concessions and for hotel management also a reduction in registration fees.

118. As part of its diversification strategy Mauritius has also developed a legal and regulatory infrastructure for offshore activities, defined as those that do business with non-residents and in foreign currencies. These include offshore banking and other financial services, e.g. insurance, fund management, leasing and international data processing. Offshore companies are licensed and regulated by the Mauritius Offshore Business Activities Authority (MOBAA) (Chapter V(4)(v)). Offshore businesses pay no taxes, although they may elect to do so, and their non-resident staff are entitled to a 50 per cent income tax credit. Office equipment may be imported duty free.

(iii) Interest rate subsidies

119. Until the elimination of credit controls in 1991, concessional credit and sectoral allocation ceilings were used extensively to promote priority sectors, particularly the EPZ and sugar sectors. Commercial banks are now free to extend credit in response to market forces; loan rates vary between 9 and 23 per cent. However, the Development Bank of Mauritius, established in 1964 and incorporated along commercial lines in 1988, still makes long-term loans, with a maturity of eight to ten years, for capital investment at concessional rates between 7 and 13 per cent. Loan exposure does not exceed Mau Rs 25 million on any single project. Projects with interest rates of 8 per cent include modernization of equipment for EPZ companies and fuel saving investments, for small enterprises and those with Pioneer Status certificates, loans are made available at 10 per cent; a 13 per cent rate is applicable to other manufacturing units, for hotel construction and modernization and for industrial and office construction.<sup>39</sup> At the end of June 1993, the Development Bank's total assets were Mau Rs 3.2 billion.<sup>40</sup> This compares to Mau Rs 20.6 billion in credit from commercial banks to the private sector.

(iv) Competition legislation

120. Consumer protection and the prohibition of anti-competitive trade practices are covered by the provisions of the Fair Trading Act, passed in 1980 and amended in 1988, and the Consumer Protection Act, 1991. The Consumer Protection Act empowers the Minister to make regulations with a view to the introduction of more compulsory standards and testing services.

121. Under the Fair Trading Act, which in particular aims to ensure that those prices that are fixed (Chapter IV(4)(v)) are not exceeded, trade practices must not mislead or confuse consumers nor be detrimental to their interests.<sup>41</sup> Agreements, including exclusive sales agreements or monopolies, likely to prevent or distort competition in the production and supply of goods, branded or not, and services, are likewise prohibited. Although exclusive rights may be granted to agents by overseas suppliers, parallel imports are allowed; an importer is free to import the same product from another source. No complaints have been filed with the Ministry of Trade and Shipping since the amendment made to the Fair Trading Act in 1988.

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<sup>39</sup>Republic of Mauritius (1994c).

<sup>40</sup>Republic of Mauritius (1994a).

<sup>41</sup>In 1981 Commodities (Indications of Origin) Regulations requiring that domestic and imported goods bear an indication of origin label were issued under the Fair Trading Act.



122. Compulsory codes of practice concerning trade in, or provision of, services may be issued by the Ministry of Trade and Shipping which is responsible for enforcing the provisions of the Fair Trading and Consumer Protection Acts. In 1989 two compulsory codes of practice were introduced under Section 8 of the Fair Trading Act for dealers in electrical and electronic appliances and in motor vehicles.<sup>42</sup> These regulations aim to ensure that the dealer makes the terms of the transactions, including the price and the guarantee, clear to the consumer and has spare parts available for repairs.

123. According to the authorities, there has been some discussion on establishing a Mergers and Monopolies Commission or similar competition authority, but no definite plans have been concluded to date.

(v) Price controls

124. In Mauritius price controls are administered by the Price Control Unit within the Ministry of Trade and Shipping in two forms: a fixed maximum price system and a maximum percentage markup system. In the late 1970s 8,000 articles were subject to fixed prices or maximum mark-ups. In 1983 along with the liberalization of the trade régime, a gradual movement toward decontrol began. The number of commodities subject to price control was reduced from 115 in 1983 to 13 in 1988. Subsequently, price control was reinforced, partly as an anti-inflationary instrument, with coverage extended to 51 items in 1991 (19 locally manufactured and 32 imported goods) and then dismantled for a number of commodities in 1991 as inflation declined. At present nine locally produced and 32 imported commodities remain under price control (Table IV.15). Locally produced goods are strictly controlled via price fixing, whereas the price of certain imports is regulated through maximum mark-ups.<sup>43</sup>

