

Australia's Trade and Investment relationships with African States – The Mauritius Perspective

1. Introduction

Australia and African countries share common geographical traits and attributes. The two continents are also linked by the Indian Ocean, whose strategic importance is increasing. Displaying booming growth rates, African economies could represent significant opportunities to Australian businesses once trade relationships and economic cooperation frameworks between Australia and African countries are mainstreamed and institutionalized.

This paper will analyze the triangular relationship between Mauritius, Australia and Africa. Trade statistics, developments and opportunities will also be considered. The main objective of the submission is to show the potential for joint Mauritius-Australia collaborative partnership to explore bilateral opportunities as well as opportunities on the African continent.

2. Existing trade and Investment relation between Australia and African States

2.1 Africa as a strategic region for Australia

GDP growth in sub-Saharan African countries in 2015 and 2016 has exceeded the average of emerging market and developing countries and is expected to continue beyond 2020. In 2017, real GDP growth in sub-Saharan Africa was 2.6% and is forecasted to be 3.5% in 2018.

According to World Economic Forum – Africa Competitiveness Report 2017, the 10 best-performing African nations are listed below:

The 10 most competitive African economies		WORLD ECONOMIC FORUM	
Africa Competitiveness Report 2017			
Economy	GCI rank 2016-2017	Score	
Mauritius	45	4.49	
South Africa	47	4.47	
Rwanda	52	4.41	
Botswana	64	4.29	
Morocco	70	4.20	
Namibia	84	4.02	
Algeria	87	3.98	
Tunisia	95	3.92	
Kenya	96	3.90	
Côte d'Ivoire	99	3.86	

It is equally to be highlighted that the latest World Economic Forum figures provides that the number of working-age people in the continent is expected to grow to 450 million over the next couple of decades.

2.2 Trade

Two-way trade between Australia and the African countries in 2016 was worth approximately USD 3.86 billion.

2.2.1 Australia's imports

Australia imports mainly resource-based and agricultural products from African countries. Particular examples include crude petroleum, coffee, cocoa paste, fresh cut roses and buds, fish, zinc ores, non-industrial diamonds, fertilizers, mixtures of food and nuts including other edible parts of plants, gold, pepper, fresh/dried lemons, tobacco, and paper products. It has equally been noted that Australia imports manufactured products from African countries such as passenger motor cars, medicaments, and clothing for men/women/children.

Based on analysis made, the following have been underlined:

- a. The total Australian imports from Africa have decreased over the last five financial years as illustrated in the table below.

Exporters	Imported value in 2012	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016
	US Dollar thousand				
World	250,464,794	232,481,271	227,544,231	200,113,780	189,406,028
Africa Aggregation	7,141,510	5,589,718	4,647,651	1,731,767	1,974,210

Source: Trade map

- b. South Africa, Gabon, Algeria, Congo and Morocco are the African countries that export mostly to Australia. The table below provides further details in this context.

Exporters	Imported value in 2012	Imported value in 2013	Imported value in 2014	Imported value in 2015	Imported value in 2016
	US Dollar thousand				
South Africa	904,469	864,291	822,741	890,455	789,235
Gabon	1,160,282	942,567	1,066,470	460,803	438,086
Algeria	69	78,875	1,965	60	238,592
Congo	926,969	910,259	781,885	97,035	200,288
Equatorial Guinea	8	29,386	31,083	36,165	64,617
Morocco	44,424	28,059	78,674	30,849	49,223
Egypt	57,786	24,629	34,779	25,462	24,911

Tunisia	17,866	18,226	20,439	21,852	23,721
Kenya	15,042	28,494	31,254	32,441	22,586
Mauritius	12,796	10,774	14,199	16,313	19,810
Ethiopia	17,988	13,781	21,823	20,260	18,130
Côte d'Ivoire	32,121	7,972	1,8747	20,752	15,294
Angola	32	32,726	53,892	19,257	9,744

Source: Trade map

c. Trade potential

To deepen and expand the commercial links between Australia's current trade relationships with the African continent, untapped potential have been noted mostly in:

- Oils;
- Resourced based products such as gold, diamond
- Medicaments
- Manufactured products such as motor cars, parts of airplanes, textile products, cigarettes

Annex 1 provides for further details.

2.2.2 Australia's exports

Agricultural products such as wheat, dried/ shelled broad beans, flour, frozen cuts of sheep, processed cheese, dried/shelled lentils, meat, grain, oils, fish and fertilizers, as well as minerals and metals (aluminum oxide, coal, iron, steel, Copper oxides and hydroxides) dominate Australia's exports to Africa. It has been noted that some manufactured exports are slightly growing as well. For example, the export of passenger motor cars has grown from USD 4.8 million in 2015 to USD 6.9 million in 2016; parts of machinery for working mineral substances from USD 22,2 million to USD 26,3 million over the same period; and Men's or boys' trousers rose from USD 172 thousand in 2015 to USD 1,2 million during the last financial year.

As per analysis made, it has been observed that Australia's exports to the African continent over the last five financial years have suffered continued falls. Further, among the African countries, Australia's most substantial trade relationship is with South Africa. In this regard, an outline pertaining to Australia's trade with the main African importing countries is provided in the table below.

Importers	Exported value in 2012	Exported value in 2013	Exported value in 2014	Exported value in 2015	Exported value in 2016
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	US Dollar thousand				
World	25,624,913	252,155,105	240,444,684	187,792,151	189,629,975
Africa Aggregation	3,353,486	2,173,528	2,665,546	2,341,064	1,890,066
South Africa	1,578,620	740,191	1,070,391	924,449	726,879
Egypt	530,257	426,428	427,511	401,930	308,909
Mozambique	340,841	66,183	361,584	344,537	276,267
Nigeria	77,635	155,080	198,002	187,507	142,140
Ghana	210,336	99,272	47,928	45,849	88,979
Mauritius	109,029	89,508	99,292	76,651	64,907
Kenya	52,188	88,293	78,028	56,617	50,019
Tanzania, United Republic of	82,252	113,997	52,418	86,677	39,086
Senegal	61,394	51,222	12,348	18,093	17,862
Morocco	24,529	32,049	41,527	10,130	17,330
Côte d'Ivoire	12,240	21,003	6,315	12,327	15,815
Malawi	1,270	28,933	11,805	13,120	13,935
Zambia	26,279	17,238	23,736	14,330	12,891

Source: Trade map

Australia's export potential to the African countries exists mainly on the following products:

- Petroleum oils
- Wheat
- Medicaments
- Meat
- Manufacturing products such as accessories of automatic data-processing machines, Instruments and appliances used in medical, surgical or veterinary sciences.

