TRADE JOURNAL Quarterly
TRADE DIVISION - MINISTRY OF COMMERCE AND CONSUMER PROTECTION

RESTRICTED GOODS

Nº 2: - OCTOBER 2020

Editorial

Welcome to our Trade Journal. Whether you are a newcomer or a returning reader, we are excited to have you for our second edition. We hope you find it an enjoyable read.

Do I need a permit to import or export? This is the one question that we, officers in the Analyst (Trade) Cadre, get the most. It has come to our realisation that people are not aware of the goods that require a permit from the Ministry of Commerce and Consumer Protection. This edition attempts to provide an insightful background on the different goods that are restricted at import and export.

The conditions under which restricted goods shall be imported along with their respective types of restrictions are stipulated in the Consumer Protection (Control of Imports) Regulations 2017 while matters relating to export for goods requiring an export permit fall under the Consumer Protection (Export Control) Regulations 2000. In order to streamline procedures and to eliminate duplication of controls, where possible, and so as to improve trade competitiveness of Mauritius, these regulations have been reviewed on various occasions over the years.

In addition, in line with the e-Government strategy in 2016, our Ministry actively embarked in the Single Window System, known as the Mauritius TradeLink, to enhance trade efficiency through the reduction of processing time and transaction costs, related to import and export permits.

The continuous feedback from our stakeholders and members of the public has been a motivating and driving factor for ongoing improvement of our services. This has resulted in transforming our business environment and to improve our Ease of Doing Business ranking over recent years, from 49th place in 2016 to 13th place in 2019.

Our commitment remains the same. As we near the end of 2020, with this last edition for the year, we expect that our efforts to connect with you through our write-ups will help us to serve you better.

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Message from Ag Principal Analyst (Trade)

«As public servants we should be responsive to the needs of the public and deliver an efficient service.»

It is a great honour to write a message for the second edition of the Trade Journal of the Ministry of Commerce and Consumer Protection.

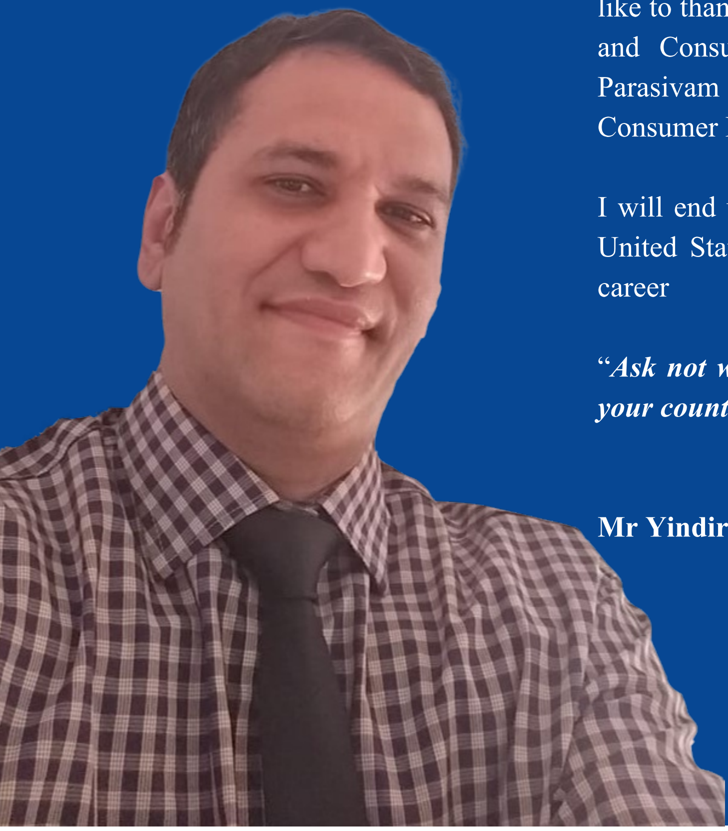
I am sure that this edition will be of great relevance to the business community, government officials and the public in general; and will supply readers with a simple yet thorough overview of export and import procedures with respect to permits and licences issued by the Import and Export Units. Our achievement in terms of number of permits that have been issued over the years is also being highlighted.