125. According to the authorities prices are fixed to ensure supply at reasonable prices of strategic imports and staple commodities and where lack of competition makes consumer protection necessary. Items which remain subject to price control include agricultural products subsidized and marketed by the Agricultural Marketing Board and products imported by the State Trading Corporation or by other sole importers. Consumer subsidies for rice and flour, financed through the State Trading Corporation, were eliminated in 1993 and retail prices were raised; however these items remain subject to fixed prices (Section (2)(xi)).

(vi) Assistance to research and development

126. The Mauritius Research Council, created by the 1992 Research Council Act, is completing a strategy paper on Science and Technology Policy. In 1994 Mau Rs 10 million of government funds were earmarked for the Mauritius Research Council to support research and development (R&D). A tax relief programme for firms undertaking R&D was established. During 1993/94 projects receiving research funds included a national survey on quality of cotton yarns and fabrics processed in Mauritius and changes in conditions, attitudes and behaviour of the agricultural labour force.

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<sup>42</sup>Government Notices 105 and 106 (1989).

<sup>43</sup>Under the provisions of the Locally Manufactured Goods Regulations, 1992, of the Supplies Control Act, prices should cover production costs and allow for a mark up; however, sugar, included in the list of goods, is priced below production costs.

**Table IV.15**  
**Goods subject to price control, 1995**

Imports Fixed prices	HS Code	Imports Maximum mark-up <sup>a</sup>	HS Code	Local goods Fixed prices	HS Code
Cement	2523	Ceramic tiles	6905	Onions	070310
Cheese	0406	Crash helmets	6506.101	Potatoes	0701
Cooking gas (LPG)	2711	Household washing machines		Sugar	1701
Fertilizers	31	Electric floor polishers	8509	Aerated beverages	2201-2
Flour	1101	Electric food grinders & mixers, fruit or vegetable juice extractors	8509.40	Bread	1905
Frozen fish	0303	Electric kettles	8516.791	Edible oil	1507-9, 1515-16
Infant milk powder	1901.10	Electric rice cookers	8516.792	Fertilizers	31
Iron and steel bars	7213	Electric smooth irons	8516.40	Frozen fish	0303
Petroleum products	27	Glass panes		Iron/steel bars	7213
Rice	1006	Plywood	4412	Flour, inc. whole wheat flour	1101
Salted snook	03	Refrigerators and freezers	8418		
		Sanitary wares	3922		
		School text books	4820		
		Timber			
		Tyres	4011		
		Vacuum cleaners	8516		
		Vinyl tiles	3918		
		Pharmaceutical products	30		
		Simple drugs	30		
		Sports goods	9506		
		Fresh fruit	08		

a Mark-up varies between 20 and 45 per cent.

Source: Government of Mauritius.

(vii) Environmental policies

127. Mauritius can, by a stretch of the imagination, be considered as an early case study of the negative effects of trade on environmental equilibrium. Famous as the home of the now extinct dodo bird, exterminated by settlers in the 17th century, less well-known but equally destructive was the cutting down of vast ebony forests for firewood. In modern times environmental damage has occurred in Mauritius in such areas as coral depletion, overuse of agro-chemicals and waste from the textiles industry.

128. A strong institutional framework exists to put a comprehensive environment policy into practice. The National Environment Commission first met in 1987 and under the Environment Protection Act (1991) was given the task of setting national goals and resolving inter-sectoral issues. Ministerial portfolios were realigned resulting ultimately in the creation of the Ministry of Environment and Quality of Life in 1991. Within the Ministry, the Department of Environment carries out the Government's policies related to environmental goals. Set up in 1989 the Department is responsible for developing and enforcing standards to protect the environment, carrying out reviews of environmental impact assessments for local projects and is implementing an Environment Investment Programme emphasizing improvements in waste and sewage treatment. By law most new economic activities with potential significant impact on the environment must file an environmental impact assessment for approval by

the Ministry. Among the activities generally requiring an impact assessment are forestry and livestock projects, sewage works, transportation infrastructure projects, waste management activities, major construction (including hotels and major housing projects), virtually any manufacturing industry that is likely to generate significant pollution, and all coastal, port or harbour development projects.<sup>44</sup>

