

Joint Public Private Sector Committee on International Trade

Dedicated Session on Trade in Services

15 January 2009 at 14.00 hrs

Labourdonnais Hotel, Le Caudan Waterfront, Port-Louis

Dr. The Hon. Arvin Boolell, Minister of Foreign Affairs, Regional Integration and International Trade

1. At the first meeting of this Committee held on 30 October 2008, the importance of trade in services was highlighted.
2. The purpose of today's meeting is to initiate discussions among stakeholders on strategic approaches to enhance the participation of Mauritius in world trade in services. My Ministry wants to encourage participative consultations and multi-stakeholder dialogue in developing our national services export strategy as well as in developing negotiating positions. I wish to point out that my Ministry will focus only on the tradability of services, that is, market access and trade rules affecting import and export of services. The sectoral Ministries will have to play an active role in formulating development plans and frameworks in their respective areas. The purpose of this broad-based collaboration and cooperation among different sectors of services is to forge an integrated and multi-sectoral approach to multilateral, regional and bilateral trade negotiations.
3. Mauritius is moving towards a service-oriented economy. A thriving services sector, not only based on the traditional sectors we have developed so far, but focus on new emerging sectors, is therefore vital to propel higher growth and employment creation in the wake of the significant decline of agriculture and manufacturing in the GDP share. The share of the services sector in GDP accounts for more than 60%.
4. This Government has, since assuming office initiated concrete actions to transform Mauritius into a service based economy. In this regard, new pillars have been identified such as the development of Mauritius into a multidisciplinary regional centre of excellence. We have already secured the support of COMESA and the IOC to that effect. The IOC Secretariat has prioritized the Multidisciplinary Regional Centre of Excellence as one of the Regional projects for which funding would be sought under the regional indicative programme.
5. With a view to facilitating the movement of workers to secure jobs on a time-framed basis in foreign countries, we have developed a programme of circular migration.
6. I would like to note that in 2008 the Governments of Canada and Mauritius implemented a project for Mauritians to work in Canada under the Temporary Worker Programme. Other migration schemes are being explored by Government.

7. In addition, Mauritius and France signed a Bilateral Agreement on 23 September 2008. We are now working together with them to define the modalities to implement the Agreement. The Agreement would:

- (i) Enable up to 500 Mauritians to work in some specified scarcity sectors in France for a duration of 15 months;
- (ii) Give the possibility to allow Mauritian students in France to apply for a temporary 6 months visa to gain professional experience after completion of their studies; and
- (iii) Allow some 200 French and Mauritian young professionals to enhance their career prospects in Mauritius or in France for 12 months.

8. The Circular migration programme does not only provide an opportunity for Mauritians to work abroad, but it also enables them to acquire experience and enough financial resources to start a business of their own upon their return to Mauritius.

9. We will also pursue negotiations with several countries on mutual recognition Agreements so as to enable our professional to work in foreign countries as per their qualifications.

10. Recently at the COMESA Council of Ministers meeting, after intense diplomatic efforts we have succeeded in obtaining a decision for the COMESA Fund to be located in Mauritius. The decision is an historic one since we will be hosting for the very first time a COMESA institution. Besides boosting the credibility of Mauritius as a regional financial centre, the fund will also improve the credit rating of Mauritius. I have raised already with Commissioner Michel the need to operate a separate window in the COMESA Fund to channel financing for EPA adjustment costs and infrastructure development. We will pursue the idea further.

11. With a view to putting Mauritius on the information and communications high way, we will in addition to the SAFE submarine fibre optic cable be connected to the SEGA-NET which is an inter-island connectivity net-work. A protocol to that effect was recently signed in Madagascar and the IOC Secretariat is also prioritizing this project for funding under the EDF.

12. We are now looking at new emerging sectors which are critical for economic growth and employment such as logistics services, Education and Health Services.

13. As an island economy, geographically isolated from its main trading partners, it is crucial for Mauritius to invest massively in logistics services with the objective, on the one hand to become a distribution centre and on the other to improve competitiveness of our exports. The high transaction costs associated with poor logistics services usually have an adverse impact on competitiveness and subsequently lead to loss of markets with the ensuing socio-economic impact. Government is keen to develop strategic partnership, particularly to develop logistics services at the port. We will have to, through negotiations and commitments at different levels help create the necessary environment for increased investment in the sector.

14. Mauritius has all the necessary ingredients to develop Education and Health Services into new pillars of the Economy. Given Mauritius recognition as an ideal tourist destination, it is important to build on this comparative advantage and develop the country into an integrated medical tourism destination. During our discussions, I would expect an exchange of view on this issue.

15. Government has recently adopted two very important pieces of legislation, namely the Law practitioners Act and the International Arbitration Act. These legislation will not only promote the development of legal services in Mauritius, with its spill over effects on other sectors, especially the financial services sector but will also promote Mauritius as a destination for international arbitration. What should now be the way forward to transform into concrete action the objectives set by these Acts should also be the subject of discussions in our meeting.

16. In our discussions, we need to see how the different negotiations we are currently involved in would help us achieve the objective of transforming Mauritius into a full fledge service based economy.