Refer to **Annex 2** for additional detail.

2.3 Investment

The African continent is the biggest market for Australian Mining, Equipment, Technology and Services (METS) companies outside of Australia. According to the latest figures from the Department of Foreign Affairs and Trade of Australia, investment in Africa in 2017 by around 170 leading METS firm has so far reached \$30 billion.

Australian-listed companies control more than 90 mining operations in Africa. The range of minerals is extensive and the scale of exploration, extraction and processing involving current and potential investment is estimated to be worth more than \$40 billion. In addition, there are hundreds of Australian based non-ASX-listed companies involved in exploration, operations

and development projects in Africa. Furthermore, about one in 20 companies listed on the Australian Stock Exchange has an investment in Africa.

Other lucrative sectors for cooperation between Africa and Australia include agriculture, education, professional services and retail.

3. Mauritius as the bridge between Australia, Africa and the Indo-Pacific region

Mauritius could position itself as a springboard for increased trade between Australia and Africa, and with the Indo Pacific region for several reasons, including among others:

- **Geographic location**

It is geographically closer to Australia, linked by the Indian Ocean, whose importance has been recognised in Australia's 2017 Foreign Policy White Paper Australia's Indo-Pacific bilateral and regional partnerships bring Australia closer to conceiving of more structured relationships with countries of Africa. Being both an Indian Ocean and an African country, and hosting the Secretariats of both the Indian Ocean Rim Association and the Indian Ocean Commission, Mauritius sits at an ideal confluence to support Australia's engagement with the countries of Africa.

- **Logistical advantage**

Improvements in the seaport/airport of Mauritius, the development of the ocean economy and a bunkering hub make Mauritius a more attractive platform.

The coming of KLM Royal Dutch Airlines in Mauritius this year and additional flights to new destinations by Air Mauritius will further open up air access between Europe and Australia with Mauritius as a corridor. From March 2018, Air Mauritius will start operations to Amsterdam and Netherlands (until October 2018).

The Air Corridor between Africa and Asia/South East Asia using Mauritius and Changi Airport as hubs was launched in March 2016, with a view to promote origin and destination traffic flows between Africa and Asia/South East Asia.

The table below provides information with regard to regional and international air linkages of Mauritius.

		Destination	Frequency of flights
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(1)	Flights to Australia	Perth	<ul style="list-style-type: none"> - 2 flights per week with additional flights operated during peak periods - Air Mauritius codeshares on flights operated by Virgin Australia out of Perth to Melbourne, Sydney, Adelaide and Brisbane
(2)	Flights to Africa	Johannesburg	<ul style="list-style-type: none"> - 19 flights per week - Additional flights on 20 and 27 December 2017 and 03 January 2018
		Cape Town	3 flights per week
		Durban	3 flights per week
		Nairobi	3 flights per week
		Dar Es Salaam	1 flight per week
		Antananarivo	8 flights per week
		Seychelles	4 flights per week
(3)	Flights to Europe	Paris, Orly, Amsterdam, London, Gatwick, Vienna, Zurich, Frankfurt, Munich, Cologne, Milan, Rome, Geneva, Istanbul	A total of 51 flights per week
(4)	Flights to India	Mumbai, Delhi, Bangalore, Chennai	A total of 8 flights per week
(5)	Flights to China	Hong Kong, Shanghai, Chengdu, Guangzhou	A total of 6 flights per week
(6)	Flights to Kuala Lumpur		<ul style="list-style-type: none"> - 4 flights per week (on the routing Mauritius-Singapore-Kuala Lumpur-Singapore-Mauritius). - Air Mauritius places its code on flights operated by Malaysia Airlines to 9

			destinations beyond Kuala Lumpur (Hong Kong, Singapore, Bangkok, Beijing, Langkawi, Penang, Johar Bahru, Kota Bahru and Kuantan)
(7)	Flights to UAE		<ul style="list-style-type: none"> - 14 flights per week on the Mauritius-Dubai route. - Air Mauritius codeshares on Emirates' services to Cairo, Riyadh, Jeddah, Dammam, Colombo and Karachi

3.1 Mauritius Overview

Mauritius has long been the jurisdiction of choice for firms wanting to expand their businesses around the world. As a matter of fact, investors are attracted by the political and economic stability of the country, the risk mitigating avenues that it offers, its sound legal and regulatory framework, its pool of English and French speaking professionals as well as state-of-the-art infrastructure.

Today, Mauritius is committed to become the major platform for investors looking to penetrate the African continent. Given the extensive experience that Mauritius has acquired in dealing with Africa for the past decades, Mauritius is believed to be one of the most attractive destinations for multinationals looking to penetrate Africa. The country is today acclaimed as a leading investment destination.

However, Mauritius has low visibility as a country in Australia and also as a potential trading partner. A large portion of the Australian population has never heard of Mauritius. Most people are not aware of the manufacturing capabilities of Mauritius but may have heard of the touristic potential of the country.

- **Favourable indices of economic performance**

Mauritius is recognised by international organisations for continuous improvement in its doing business regime. For instance, indexes where Mauritius occupies the leading position in the Sub-Saharan African region include inter alia:

- World Bank Ease of Doing Business 2018;
- World Economic Forum's Global Competitiveness Index 2016-2017; and
- Mo Ibrahim Index of African Governance 2017.

Further details are available at **Annex 3**.