129. Government policy is to apply the "polluter pays" principle as widely as possible. New factories are required to install water recycling systems and waste water treatment plants. All hotels with more than 75 rooms must have their own sewage treatment plant. Industries must conform to the standards set for effluent by the Central Water Authority or their water supply will be disconnected. Appropriate standards for the control of industrial effluent are to be determined.<sup>45</sup> Currently, cases of industrial pollution detected or reported are dealt with ad hoc. The Environment Protection Act provides a mechanism for the enforcement of corrective measures, but at present standards are being reviewed and regulations have not yet been issued.

130. Conservation measures, such as a ban on the sale or export of coral and shells and prohibitions on spear fishing, have been put into effect. Exports of coral, sand and limestone are prohibited (Section (3)(ii)) and construction of a cement plant, which would limit dependence on imports, has been discouraged for environmental reasons. Norms are being developed for pesticide residue in food products (Section (2)(viii)). Measures related to conserving energy or reducing the use of fossil fuels include the duty-free import of solar heating equipment or technology. No vehicle emission standards have yet been set and service stations do not sell unleaded petrol. Under the Industrial Expansion Act, significant tax credits and accelerated depreciation allowances are available to introduce anti-pollution equipment and technology designed to protect the environment.

131. Mauritius has signed a number of multilateral environmental agreements, including the Vienna Convention on the Protection of the Ozone Layer and its Montreal Protocol, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Basel Convention on Transboundary Movement of Hazardous Wastes, the Bamako Convention, the Convention on Climate Change and the Convention on Biodiversity. It is also a signatory to the Law of the Sea Treaty.

(viii) Protection of intellectual property rights

132. Mauritius has long-standing legislation, inherited from the United Kingdom, governing the protection of patents and trademarks, the most common forms of industrial property rights. Since 1976, Mauritius has been a member of the World Intellectual Property Organization (WIPO) and is a signatory to the Paris and Berne Conventions.

133. Under the Patents Act (1875) amended in 1983, patents, of which there were 119 registered in Mauritius in 1991, are granted, assuming the foreign patent has not expired, to the inventor only. An applicant files a petition with the Central Industrial Property Office, a newly created entity within the Ministry of Trade and Shipping. The patent application must include the manner in which the patent is to be performed. Once approved by the Attorney-General, the patentee must advertise the patent application in the Government Gazette. If no objections have been raised within one month

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<sup>44</sup>World Bank (1993), p. 61.

<sup>45</sup>Republic of Mauritius (1993a).

of the advertisement, patent protection is granted. Exclusive rights are granted the patent holder for a period of 14 years, which may be extended for a further period of 14 years.<sup>46</sup>

134. The patent holder may file suit against any infringement in the domestic courts which will be heard in the Supreme Court. A finding in the patentee's favour entitles him to full cost reimbursement. An injunction may be issued prior to the initiation of court proceedings.

135. Close to 7,000 trademarks are registered in Mauritius. The Trade Marks Act (1868), as amended in 1993, outlaws any false description of goods. As is the case for patents, applications for trademarks are made to the Central Industrial Property Office. Again, the applicant is expected to advertise his application and within three months of advertisement; if there are no objections, the applicant receives a certificate of registration. Trade marks on goods are issued for an initial period of seven years, and are renewable. Customs have the right under the Customs Act 1988 (Section 63) to prohibit imports which would violate trade mark law or which falsely indicate origin.

136. A Copyright Act, protecting artistic, literary or scientific works, was enacted in 1986 and amended in 1988 to bring the period of copyright protection into conformity with the Berne Convention. The Act provided for the establishment of the Mauritius Society of Authors for the collective administration of authors' rights. The Society has been instrumental in noting various instances of copyright infringement that have been resolved or are pending judicial review.

137. A Technical Committee under the aegis of the National Computer Board is reviewing the Copyright Act to ensure adequate protection of computer programmes.

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<sup>46</sup>A Sub-Committee on TRIPs is deliberating the changes required to implement the WTO Agreement on Intellectual Property Rights; as a developing country Mauritius has until 1 January 2000 to implement the Agreement.