

COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA

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TRADE OPPORTUNITIES BETWEEN MAURITIUS AND ZAMBIA

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Mauritius and Zambia have complementary trade visions

1. Mauritius is increasingly pivoting its commercial diplomacy into Africa and vigorously seeking business opportunities, as the Honourable Mr Vishnu Lutchmeenaraidoo, the Mauritius Minister of Foreign Affairs and International Trade passionately informed the business community on 17 March 2017 in Port Luis; this information is available at <http://ionnews.mu/video-maurice-signera-laccord-zone-de-libre-echange-entre-la-comesa-la-sadc-et-leac-170317/>. Zambia has for some time now prioritised diversification of the economy and of export markets away from copper exports. There is, then, room for mutually supportive economic engagements between the two member states of COMESA, which, with increasing trade and investment, will assist in jobs and wealth creation, and therefore peace and prosperity.
2. In making the best of all available opportunities, the two member states can fully utilise the COMESA rule-based Free Trade Area, trade facilitation programs, industrial and infrastructure programs, as well as the financial institutions.

COMESA is the largest regional market in Africa

3. COMESA is the largest regional economic community in Africa, offering the business community the best bet for overcoming the diminutive size of national economies. In fact COMESA is one third of Africa as a whole. Table 1 below shows this.

Table 1: Comparing African regional economic communities

African Union					
Pillars regional blocs (REC)	Area (km²)	Population (March 2017)	GDP (\$US) at Current prices 2016		Member states
			PPP	per capita	
AU	29,910,442	1,253,107,814	6,120.75	2,616.37	55
ECOWAS	5,112,903	368,280,993	2,540.79	1,002.07	15
ECCAS	6,667,421	171,173,383	8,853.36	3,396.00	10
SADC	9,882,959	338,034,300	8,258.73	3,415.87	15
EAC	2,467,202	168,848,000	2,153.00	720.33	6
COMESA	12,873,957	531,999,484	6,043.89	2,677.84	19
IGAD	5,233,604	254,416,340	2,747.83	1,327.33	7

Source: IMF WEO Database and **Worldometers** (www.Worldometers.info)

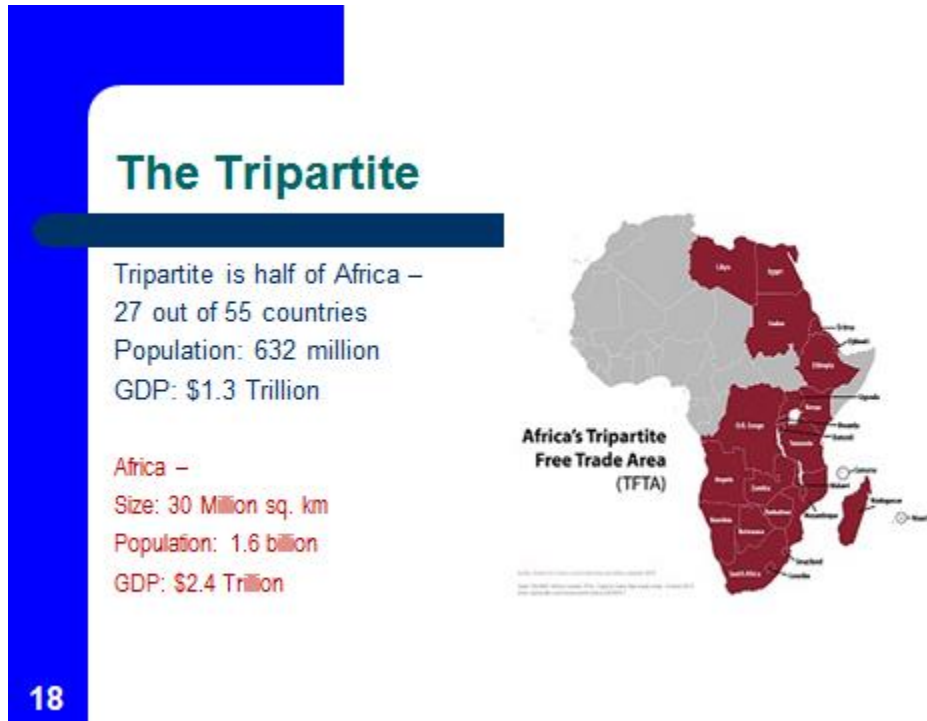
4. Tunisia has applied to join COMESA, a process expected to be concluded this October 2017. Somalia and South Sudan too are expected to be members; indeed the COMESA Summit has already decided, at its Summit in October 2016, that these two countries are eligible for membership and that membership negotiations with them should commence. Algeria has signalled its strong interest as well.
5. Making up a third of Africa, the vastness of COMESA should be complemented with its dynamism and high trade growth. Intra-COMESA export of goods has risen from \$1.5 Billion in 2000 to about \$10 Billion in 2016, excluding small scale (informal) trade estimated by UNCTAD and ECA to be about 40% of total trade. These figures are still not impressive in absolute terms, but the growth is remarkable. What is even more remarkable is the potential as well as the possibility of introducing wholly new products and industries through innovation.
6. If M-Pesa is anything to go by, new products and industries can span whole new economies and achieve social economic transformation. Kenya's ICT sector contributed 12.1% to its GDP in 2014. And by May 2015, M-Kopa had connected 200,000 homes in Kenya, Uganda and Tanzania to a solar power system which is purchased with a deposit of Kenya Shillings 50, about half a dollar, and paying the rest of the price in weekly little instalments. New high technology content products will be critical in social economic transformation through increasing intra-regional trade, creating jobs and wealth, and addressing overarching public policy objectives of universal access to basic needs.
7. The private sector will need to work closely with innovators and academia, to commercialise useable inventions with industrial application; and this can be up-scaled and streamlined where Henry Etzkowitz's Triple Helix approach