- **Scope for increased business opportunities**

In the 2017-2018 budget, Government of Mauritius has introduced an 8-year income tax holiday for new companies engaged in the manufacturing of pharmaceutical products, medical devices and high-tech products. The Government of Mauritius could encourage the setting up of Australian healthcare and pharmaceutical firms in Mauritius as this industry currently ranks 6th in Australia. The tax holiday is also applicable for companies interested in the exploitation and use of Deep Ocean Water for providing air conditioning installations, facilities and services.

- **A liberalised economy facilitating movement**

Mauritius has some comparative advantages over some African countries, including free flow of capital, no exchange controls and extensive bilateral and multilateral relationships with several African countries.

3.1.1 Mauritius Financial Centre

Mauritius, with its robust financial services centre, has emerged as the preferred business, investment and trading hub for Africa. Backed by two decades of experience in cross border investment and finance, Mauritius provides local and international investors with an ideal platform for quality banking and non-banking financial services through its modern and innovative legal framework and ease of doing business regime.

To ensure the reliability and sustainability of the financial sector of Mauritius, the Government has established a number of institutions to efficiently regulate and promote the banking and non-banking financial sectors in the country. Moreover, the country has a wide network of Investment Promotion and Protection Agreements (23) and Double Taxation Agreements (21) which significantly reduce risks and protect investments in the region.

Mauritius is a signatory to the Multilateral Memorandum of Understanding (MMoU) of the International Association of Insurance Supervisors (IAIS) and The International Organization of Securities Commissions (IOSCO) which is reflected in the elaborate legal framework such as the Financial Services Act 2007, the Captive Insurance Act 2015, the Insurance Act 2005, the Private Pension Schemes Act 2012, the Protected Cell Companies Act, the Securities Act 2005, the Trusts Act 2001, amongst others.

The Financial Services Commission as the regulator of the non-banking financial services sector has signed several Memoranda of Understanding (MoUs) with local, regional and international counterparts aiming at consolidating supervision of cross-border operations of financial institutions and is also a member of the International Organisation of Pension Supervisors (IOPS).

Below is listed some of the financial products that the Mauritian companies offer to multinational investors:

- Well-regulated and structured stock market
- Global banking services
- Company structuring
- Regional headquartering
- Treasury services

Annex 6 provides a synopsis on the Financial Services Sector of Mauritius.

3.1.2 Mauritius Freeport

Mauritius established a Freeport area whereby companies are able to use Mauritius as a platform for re-export of products free of any duty. The Freeport is an ideal competitive regional logistics, marketing hub and value-addition platform for distribution to the African Countries. Today, about 250 companies operate in the Freeport Area whereby they are able to process their imported products to meet the Rules of Origin for re-export to the Regional Economic Communities of Africa.

The Mauritius Freeport contributes to about 0.5% to our GDP. The built-up space has rapidly grown from 5,000m² in 1993 to 295,000m² in 2015. This sector has so far attracted close to MUR 7 billion of investments with a number of projects under implementation within the seaport and airport zones. With the continued development of Freeport projects, an increase in the trade performance of the Freeport was observed in terms of value from MUR 47 billion (579,000 tons) in 2014 to MUR 61 billion (562,000 tons) in 2015. This increase in value is directly linked to mobile phones (handsets), seafood and fish products, general goods and pharmaceuticals, amongst others.

Our vision is to position Mauritius as the 'HUB' in Southern and Eastern Africa for the following reasons:

Neutral independence, open economy and strong political stability;

- Flexible, bilingual (French and English speaking population) and customer focus workforce which makes Mauritius particularly versatile when trading with Africa;
- 1st in Africa for the Ease of Doing Business (World Bank);
- Low tax platform and competitive costs compared to Europe and South Africa;
- Mauritius has an outstanding telecom infrastructure and the data communication network is the second largest of its kind in Africa;
- A web of sea links and direct air connections with different parts of Asia namely India, some major cities around Europe, Southern and Eastern African countries, amongst others;

Investment opportunities exist in a wide range of authorised export-oriented Freeport activities including, warehousing & storage, assembly, packaging, ship building, manufacturing, quality management, marketing, engineering, amongst others.

Additionally, the Freeport legislation provides for a liberal and comprehensive package of incentives for companies looking for a cost-effective logistics platform as mentioned below:

- Duty-Free and VAT free for goods and equipment imported into Freeport zones
- 0% corporate tax indefinite
- Preferential market access
- 100% foreign ownership
- Free repatriation of profits
- No foreign exchange control
- Reduced port handling charges
- 50 % of re-export value can be sold to the local market (subject to all taxes applicable)
- Access to offshore banking facilities

3.1.3 Services Industry

In recent years, the Mauritian economy has drastically evolved from being a sugar and tourism driven economy to become more focused on the provision of services. Several

internal and external factors have led to this change such as the high competition on the global market due to the massive production capabilities of bigger countries. The high level of education of the Mauritian population has also led to the decline of manual jobs in the country. Accordingly, Mauritius has had to adapt in order to survive in this growingly competitive world.

Other than its financial services, Mauritius is able to provide a number of professional services and would be easily capable to deliver on the African market. The development of Mauritius has inexorably led to the progress of Mauritian companies in a number of services such as construction, information technology and education services. Mauritian professionals have had extensive experience in the said sectors and their related sub sectors which would be of particular interest to the developing countries of continental Africa. Mauritius would be able to provide a lot of advisory and technical expertise to the African continent should the right investment come their way.

Additionally, Mauritius is slowly positioning itself as an education hub for the region whereby locals and foreigners alike would be able to gain quality education from the region. In this same context, Mauritius would be able to provide a most conducive environment for Australian Universities and Institutions who wish to invest in branches for the African region.

