



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

Event : **AGOA PREPAREDNESS WORKSHOP**
Location : **Westin Turtle Bay**
Date : **Wednesday 5 April @ 9h30**

Hon. Seetannah Lutchmeenaraidoo, Minister of Foreign Affairs, Regional Integration & International Trade

Hon. Ashit Kumar Gungah, Minister of Industry, Commerce and Consumer Protection

Dr. Melanie Zimmerman, Chargé D'Affaires at the US Embassy

Mrs. Dwarka-Canabady, Secretary for Foreign Affairs

Mr. Paul Gormley, Economic/Political Officer

Experts of the East Africa Trade and Investment Hub

Members of the press

Dear Entrepreneurs

A very warm welcome to you all on the occasion of the official opening of this AGOA Preparedness Workshop for SMEs. Allow me first of all to express my heartfelt thanks to the team of the Ministry of Foreign Affairs, Regional Integration and International Trade, without whose constructive collaboration today's event would not have been possible. I also extend my sincere appreciation to the US Embassy and the sectoral experts from the East Africa Trade and Investment Hub for their enthusiastic involvement and commitment in devising today's workshop **in a resolutely empirical manner.**



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

Mauritian entrepreneurs are certainly well aware of the fact that at the level of my Ministry, we have always given special attention to the endeavor of empowering SMEs to get access to external markets. Indeed, we cannot afford to be inward-looking in this highly globalized business world. There are new markets to be tapped and new consumers with ever-changing needs.

I have always been adamant about the fact that the domestic market is restricted in terms of size and that businesses should, from the very outset, produce export-ready goods and services. I in fact believe that despite the array of fiscal and institutional incentives provided by the Government to SMEs, the sector will inescapably fail if we do not provide the necessary information and conditions for the local business community to embrace the principles of internationalisation through export.

I am perfectly conscious that on top of informing and guide entrepreneurs in the process of acquiring the relevant knowledge as well as know-how that will propel their products and services to another level, it is the will to **empower** them to break the glass ceiling that is key for them to boldly conquer new markets worldwide.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

The matter is very topical indeed, given that the Government of Mauritius has launched its **National Export Strategy** last Friday in view of boosting the export capacities of Mauritian enterprises and to step up their trade with regional and global markets.

However, when unleashed in the jungle of the global marketplace, we must also be conscious of our need to continue to diversify our export markets, our aim being to move from being a Euro-centric exporter to a more diversified export economy. Indeed, the European Union which has freshly celebrated its 60 years since its founding treaty was signed in Rome is in deeper trouble than ever and we should look for opportunities elsewhere instead. With increasingly diversified trade and investment ties with the United States, China, India as well as various African, Middle Eastern, and other Asian countries, our country is slowly but surely paving the way for it to be less economically dependent on its historical partners in Europe.

The USA is definitely one of those new markets that deserve our full attention. According to the IMF, the USA is among the countries to be least affected by Brexit – its economy is expected to grow by 2.5% in 2017. This is good news for Mauritius, particularly with regards to the African Growth and Opportunity Act, which has been renewed to 30 September 2025.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

Since its inception in May 2000, AGOA has been the centerpiece of trade relations between the United States and sub-Saharan Africa. It has helped eligible countries expand and diversify their exports to the United States by providing duty-free access to the U.S. market for over 1,800 products beyond the products eligible under the GSP program. These market opportunities for African exports – especially of non-traditional and higher value products – have helped African firms become more competitive internationally, thereby bolstering African economic growth and helping to alleviate poverty on the continent. Thirty-eight countries, including Mauritius, were eligible for AGOA benefits in 2016.

In June 2015, the then President, Barack Obama, signed into law the **Trade Preferences Extension Act (TPEA)**, extending AGOA for 10 years and including the third-country fabric provisions. The TPEA also enhanced AGOA in a number of other ways, including promoting greater regional integration by expanding the rule of origin and encouraging the development by AGOA beneficiaries of utilization strategies to improve AGOA's effectiveness and use.

To date, the AGOA program built on the Generalised System of Preferences (GSP) scheme stands at **approximately 7,000 product tariff lines**, including the roughly **1,800 product tariff lines** that were added to the GSP by the AGOA legislation. These include items such as apparel and



**MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)**

footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and others. It provides eligible countries from Sub Saharan Africa exporting to the US with the opportunity to benefit from **an average 17.5 percent customs duty advantage relative to non-African suppliers.**

Hence, AGOA, without being the panacea, is a more than valuable option for SMEs targeting export. Today's workshop will be instrumental in helping participating SMEs to acquire practical knowledge and skills to **navigate the AGOA export process and capitalize on business opportunities under AGOA.** While enabling you to decipher the terminology specific to AGOA, this workshop will also disseminate the benefits and tariff lines involved, create awareness of markets available for items under production or processing for the U.S market, and most importantly, show the way for value addition to Mauritian SMEs in the value chain.

I quite often deplore the limited benefits of trade agreements signed by Mauritius for our entrepreneurs as it is obvious that most of our SMEs rarely have the opportunity to tap on the opportunities provided by those agreements. And I must acknowledge that AGOA is perhaps one of the rare agreements which clearly seem to be beneficial to both parties involved. **Trade between the US and sub-Saharan Africa has more than**



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

tripled since the enactment of AGOA in 2000 and US direct investment in SSA has grown almost six-fold. Actors of the local business landscape would agree that AGOA could not have been enacted at a more opportune time for Mauritius, which was at that time rocked by the phasing out of the Multi Fibre Agreement. With AGOA came the potential for Mauritian enterprises to overcome most of the losses sustained with the loss of our preferential market access. This has been confirmed by facts - AGOA's impact on Mauritius' exports has been nothing short of impressive, with **exports to the U.S. exploding to a growth level of over 400 percent since 2001**. And as far as the USA is concerned, it is estimated that AGOA has created some 120,000 jobs, with exports totaling 480 billion US dollars since 2000.