(http://triplehelix.stanford.edu/Etzkowitz_pubs) is used in policy formulation and implementation, to ensure that government, the private sector, and academia work coherently. *Bongo Hive* in Lusaka is a good start as a technology and innovation hub (<http://thebestofzambia.com/orgs/bongohive/>).

The Tripartite as half of Africa is a lucrative trade and investment destination

8. According to the Mckinsey Global Institute's *Lions on the Move 2.0*, of September 2016, available at [file:///C:/Users/fmangeni/Downloads/MGI-Lions-on-the-Move-2-Full-report-September-2016v2%20\(4\).pdf](file:///C:/Users/fmangeni/Downloads/MGI-Lions-on-the-Move-2-Full-report-September-2016v2%20(4).pdf), Africa yields the highest returns on investment in the world, and consumer and business-to-business spending is already estimated at \$3.9 Trillion, and projected to grow to about \$5.6 Trillion within the next eight years by 2025. COMESA is part of this good news. The COMESA-EAC-SADC Tripartite Free Trade Area, launched on 10 June 2015 in Sharm-el-Sheikh has a combined GDP of \$1.3 Trillion. Both Mauritius and Zambia are, in effect, in the Tripartite already, because they belong to both COMESA and SADC, two blocs which together cover the Tripartite. The Tripartite makes up half of Africa in geographical, demographic and economic terms, as Figure 1 show.

Figure 1: The COMESA-EAC-SADC Tripartite



9. Besides, most of the world's fastest growing economies are in Africa, as shown in Table 2 below.

Table 2: Fastest Growing Africa's Economies

Cote d'Ivoire -8.5%
Tanzania – 6.9%
Senegal – 6.6 %
Djibouti – 6.5%
Rwanda – 6.3 %
Kenya – 6.0%
Mozambique -6.0%
Central Africa Republic – 5.7%
Sierra Leone – 5.3%
Uganda – 5.3%

Source: AfDB, Africa Economic Outlook 2016

Opportunities – the bilateral trade potential is huge

10. A cursory look at Zambia's leading imports from Mauritius and the rest of the world shows the indicative scale of potential trade. Table 3 below has some figures for 2015.