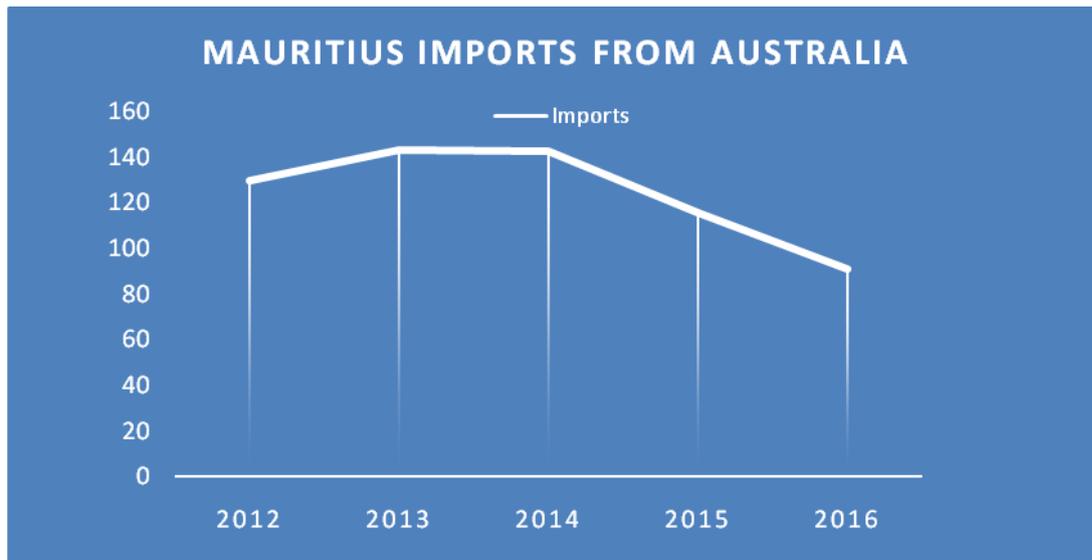
Africa is also notorious for being impacted by diseases and health issues and Mauritius, which currently has a high tech health services sector, would certainly be able to target the African region to provide premium health services. The relatively short travel distance and the idea of medical tourism would be particularly attractive to people from neighbouring countries..

3.2 Mauritius and Australia

3.2.1 Trade statistics

Mauritius' export to Australia has experienced an increasing trend over the past 5 years. Indeed, exports have increased by more than 90% and consisted mainly of textiles items, fish oils and frozen fish and other fish products.

However, there is potential for Mauritius to export additional products such as diamonds, medicaments, raw cane sugar, printed materials, Sports footwear and other sports gears. More detail is available at **Annex 5**.



Imports from Australia experienced a boom from 2012 to 2013. However, as from 2014 till September 2016, there has been a drastic decline in imports from \$142.3m to \$91m.

The decrease in imports was felt mainly in products such as wheat and meslin flour, toothfish, milk and cream, non-industrial diamonds, amongst others.

3.2.2 Mauritius Bilateral relation with Australia

No agreements exist with Australia, other than the Tax Information Exchange Agreement (TIEA) signed in December 2010.

3.3 Mauritius and Africa

3.3.1 Trade statistics

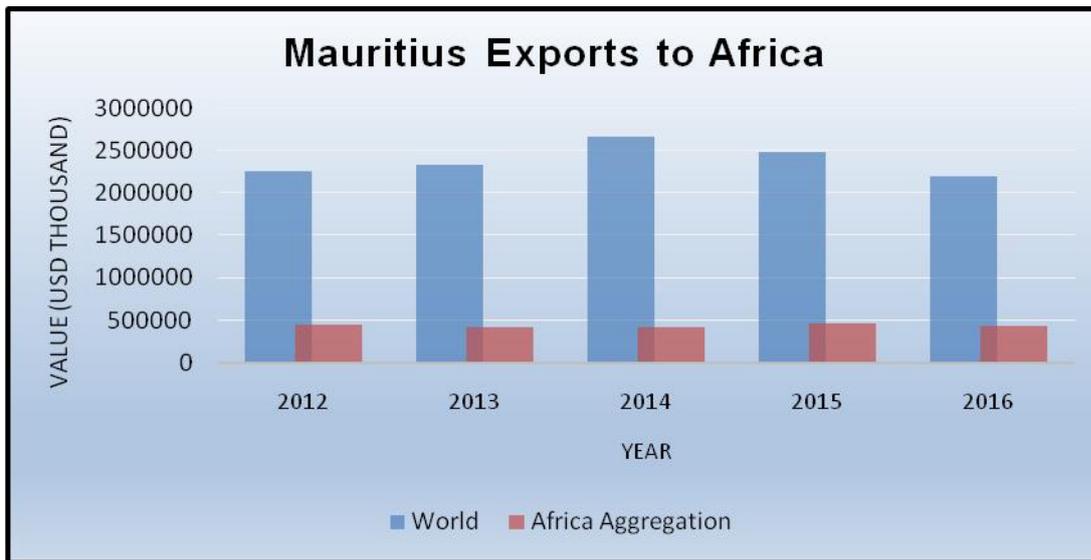
The trade ties between Mauritius and other African countries have been growing rapidly in recent years as the FTAs established by the SADC and COMESA has created a lot of opportunities for African exporters. As it stands today, Mauritius trades with a number of African countries but mostly through the preferential access markets of the RECs. Below is table showing the top 10 African export partners of Mauritius.

Top 10 Export Partners of Mauritius in Africa					
Countries	2012	2013	2014	2015	2016
South Africa	220,798	196,736	188,417	214,303	178,852
Madagascar	155,653	146,696	173,561	161,457	160,822
Kenya	9,123	9,956	5,309	22,192	36,979
Seychelles	29,713	30,589	28,268	27,151	27,804
Tanzania, United Republic of	7,573	4,166	1,960	6,164	4,161
Comoros	5,386	4,588	5,248	5,544	4,100

Zimbabwe	3,172	2,877	4,228	4,543	3,852
Mozambique	789	2,426	1,219	1,211	2,228
Uganda	1,313	748	951	1,335	1,998
Algeria	1	0	114	234	1,099

All values are in USD thousands

The most common products exported to Africa from Mauritius are textile, sugar, electrical machinery & equipment and beverages. However, as seen below, the trend during the past 5 years has remained mostly stable and the vast majority of Mauritian products are exported to other areas of the world.



It is expected, that following the BREXIT, Mauritian exports to other areas of the world would grow. Moreover, a number of initiatives are being undertaken in Africa to regroup the current RECs, namely, through the Tripartite Free Trade Agreement regrouping SADC, COMESA and EAC, and the Continental Free Trade Area (CFTA) which is expected to include all African Union countries.