AGOA is also one of the rare trade agreements in which Mauritius is recognised as an active player. In March 2001, Mauritius became one of the first two countries (the other being Kenya) eligible to benefit from the preferential market access under AGOA. Today, we are **one of the major sources of US imports under the program**, together with Kenya, Lesotho, the Republic of the Congo, and Angola.

It is the Mauritian textile and apparel sector that is more particularly concerned with such a success, with **Mauritius being among the six countries accounting for more than 90 percent of Africa's apparel**



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

exports to the US. In the AGOA circle, Mauritius is acknowledged as producing more high-quality, fashionable garments than other suppliers, and as having a reputation for quality and reliability that ensures it is competitive with major Asian producers.

With tougher competition in the European market, AGOA is the engine that today drives the apparel exports of Mauritius. Subject to satisfying the rules of origin criteria, the duty free and quota free export possibilities are significant advantages that we have to continue to capture to ensure the competitiveness and survival of the textile and clothing sector.

The Textile and Apparel sector has in fact been one of the most visible success stories in terms of AGOA's impact in Africa in general. However, so as to fully take advantage of AGOA, we need to **shake up the misinterpretation as to the fact that AGOA is basically concerned with textiles and apparel.** There are in fact 7,000 products eligible under this agreement, with newly-added products comprising inter alia previously excluded items such as footwear, luggage, handbags, or watches., i.e. things that can be produced in Mauritius. It is a fact that outside of textiles and apparel, AGOA has not had a significant impact on Mauritius' other exports while it offers us opportunities that we cannot afford to pass up.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

The US is indeed a huge market that offers Mauritian enterprises considerable avenues for business growth. I particularly have in mind the **jewelry sector**, especially when it comes to metal, diamonds, pearls, semiprecious stones, imitation jewelry and accessories, which has very competitive advantages. **Leather and Fashion Accessories** are also concerned, given that Mauritius has skilled human resources in the craft sector, with artisans already designing embroideries, silk paintings, metal work, sculptures, beading, basket weaving, wood pyrography and coconut products for the tourist market. **Agroprocessing and seafood processing** as well as **light manufacturing, plastic and metal-based products** are also worthy candidates that can help Mauritius diversify its exports under AGOA.

Opportunities are admittedly manifest but for them to be effective, we have to address the constraints generally faced by entrepreneurs embarking on the exporting adventure. When it comes to AGOA, lack of awareness of what is contained in the program is a major constraint and the failure on the part of the concerned authorities to bring up AGOA to the real actors and players in the private sector, particularly among the public and small businesses and entrepreneurs has often been pinpointed in several AGOA reports. This is one of the many hurdles that today's workshop will address, in addition to the low level of value-added production that reduces the overall value of trade, under-developed



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

supply chains and a mutual lack of understanding and knowledge of one another's markets.

Also, given the size of the island and the constraints on resources, it might not be feasible or it would be naive for Mauritius to consider too large an array of products for export under AGOA. Our entrepreneurs should instead focus on those goods where they can create a **niche**. That is why this workshop will focus on providing **expert guidance on 3 sectors, namely Home Décor and Fashion Accessories, Specialty Foods, and Textile and Apparel.**

Dear entrepreneurs,

It is high time that we take full advantage of the AGOA program during the remaining 8-year period. Mauritius has a particular leverage that it can exercise in the global marketplace: we benefit from a strategic geographic location, we have a well-developed air transport infrastructure, skilled human resources, and established training institutions that offer programs in design for example. Moreover, our large maritime exclusive economic zone has an abundant stock of various fish species and we have a well-developed port infrastructure, which includes cold storage facilities.



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

From a long term perspective, I believe that we should begin **setting our sights on a future that goes beyond AGOA**, to a more stable, permanent and mutually beneficial engagement on trade and investment with the US. We should indeed not forget that AGOA was not designed to be the permanent mechanism by which the United States engages its sub-Saharan African trading. As Mauritius advances in its growth and economic development trajectory, our trade and investment relationship must adapt and evolve as well and with the expiration of the AGOA program in 2025, we should strive towards **a new US- Africa trade architecture** by developing a U.S. market-focused export sector that competes globally based on firm and country-level competitive advantages, and not trade regime-based advantages.

Time is of essence and we need to redouble our efforts to make good or rather to catch up on what we have lost over the last 16 years. While we should continue to move up scale and towards high end in the production of textile products, apparel and garments, we should take immediate steps to diversify our exports base under AGOA. I sincerely hope that today's initiative will help create the spark that will encourage you to strive for export-readiness and to take full advantage of the dynamics established with the AGOA program. I will quote **Mrs Arancha González, the ITC Executive Director** who, during the launch of the National Export Strategy, stated that ***"For Mauritius to maintain its competitive edge***



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

there will be a need to continue to invest in SMEs and help them move up the value chain". Engaging ourselves in preparedness campaigns as the one organized today to educate and to build the capacity of our SMEs on AGOA in view of leading to greater uptake of corresponding export opportunities is one example of such an investment.

I also hope that this workshop will act as **a valuable springboard** for the next phase of engagement with our American trade partners on further initiatives for moving our relationship forward. I am confident that our SMEs will be the ultimate winners should we translate this next phase into a more stable, permanent and mutually beneficial agreement.

Fellow entrepreneurs, officials of the US Embassy, you can rest assured that I am committed to proceed in this direction.

I thank you for your attention.