Table 3: Zambia's leading imports from Mauritius, 2015, in US Dollars

HS	Product Description	Value US\$ Mauritius	Value US\$ ROW	
310210	Urea, whether or not in aqueous solution (excl. that in pellet or similar forms, or in packages with a gross weight of <= 10 kg)	5,358,812	118,205,700	
310520	Mineral or chemical fertilisers containing the three fertilising elements nitrogen, phosphorus and potassium (excl. those in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	3,788,343	24,698,293	
310290	Mineral or chemical nitrogen fertilisers (excl. urea; ammonium sulphate; ammonium nitrate; sodium nitrate; double salts and mixtures of ammonium nitrate with ammonium sulphate or calcium; mixtures of urea and ammonium nitrate in aqueous or ammoniacal solu	1,421,997	44,107,862	
310590	Mineral or chemical fertilisers containing the two fertilising elements nitrogen and potassium or one principal fertilising substance only, incl. mixtures of animal or vegetable fertilisers with chemical or mineral fertilisers (excl. those in tablets or s	1,271,035	45,144,606	
310221	Ammonium sulphate (excl. that in pellet or similar forms, or in packages with a gross weight of <= 10 kg)	898,493	14,273,884	
482110	Paper or paperboard labels of all kinds, printed	756,168	5,900,869	
392310	Boxes, cases, crates and similar articles for the conveyance or packaging of goods, of plastics	749,594	4,621,179	
491199	Printed matter, n.e.s.	542,786	5,936,439	
230990	Preparations of a kind used in animal feeding (excl. dog or cat food put up for retail sale)	360,518	14,752,726	
310510	Mineral or chemical fertilisers of animal or vegetable origin, in tablets or similar forms, or in packages with a gross weight of <= 10 kg	351,412	122,673	
200990	Mixtures of fruit juices, incl. grape must, and vegetable juices, unfermented, whether or not containing added sugar or other sweetening matter (excl. containing spirit)	132,059	6,359,091	
310430	Potassium sulphate (excl. that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	108,444	149,055	
490199	Printed books, brochures and similar printed matter (excl. those in single sheets; dictionaries, encyclopaedias, periodicals and publications which are essentially devoted to advertising)	96,072	12,453,734	
392610	Office or school supplies, of plastics, n.e.s.	49,269	2,125,475	
392390	Articles for the conveyance or packaging of goods, of plastics (excl. boxes, cases, crates and similar articles; sacks and bags, incl. cones; carboys, bottles, flasks and	40,717	5,329,937	

	similar articles; spools, spindles, bobbins and similar supports; stoppers, lids, ca			
482190	Paper or paperboard labels of all kinds, non-printed	36,042	1,179,557	
310100	Animal or vegetable fertilisers, whether or not mixed together or chemically treated; fertilisers produced by the mixing or chemical treatment of animal or vegetable products (excl. those in pellet or similar forms, or in packages with a gross weight of <	25,659	420,689	
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	20,833	2,537,894	
392350	Stoppers, lids, caps and other closures, of plastics	18,842	3,606,325	
610453	Women's or girls' skirts and divided skirts of synthetic fibres, knitted or crocheted (excl. petticoats)	12,046	247,627	

Source: COMSTAT, 2016

Intra-COMESA trade potential is equally huge in a range of products

11. In a survey the Secretariat has undertaken, in 2015, Mauritius has potential for intra-COMESA trade in the following products, indicated in Table 4 below.

Table 4: Potential Intra-COMESA Trade for Mauritius

HS	Product description	Extra- COMESA Exports	Extra COMESA Imports	Extra Exports/ COMESA Imports
010620	Other live animals.- Reptiles (including snakes and turtles)	54,658	58117.48	0.94
050290	Pigs', hogs' or boars' bristles and hair; badger hair and other brush making hair; waste of such bristles or hair.- Other	7,575	7276.65	1.04
160414	Prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs.-- Tunas, skipjack and bonito (Sarda spp.)	363,521,377	375695579.48	0.97
220840	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 % vol; spirits, liqueurs and other spirituous beverages.- Rum and other spirits obtained by distilling fermented sugar-cane products	1,646,030	1610464.85	1.02
230120	Flours, meals and pellets, of meat or meat offal, of fish or of crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption; greaves. - Flours, meals and pellets, of fish or of crustaceans, molluscs or other aquatic invertebrates	13,445,048	13407652.79	1
284920	Carbides, whether or not chemically defined.- Of silicon	1,652,672	1402432.96	1.18
391510	Waste, parings and scrap, of plastics.- Of polymers of ethylene	701,117	649941.73	1.08