3.3.2 Mauritius Bilateral relations with African countries

It is to be underlined that Mauritius has a network of agreements, comprising of both IPPAs and DTAAAs with African states, which means that global investors and traders have preferential access to a number of key African markets and hundreds of millions of consumers.

3.4 Mauritius as a member of the African regional trading blocs

Mauritius is fully committed to developing economic ties with Africa, and in this context, it has elaborated a clear strategy to leverage on the opportunities and growth of the African

economy. Its membership in SADC and COMESA provides duty free access to a market of around 500 million inhabitants. Australian companies can therefore establish in Mauritius and produce for exports to the regional markets, thereby benefiting from the duty and quota free access. The only requirement is for the Australian companies to meet the rules of origin requirements of SADC and COMESA.

Mauritius has also embarked on other initiatives such as the Tripartite Free Trade Agreement and the Continental Free Trade Agreement (CFTA). The Tripartite FTA initiative aims at harmonizing the trade regimes of the 3 Regional Economic Communities, namely COMESA, EAC and SADC. It encompasses an integrated market of 26 Member States with a combined population of 600 million people and a total GDP approaching US \$1.0 trillion. The Tripartite FTA initiative will pave the way for a Continental Free Trade Agreement. The establishment of the CFTA aims to create a continental market for goods and services in Africa covering over a billion people and a GDP of over 3 trillion USD. Negotiations on the CFTA are expected to be concluded by end 2017 or latest by mid-2018. It will set a timeframe to eliminate tariffs on at least 90% of intra Africa trade within the next five years, as well as remove impediments to trade in the services sector within Africa.

Further, Mauritius is an active member of the Indian Ocean Commission (IOC), the Indian Ocean Rim Association (IORA), the Cotonou Agreement and it benefits from the Africa Growth and Opportunity Act (AGOA).

3.5 Africa Strategy

Mauritius has negotiated Government to Government agreements for the establishment of Special Economic Zones (SEZs) in Senegal, Ghana, Ivory Coast and Madagascar, under which land has been made available as well as a series of incentives would be provided to investors investing in these SEZs.

The aim of Mauritius is to create a conducive and risk-free environment to mobilize private sector investment and, at the same time, enhance bilateral cooperation with these countries in various sectors, including trade, investment and capacity building.

Joint Investment possibilities between Mauritian and Australian investors could be considered to operate from the SEZ and export to African countries. The strategic location of the SEZs may also be of tactical interest for Australia.

Additional detail at **Annex 4**

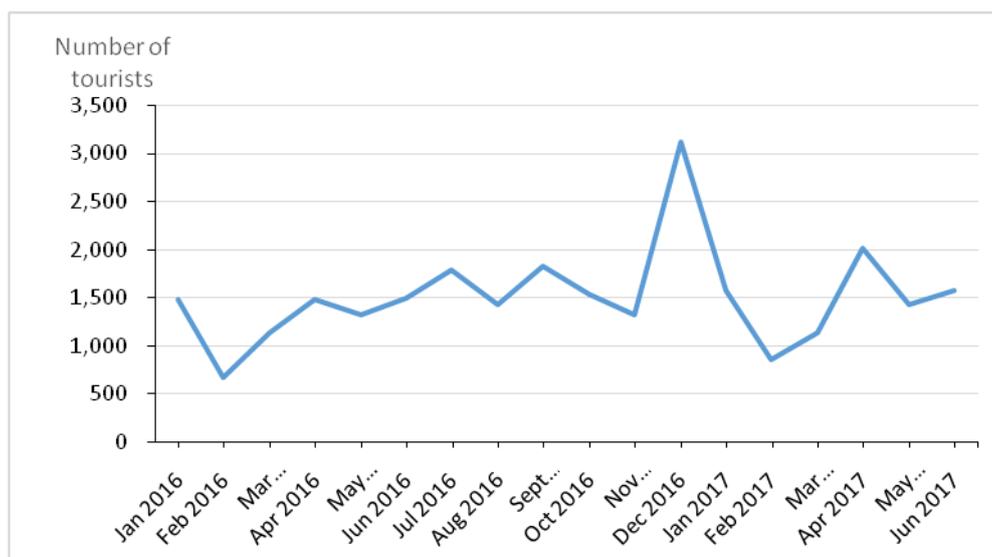
3.6 Economic Diplomacy

In the Budget Speech of 2016/2017, economic diplomacy was put forward for a crucial role to address cutting-edge issues in foreign policy, in particular in the areas of trade, finance and investment, so as to open new opportunities for Mauritian businesses. Economic diplomacy could therefore unleash more business ties between the two countries.

3.7 Culture, Art, Cinema and Tourism

Culture and Arts also offer avenues for cooperation. Australian cinema could offer an opportunity for cooperation, especially as Mauritius has recently developed its own local cinema while Australia already has a vibrant film industry.

Tourism is closely related to cultural exchange. Although Australia does not figure among the top source of tourists in Mauritius, cultural closeness can act as an impetus for the tourism sector. The number of tourist arrivals from Australia to Mauritius has been stable since the start of 2016.



Source: *Statistics Mauritius, 2017*

4. Recommendations

In light of the above chapters, Mauritius would propose that the two countries formally adopt a Comprehensive Economic Trade and Cooperation Agreement (CETCA) to provide a solid foundation to the relationship between the two countries.

4.1 Other recommendations to be considered include:

- Development of a comprehensive Africa engagement strategy by Australia;

- Consultations between African, Mauritian and Australian stakeholders;
- Integration of Mauritian services in value chains involving Africa;
- Involvement of Mauritian professionals in African & Australian projects;
- Joint study projects between Africa, Mauritius and Australia to identify opportunities for trade and investment;
- Improving and increasing the services complementary to the growth of trade & investment such as better air & sea connectivity;
- Increasing capacity building initiatives between the Africa, Mauritius and Australia;
- Australia's foreign policy towards Africa should acknowledge the African Union's Agenda 2063 framework and the African Development Bank's strategic thrust;
- Australia should assist the growth of Africa-focused research in Mauritius & Australia.