17. Mauritius is actively participating in the WTO and regional trade negotiations with a view to better position itself on world markets. This implies negotiations for improved trade rules and urging our trading partners to open their markets to our exporters of services.

18. The services sector is so broad, complex and multi-dimensional that it will not be possible to address all the issues in this first meeting. I will try to highlight some of the main features of what we are expected to cover in the services sector. I propose that detailed discussions and in-depth analysis will pursue at sectoral levels.

19. Let me give some orientations on how we should proceed with our discussions. I will proceed by putting some questions and at the same time throw some ideas.

20. What are the priority sectors or sub-sectors of services on which Mauritius must engage in trade negotiations?

When we joined the WTO's General Agreement on Trade in Services (GATS) in 1995, we took market access commitments in three sectors: Tourism, Telecommunications services and financial services. The rationale at that time was aimed at the development of core services that were necessary to develop our economy.

21. In the ongoing Doha round of negotiations, we have tabled Accountancy and computer services for market access commitments. It would be important for us to be clear in our stand as to what should be our product coverage in the various services negotiations at WTO regional and bilateral levels.

22. We are also negotiating services in the context of the EPA. These negotiations are expected to be completed by the end of this year. Europe being our main trading and development partner and given the level of ambition we have set for these negotiations, it is

crucial that we obtain a deal that will help achieve the twin objective of improving access on the EU market and attracting FDI in Services. We will need to agree on the sectors that we can commit ourselves and on the depth of the commitments. A good services Agreement with the EU has the potential to create highly remunerative jobs for our professionals as well as for other category of workers through increased activities in the services sector.

23. How can we capitalize on the niche opportunities and the niche markets?

Let me give some hints to guide our discussions.

As a small economy we cannot produce all services and prevail in all markets. We need to identify the niches.

24. We must specialize ourselves in exporting quality professional services at competitive costs (eg. Architecture, consulting engineer, accountancy, medical and legal research, market research). Some of our firms, such as DCDM, are already doing very well in the region. Some countries on the African continent are currently rapidly developing their economies and therefore present wide ranging opportunities for our business people.

25. We must move towards higher value-added activities through back office operations. We must also think of exporting services based on our cultural and linguistic strengths, like for instance, translation services. I am sure you will have more ideas about niche opportunities. What we would need to do is to develop an export development plan. This can be done through concerted efforts of Government and the private sector.

26. How are we going to engage our trading partners to open their markets for our service exporters?

We are already engaged in the following processes:

- We are participating in WTO negotiations through request-offer process. However, in some key services sectors, such as telecommunication, Financial Services, ICT we did not need to wait for conclusion of the WTO negotiations and have thus made autonomous efforts to liberalise.
- We have elaborated a regional strategy for the development of trade in services in SADC and COMESA. We are currently engaged in the negotiations of a SADC Protocol on Trade in Services and a COMESA Protocol on Trade in Services. These agreements will eventually serve as basis for negotiating market access at regional level.
- In the EPA Negotiations, we aim at having an ambitious services framework.
- We also intend to conclude a number of bilateral frameworks with a view to developing complementarities and niches with our trading partners. In this regard, we have initiated bilateral dialogue with India and Pakistan in the context of the CECPA and the Joint Working Group respectively.

I invite this Committee to suggest what else can be done to step up the process.

27. How to approach the issue of mode 4? Should we adopt bilateral or multilateral route?

The main asset of Mauritius in its pursuit in trade in services is its human resources. Government has a well-defined programme for the training, skill and empowerment of its labour force. It is critical, therefore, that we pay special attention to the issue of Mode 4 (i.e temporary movement of persons) in the WTO negotiations. The issue is so sensitive that we do not foresee in the near future a multilateral approach to the opening of the labour markets in the developed countries. While keeping the pressure at multilateral level, we must continue approaching some of the key partners bilaterally with a view to obtaining access for our workers and professionals.

28. How to promote private sector pro-activeness in the development of a coherent strategy for Mauritius around trade in services?

Let me throw some ideas for the consideration of this Committee:

- Private service firms should form a coalition in order to collaborate with the government in order to promote export of services
- Private Sector can assist in sensitizing the stakeholders on the role and importance of services trade and can help in identifying the priority sectors and sub-sectors.
- Private Sector can help the government in keeping a watching brief on the WTO negotiation in their respective sectors.
- Private Sector can contribute in the preparation of a strong negotiating position in the WTO negotiations on services.

29. What must be our export promotion plan to render more visibility to our service firms on world market?

Apart from participating in the Roadshows and specialized international fairs and events, we must come up with plans to create a directory of our professional practices, make effective use of international media and publish a world class magazine of our local service providers.

I am sure that the private sector and the professional bodies have imaginative ideas on how to gather and disseminate intelligence on international opportunities.

30. I now open the floor for discussion. In this process, I will ask the officials of my Ministry to intervene as and when required so as to brief us of the latest developments in the negotiations at the levels of the WTO, SADC, COMESA, EPA and bilaterals.