420221	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toile	6,310,142	8104547.27	0.78
420231	Trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toile	1,433,902	1911888.25	0.75
510320	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock.- Other waste of wool or of fine animal hair	37,177	32480.49	1.14
600121	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted.-- Of cotton	1,305,096	1146594.54	1.14
600191	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted.-- Of cotton	2,729,197	3506763.59	0.78
600199	Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted.-- Of other textile materials	884,291	1038324.02	0.85
600410	Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5 % or more of elastomeric yarn or rubber thread, other than those of heading 60.01.- Containing by weight 5 % or more of elastomeric yarn but not containing rubber thread	1,737,021	2292480.51	0.76
610459	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted.-- Of other textile materials	4,205,904	4946454.94	0.85
610819	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles, knitted or crocheted.-- Of other textile materials	709,935	812386.85	0.87
610839	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles, knitted or crocheted.-- Of other textile materials	738,067	778487.22	0.95
610990	T-shirts, singlets and other vests, knitted or crocheted.- Of other textile materials	83,372,005	73663938.77	1.13
621111	Track suits, ski suits and swimwear; other garments.-- Men's or boys'	280,606	303644.28	0.92

621210	Brassières, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, whether or not knitted or crocheted.- Brassières	6,524,132	6616239.69	0.99
854810	Waste and scrap of primary cells, primary batteries and electric accumulators; spent primary cells, spent primary batteries and spent electric accumulators; electrical parts of machinery or apparatus, not specified or included elsewhere in this Chapter.-	941,810	817552.75	1.15

Source: computations by Benedict Musengele, Senior Research Fellow, COMESA Secretariat

12. On its part, Zambia has potential for intra-COMESA trade in the following products as indicated in Table 5 below.

Table 5: Potential Intra-COMESA trade for Zambia

HS	Product description	Extra- COMESA Exports	Extra COMESA Imports	Extra Exports/ COMESA Imports
170390	Molasses resulting from the extraction or refining of sugar.- Other	406,532	381385.80	1.07
240130	Unmanufactured tobacco; tobacco refuse.- Tobacco refuse	161,776	178691.51	0.91
251710	Pebbles, gravel, broken or crushed stone, of a kind commonly used for concrete aggregates, for road metalling or for railway or other ballast, shingle and flint, whether or not heat-treated; macadam of slag, dross or similar industrial waste, whether or n	1,737,342	1719585.35	1.01
252610	Natural steatite, whether or not roughly trimmed or merely cut, by sawing or otherwise, into blocks or slabs of a rectangular (including square) shape; talc.- Not crushed, not powdered	28,000	35047.26	0.80
410419	Tanned or crust hides and skins of bovine (including buffalo) or equine animals, without hair on, whether or not split, but not further prepared.-- Other	379,310	352361.80	1.08
720221	Ferro-alloys.-- Containing by weight more than 55 % of silicon	3,706,735	4693538.04	0.79

850120	Electric motors and generators (excluding generating sets).- Universal AC/DC motors of an output exceeding 37.5 W	10,088,778	8422874.17	1.20
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Source: computations by Benedict Musengele, Senior Research Fellow, COMESA Secretariat

- The survey indicated that total potential for intra-COMESA trade in goods alone already stands at \$82.4 Billion. Intra-COMESA trade in services is currently estimated at \$38 billion. In addition to both Mauritius and Zambia being in the COMESA FTA, both countries have completed negotiations and submitted schedules of specific commitments in four priority sectors, namely, transport, communication, financial and tourism services. This means that trade and investment in these four sectors is now facilitated through the possibility of internet supply of the services, or supply through physical investment or by natural persons.

The COMESA FTA is rule-based, enabling long-term business planning

- The COMESA Free Trade Area has been in force since 1 November 2000. Mauritius and Zambia are members. Under the Treaty, members of the FTA are to eliminate duties and quota restrictions to goods originating in other members, and to ensure that non-tariff barriers are eliminated when they occur – Articles 46 to 49. The COMESA Court of Justice has reconfirmed that the FTA rules are binding and breach of them can be corrected, in the case of *Polytol v Mauritius*, where the Court specifically went ahead to decided that customs duties collected in breach of the FTA provisions should be refunded. The FTA is indeed rule-based, and provides predictability and certainty for good business.

Rules of origin are flexible

- The Protocol on COMESA Rules of Origin sets out five criteria on the basis of any of which a good can be considered to be originating – wholly produced, foreign material not exceeding 60%, value addition of 35%, change in tariff heading, and good of particular economic importance. The Protocol is supplemented by a comprehensive manual. The Treaty and the Protocol together with the Manual is available on the COMESA Website at www.comesa.int

Non-tariff barriers are speedily removed when they occur

- COMESA as a region has been very successful in addressing non-tariff barriers. Out of a total of 202 reported since the year 2008, 195 non-tariff barriers have been removed. Two of those that remain have been outstanding since the year 2003, while the rest are new and should be eliminated easily. What is more is that on a daily basis, the Secretariat receives enquiries and assists to address potential non-tariff barriers to assist ensure that consignments at ports or borders are cleared, and that products are produced with a view to being properly traded on the COMESA market. The Secretariat routinely provides information on market opportunities and regimes that apply in given member states. This is done over email, phone or skype, or through letters and formal communication.
- Non-tariff barriers can be reported by anyone online at www.tradebarriers.org or by SMS, or by a letter to the Secretary General of COMESA. The Secretariat will then

quickly intervene to assist, through technical advice, arranging consultations, organising on-the-spot verification missions, and preparing discussion at formal technical and ministerial level meetings.