Annex 1

Product code	Product label	US Dollar thousand	Main African suppliers to Australia
		Indicative Potential in 2016	
'TOTAL	All products	187,431,818	
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	5,029,235	Gabon, Algeria, Congo
'271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	4,510,045	Egypt, South Africa, Congo
'710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	2,842,427	Liberia, Congo, Ghana
'870421	Motor vehicles for the transport of goods, with compression-ignition internal combustion piston ...	2,435,546	South Africa
'271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	2,421,285	South Africa
'870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	2,307,557	South Africa, Namibia, Egypt, Mauritius
'870332	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1,997,960	South Africa
'710813	Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes	1,553,732	South Africa, Ghana, Somalia
'870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1,475,060	South Africa
'999999	Commodities not elsewhere specified	1,340,643	South Africa, Egypt, Mauritius, Kenya
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	765,665	South Africa, Ivory Coast, Swaziland, Algeria, Democratic Republic of Congo, Guinea, Mali, Mauritius
'852872	Reception apparatus for television, colour, whether or not incorporating radio-broadcast receivers ...	679,468	Ivory Coast, Mali, Mozambique
'880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	657,627	Botswana, South Africa, Niger
'310210	Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in ...	472,116	-
'240220	Cigarettes, containing tobacco	452,607	Saint Helena, Niger, South Africa, Egypt
'610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	415,578	Mauritius, Egypt, Morocco, South Africa
'710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	413,940	South Africa, Botswana, Tanzania
'392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	407,505	South Africa, Tunisia, Sierra Leone, Kenya, Mauritius
'940360	Wooden furniture (excluding for offices, kitchens and bedrooms, and seats)	399,782	South Africa, Egypt, Morocco
'330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), ...	387,051	South Africa, Nigeria, Ghana, Egypt, Morocco, Uganda, Benin, Ivory Coast, Tanzania, Ethiopia, Mauritius

Source: Trade map

Annex 2

Product code	Product label	US Dollar thousand	Main African importers
		Indicative Potential in 2016	
'TOTAL	All products	187,739,909	
'999999	Commodities not elsewhere specified	7,309,410	South Africa, Ghana, Tanzania, Burkina Faso, Egypt, Senegal, Mali, Togo, Kenya, Sierra Leone, Zambia, Ivory Coast, Seychelles, Eritrea, Mauritania, Nigeria, Mauritius, Mozambique
'270900	Petroleum oils and oils obtained from bituminous minerals, crude	3,527,585	South Africa
'100199	Wheat and meslin (excluding seed for sowing, and durum wheat)	3,376,581	Nigeria, Egypt, South Africa, Malawi, Mozambique, Mauritius
'271111	Natural gas, liquefied	2,540,689	-
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	1,386,699	South Africa, Egypt, Mauritius
'271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	1,370,878	Mauritius, South Africa, French Southern and Antarctic Territories
'020230	Frozen, boneless meat of bovine animals	1,287,311	Egypt, South Africa, Angola, Mauritius
'880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	1,13,9764	South Africa, Ethiopia, Nigeria, Uganda, Kenya, Tanzania, Seychelles, Angola, Central African Republic, Ghana, Mauritius
'870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1,048,076	Kenya, Nigeria, Tanzania, Egypt, South Africa, Zambia, Somalia, Mozambique, Benin, Ivory Coast, Mauritius
'210690	Food preparations, n.e.s.	1,016,229	South Africa, Mali, Seychelles, Mauritius
'740311	Copper, refined, in the form of cathodes and sections of cathodes	631,524	South Africa, Ivory Coast, Egypt
'100390	Barley (excluding seed for sowing)	558,450	Kenya, South Africa, Uganda, Tanzania
'300210	Antisera and other blood fractions and immunological products, whether or not modified or obtained ...	481,143	Mauritius, Egypt, Ethiopia, Kenya, South Africa
'847330	Parts and accessories of automatic data-processing machines or for other machines of heading ...	465,020	South Africa, Kenya, Morocco
'901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	346,029	South Africa, Egypt, Algeria, Zimbabwe, Ghana, Tunisia, Nigeria, Tanzania, Democratic Republic of Congo, Morocco, Seychelles, Kenya, Uganda, Zambia, Madagascar, Mauritius
'040210	Milk and cream in solid forms, of a fat content by weight of <= 1,5%	336,437	Algeria, Rwanda, Tanzania, Egypt, Mauritius
'851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	330,742	South Africa, Uganda, Burkina Faso
'851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	317,938	Ghana, Nigeria, South Africa
'010229	Live cattle (excluding pure-bred for breeding)	316,598	Libya, Mauritius, Egypt
'190110	Food preparations for infant use, put up for retail sale, of flour, groats, meal, starch or ...	295,172	Togo
'330499	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), ...	281,214	South Africa, Mauritius, Egypt, Morocco

Source: Trade map

Annex 3

	Index	Global Rank	Africa Rank
1	World Bank Doing Business 2018	25 out of 190 countries	1st
2	Global Competitiveness Index 2017-2018	45 out of 137 countries	1st
3	Corruption Perceptions Index 2016 - (Transparency International)	50 out of 176 countries	3rd
4	International Property Rights Index 2016	34 out of 128 countries	3rd
5	Mo Ibrahim Index of African Governance 2017	-	1st
6	Press Freedom Index 2017 - (Reporters without Borders)	56 out of 180 countries	5th
7	The A.T. Kearney Global Services Location Index 2016	30 out of 50 countries	3rd
8	2017 Index of Economic Freedom - (Heritage Foundation)	21 out of 180 countries	1st
9	Economic Freedom of the World 2017 - (Fraser Institute)	7 out of 159 countries	1st
10	Human Development Index 2016	64 out of 188 countries	2nd
11	Democracy Index 2016 - Economist Intelligence Unit - Full Democracy	18 out of 167 countries	1st
12	Knowledge Economy Index 2012 - World Bank	62 out of 145 countries	1st
13	Global Enabling Trade Report 2016 - World Economic Forum	39 out of 136 countries	1st
14	Environmental Performance Index 2016	77 out of 180 countries	1st
15	Mercer's 2016 Quality of Living Survey	83 out of 230 countries	1st
16	E-Government Development Index 2016	58 out of 193 countries	1st
17	Global Information Technology Report 2016	49 out of 139 countries	1st
18	ITU - Measuring the Information Society Report 2016	73 out of 175 countries	1st
19	Forbes Survey of Best Countries for Business 2017	39 out of 139 countries	1st
20	The Travel and Tourism Competitiveness 2017	55 out of 136 countries	2nd
21	Social Progress Index 2016	40 out of 133 countries	1st

Source: BOI

Annex 4

SEZ	Area	Agreement	Objectives & Market	Opportunities for Australia through Joint Ventures with Mauritius
<u>Integrated Industrial Zone in Senegal</u>	53 hectares in Diamniadio which is strategically located between Dakar and the new Blaise Diagne International Airport.	Joint Development Agreement signed between Mauritius and Senegal in January 2017.	To develop an Industrial Park and Cargo Village. To enlarge the economic space of Mauritius and tap on the West African market through the Economic Community of West African States (ECOWAS) regional grouping.	Note: In terms of Australia's exports to Africa, Senegal is its 9th trade partner Companies operating in the SEZ will be given the free zone status and will be eligible to operate in dedicated zones. Export Oriented Enterprises will benefit from fiscal incentives while the other companies will pay taxes at the local rate based on volume of sales on local market. <i>A Special Purpose Vehicle has been set up in Senegal to take forward the SEZ project which shall consist of an Integrated Logistics, Warehousing and Distribution Centre.</i>
<u>Madagascar</u>	80 hectares within the Ehoala Park in Fort Dauphin in the Anosy region of South-Eastern Madagascar Mauritius has proposed that alternative sites be looked at. Diego Suarez and Tuléar are being considered.	MoU on the setting up of a SEZ signed between Mauritius and Madagascar in March 2016		There is opportunity for the Australian business community to engage jointly, with Mauritius, in Africa, and use the SEZ and Malagasy nationals as a platform to manufacture quality products at competitive prices to export back to Australia and other countries in Africa.
<u>Ghana</u>	20 hectares in Dawa, some 50 km East of Accra Mauritius has requested a second plot in the Kwabenya region of Greater Accra, as for two other plots.		To develop a Technology Park (Dawa) To house a Cyber Tower (Kwabanya) To set up a Solar Energy Power Generation plant and a Tourism and Hospitality projects (<i>on the two last plots</i>)	Note: In terms of Australia's exports to Africa, Ghana is its 5th trade partner Good synergistic effect is possible between China and Mauritius in cross-border investment in those specific fields (<i>technology, ICT, solar energy, tourism and hospitality</i>), in Africa, paving the way for both countries to further penetrate the African market. Australia may consider the possibility of joint ventures with Mauritius to tap the francophone market in the fields of knowledge process outsourcing, business process outsourcing, information and technology outsourcing. <i>A Special Purpose Vehicle between Mauritius and Ghana has been established.</i>
<u>Côte d'Ivoire</u>	<i>Discussions ongoing for:</i> 80 hectares within the 'Village des	MoU signed between Mauritius and Côte d'Ivoire in April 2016	50 hectares for a technology-centered Business Park and 30 hectares for residential/commercial	Note: In terms of Australia's exports to Africa, Senegal is its 11th trade partner

	<p>Technologies de l'Information et de la Biotechnologie' (VITIB), outside Abidjan</p>	<p>The Government of Côte d'Ivoire, in collaboration with VITIB, has solicited the expertise of Mauritius to set up a Biotechnology, Information and Communication Technologies Free Zone in Grand-Bassam based on the model of the Cyber City in Ebène.</p>	<p>development</p> <p>Different areas identified include: Park tower; Administrative blocks including office towers for ICT companies; Hotels (both business and resort); Residential projects (apartments, villas, bungalows); Shopping mall; Logistics center; Toll bridge; Energy production (solar and other renewables)</p>	
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Annex 5

Product code	Product label	Potential in 2016
'TOTAL	All products	2177376
'160414	Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	206876
'620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and ...)	151238
'620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...)	99218
'610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	98154
'851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	93648
'710239	Diamonds, worked, but not mounted or set (excluding industrial diamonds)	69133
'610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	56353
'620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...)	37746
'611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	33559
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	32352
'170114	Raw cane sugar, in solid form, not containing added flavouring or colouring matter (excluding ...)	28236
'490199	Printed books, brochures and similar printed matter (excluding those in single sheets; dictionaries, ...)	23662
'711319	Articles of jewellery and parts thereof, of precious metal other than silver, whether or not ...	18651
'610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...)	17550
'611300	Garments, knitted or crocheted, rubberized or impregnated, coated or covered with plastics ...	17429
'901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	16621
'170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...)	15892
'030389	Frozen fish, n.e.s.	15492
'051191	Products of fish or crustaceans, molluscs or other aquatic invertebrates; dead fish, crustaceans, ...	15352
'230120	Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, ...	15116
'392330	Carboys, bottles, flasks and similar articles for the conveyance or packaging of goods, of ...	13983

Source: Trade map

Annex 6

Australia's Trade and Investment Relationship with Countries of Africa

By Financial Services Promotion Agency – 23 November 2017

The Australian Government is looking towards forging a more sustainable and diversified trade and investment relationship with Africa, beyond the current focus of investing in extractive industries.

Mauritius has positioned as a hub for the African region through its International Financial Centre (IFC) and Special Economic Zones (SEZs) by providing a number of incentives and advantages to investors investing in Africa.

The number of Global Business companies (GBC1) involved has been on a steady rise and so has the amount of inward and outward investments as demonstrated by the table below.