Trade facilitation instruments have reduced the cost of doing business

18. COMESA has prioritised trade facilitation. In addition to simple and flexible rules of origin as well as a dynamic system for elimination of non-tariff barriers, instruments for trade facilitation include the Single Administrative Document/ Customs Document, Automated System for Customs Data, the Yellow Card, Regional Customs Bond Guarantee Scheme, Carriers Licence, among others. For more on this, please see Francis Mangeni, *Trade Facilitation in Eastern and Southern Africa*, in Key Issues in Regional Integration, Volume 3 (available separately).
19. For instance, it now takes 20 minutes for accredited clients (approved economic operators) to cross the Chirundu one-stop-border post between Zambia and Zimbabwe which is a valve for transit trade through Zambia, with eight neighbouring countries, or two hours where advance declaration is used, or up to two days where documents are lodged on arrival; whereas before, it used to take anything up to nine days to cross that border.
20. Or take another example, it used to take up to 22 days for cargo to move from Mombasa in Kenya to Kigali in Rwanda; it now takes four to six days with the removal of roadblocks and the introduction of automation and integration of customs procedures and documentation covering the Regional Customs Transit Bond Guarantee and pre-clearance, and the administrative arrangement of positioning customs officials of Uganda/ Rwanda in Mombasa as the port of arrival into the region under the Single Customs Territory initiative.
21. It is to be noted that a sitting truck costs \$250 to \$400 per day, a cost that has been saved through this much reduced dwell time on the roads and at borders.

COMESA Institutions are continental and facilitate trade and investment

22. One of the trail blazing successes of COMESA as an organisation has been its superb institutions and specialised agencies, established over the years to facilitate trade and investment.

The Trade and Development Bank provides trade and project finance

23. These include a trade and development bank providing trade and project finance to governments and the private sector. The Bank has financed the purchase of aircrafts (Rwandair and Ethiopian Airlines), hotels (The Radisson Blue in Lusaka), and energy and a raft of other projects indicated at <http://www.ptabank.org/index.php/projects-and-transactions>

The Africa Trade Insurance Agency covers terrorism and other political risks

24. The African Trade Insurance Agency provides cover for non-commercial risks such as political risk, political violence terrorism and sabotage, as well as surety bonds and reinsurance. The Re-Insurance Company provides re-insurance and facilitates the operations of the Yellow Card Scheme. The Regional Payment and Settlement

Scheme overseen by the COMESA Clearing House, with the Central Bank of Mauritius serving as the Settlement Banks, facilitate intra-regional payments to be completed within 24 hours.

25. Other institutions include the Competition Commission, which addresses anti-competitive practices and facilitates acquisitions and mergers in the COMESA region. The COMESA Regional Investment Agency facilitates investment into the COMESA region, including through providing information on investment opportunities to investors within and beyond the region. The COMESA Business Council is the voice of the private sector and mobilises economic operators in the region, and links them up through virtual and physical buyer-seller fora.

**Way forward – create a standing virtual market
and a data base for continuous business**

26. The upshot of all these many words is that there is merit in this business-to-business forum and a promise of prosperity for the two countries through trade and investment. Why this be a one off? Without a single reason for this, the potential trade and investment opportunities argue for a continuous and standing forum, virtual, for business taking into account the dynamic and continuous nature of business; or at least regular physical business-to-business meetings.
27. Trade and investment opportunities in Mauritius and Zambia and in COMESA at large through value chains, should be vigorously pursued by the private sector, utilising COMESA rules and programs as enablers. In addition, every effort should be deployed to create new high technology content products through innovation. Government, innovators and academia, and the private sector would do well to work as a coherent team, to achieve the much required social economic transformation of our societies, in order to achieve the public policy goals of creating jobs and wealth, and ensuring peace and prosperity in our communities.