	2012		2013		2014		2015	
	No. of GBC1s Involved	Direct Investment (USD Millions)	No. of GBC1s Involved	Direct Investment (USD Millions)	No. of GBC1s Involved	Direct Investment (USD Millions)	No. of GBC1s Involved	Direct Investment (USD Millions)
Outward (from Mauritius to Australia)	36	1,133	47	481	25	635	54	1,044
Inward (From Australia to Mauritius)	113	1,581	102	1,902	88	2,710	123	2,343

Australian investors investing in Africa may avail of the following attributes and advantages of the Mauritius IFC:

1. Raising capital in Mauritius

The Stock Exchange of Mauritius (SEM) is an attractive multi-asset class capital raising and trading platform. The SEM became the first Exchange in Africa in June 2001, to move to a fully automated and electronic stock market infrastructure.

It is noteworthy that as at 29th September 2017, market capitalisation on the SEM reached US\$ 10.6 billion with around 169 listed securities. SEM allows issuers to list a wide spectrum of financial instruments and raise capital through shares, bonds, funds, depositary receipts, convertible instruments and exchange traded funds which can be used by Investors.

SEM also facilitates international capital-raising through multi-currency listing, trading and settlement platform (USD, EUR, GBP, ZAR).

2. Banking

The banks in Mauritius offer a wide range of global banking and financial services to corporate, institutional and private clients.

Specialised services such as fund administration, custodial services, trusteeship, structured lending, structured trade finance, international portfolio management, investment banking, private client activities, treasury and specialised finance are also offered by our banks.

The Mauritian banking sector encompasses 23 strong domestic banks and leading international banks regulated by the Bank of Mauritius (BoM). Of the 23 banks, two banks carry on exclusively private banking business and one bank carries on exclusively Islamic banking business. The banking sector in Mauritius is very resilient, boasting a capital adequacy ratio in excess of 12% requested by international Basel standards.

3. Investing through Mauritius

Mauritius has more than two decades of proven expertise in cross-border movement of capital.

Investors have the opportunity to choose from a wide range of schemes and structures provided by the Mauritius IFC, encompassing Global Business companies (GBCs), Trusts, Protected Cell Companies, Foundations, Regional Headquartering and Treasury functions.

Having recently been categorised as compliant by the OECD, the Mauritius IFC has further instilled a great sense of confidence for foreign investors.

a) Structuring

Mauritius has developed a quality service in the increasingly competitive global business sector which resolved into an upward trend of GBCs. GBC companies benefit from optimum taxation rates and also from the number of fiscal agreements signed with different overseas jurisdictions. GBCs are ideal corporate vehicles for international investments. The Mauritius IFC does also offer a range of products from Trusts to Foundations and Protected Cell Companies.

b) Regional Headquartering

Regional headquarters registered in Mauritius can undertake a number of activities, namely, arrangement for credit facilities, arrangement for derivatives, corporate finance advisory, credit administration and control, factoring, forfeiting and re-invoicing activities and more.

The licence is provided to holding companies, incorporated in Mauritius and belonging to a well-established international group, reputed in its field of business and industry. The holding company should provide headquarter services to its subsidiaries operating in other countries. Global companies registered as Regional Headquarters in Mauritius benefit from a tax holiday of 8 years upon fulfilling the conditions of the license. One of the major requirements is the substance requirement to be fulfilled at the request of the FSC.

c) Treasury functions

The Treasury functions that is provided under the Global Treasury Activities of the Mauritius IFC offers services of arrangement for credit facilities and derivatives, corporate finance advisory, credit administration and control, letter of credits, factoring, forfeiting and re-invoicing activities, fund management, amongst others. As an investor, these services are used to achieve the respective international substance requirements.

The holder of the licence benefits from a 5 years' tax exemptions on the income it derives from providing such treasury services to its related companies.

4. Mitigating Risks

a) Invest Promotion and Protection Agreement (IPPAs)

Mauritius provides investors with additional protection and comfort through the network of IPPAs established in Africa since these agreements expressly diminishes the risks in those countries where there may be risks of nationalisation or expropriation.

Through the Mauritius IPPAs network, companies incorporated in Mauritius benefit from free repatriation of funds, protection against expropriation, compensation for losses in case of war, arbitration facilities and the most favoured nation treatment when dealing with investments.

b) Multilateral Investment Guarantee Agency (MIGA)

Mauritius is a member of the Multilateral Investment Guarantee Agency (MIGA), which is an international financial institution under the World Bank offering political risk insurance and credit enhancement guarantees.

The guarantees offered under the MIGA protects investors against expropriation, losses incurred due to war, terrorism and civil disturbances, protections for breach of contract and failure to honour sovereign financial obligations as well as currency inconvertibility and transfer restrictions.

c) Double Taxation Agreements (DTAAs)

Mauritius, having double taxation agreements with a number of African countries as well as countries such as Qatar and Oman, amongst others, help investors plan their investments so as to optimise their taxes on dividends and royalties with a preferential treatment of capital gains and interest payments of loans. This also creates an environment of clarity and simplicity between Mauritius and the respective state.

The different schemes and policies, tax treaties and adherence to African organisations are the very cornerstone of the Mauritius IFC's value-adding model.

The Investor is therefore presented with a number of advantages and additional incentives – tax holidays, etc. which are initiatives of the Government of Mauritius.

Mauritius and Australia have signed a partial DTAA in 2010; accordingly, the agreement contains provisions with respect to Transfer Pricing, Pensions and Retirement annuities, Government service and students.

5. Future projects of interest

a) The Mauritius International Derivatives and Commodities Exchange

The Mauritius International Derivatives and Commodities Exchange (MINDEX) has been proposed by the Government of Mauritius in light of setting up a multi-commodity and derivatives exchange platform. This initiative will offer new opportunities to Australian companies involved in the mining industry.

b) The Centralised KYC Project

The Centralised KYC (CKYC) project is a government-led initiative which will make use to new technologies (Distributed Ledger, Blockchain, etc.) to develop the Mauritius IFC. The main aim of the CKYC project is to provide a solution to recurrent issues with regards to the current KYC process of duplications, expenditures, etc. The CKYC initiative will also adhere to the reporting requirements under the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standards (CRS).

Mauritius and Australia, being party to the exchange of information agreements on taxation, are in a good position to benefit under the CKYC project whereby there will be reduced costs, up-to-date information on clients.