As public servants we should also be responsive to the needs of the public and deliver an efficient service. Without the unflinching support of the Analyst (Cadre) of the Trade Division it would have been almost impossible to launch the second edition of this journal. I will, in this context, thank them for their contribution. Last but not least, I will also like to thank the Honourable Yogida Sawmynaden, Minister of Commerce and Consumer Protection, the Permanent Secretary, Mr. Jaganathan Parasivam Rangan and all staff of the Ministry of Commerce and Consumer Protection for their support.

I will end up with a marvelous citation from the former President of the United States, John F. Kennedy, which has inspired me throughout my career

"***Ask not what your country can do for you - ask what you can do for your country***"

Mr Yindiren Coopoomootoo



RESTRICTED GOODS

In this era of globalisation, despite the fact free trade is being strongly advocated, restrictions are at times imposed at borders. These barriers may be in the form of control being exercised on certain products by way of licence, permit or authorisation for the goods to be allowed to move across borders. The main reasons put forward by most countries to control products at border are: health; strategy; security; sensitivity; and environment issues.

Governments may place certain restrictions on what is being imported as well as on the amount of imports whereby importers are required to have a permit, licence or authoristation issued by a national government authorizing the importation of certain goods into its territory.

This type of restriction can be considered to be a non-tariff barrier to trade when used as a way to discriminate against another country's goods in order to protect a domestic industry from foreign competition. The permit, licence or authorisation would be a document specifying the volume of imports allowed so that the total volume allowed should not exceed the quota when being applied as a protectionism measure.

Export controls are usually applied to prevent items from being sent to destinations where it is perceived they will be used in a harmful way. Export restrictions are also applied to mitigate critical shortages at the national level.

Mauritius

Importation of certain products require prior clearance from appropriate authorities, for instance, the Ministry of Health and Wellness for foodstuffs, beverages and pharmaceuticals; the Dangerous Chemical Control Board for dangerous chemicals; the Information and Communication Technologies Authority (ICTA) for telecommunications apparatus; and the Police for arms, ammunition, and explosives.

The Ministry of Commerce and Consumer Protection is responsible for items which are controlled mainly on health, environmental, security, and public safety grounds. Over the years, the list of goods being controlled at import has been subject to modifications leading to elimination of items such as milk and canned food products; certain plastic and rubber articles; agricultural products; chemicals; certain equipment; food additives and bakery additives in general; iron sheets; and life-saving jackets.

Today, the controlled goods, known as restricted goods, are governed by the Consumer Protection (Control of Imports) Regulations 2017 under the Fourth Schedule; and are subject to certain types of restrictions provided for by the Sixth Schedule, and specific conditions for import as mentioned in the Seventh Schedule. A restricted good requires an import permit prior to importation and is valid for a period of 12 months.

There are also certain items which are prohibited at import, the rationale for prohibition being health hazard; environmental protection; life security and prevention of deceptive practices, conservation of endangered species; protection of children's morals; and protection of life. These products are listed in the Third Schedule of the Consumer Protection (Control of Imports) Regulations 2017.

Under the Consumer Protection (Export Control) Regulations 2000, an export permit is required for products considered "strategic" or "sensitive" to the economy, and certain goods eligible for preferential treatment in importing countries.

In line with trade facilitation, the list of products being controlled at export has been considerably reduced over the years. Effective from August 2017, there are only seven items in respect of which an export permit may be issued. An export permit is valid for a maximum of six months and is required for the following items: Rice; Wheat or Meslin flour; Sand; Limestone; Cement; Textile and textile-articles for export to USA and Canada; and Rough diamonds.

S. Multra, Senior Analyst (Trade)
and S. Sanasy, Analyst (Trade)

WORLD TRADE ORGANISATION AND THE IMPORT LICENSING PROCEDURES AGREEMENT

The Marrakesh Agreement encompasses the General Agreement on Tariffs and Trade (GATT) and the results of all the trade rounds (including the Uruguay Round) created the World Trade Organisation (WTO). One of the agreements under the WTO, which erupted from the former Uruguay Round, relates to import licensing procedures. The Agreement on import licensing procedures has as main objective to keep the procedures for import licensing simple, transparent and predictable so as not to be a barrier to trade and to ensure a fair and equitable application. The procedures for import licensing systems are subject to the rules of the WTO. For instance, Regulating Authorities should ensure the availability of clear and transparent information for traders to understand the procedures and the requirements for the permits/licences.

Under the import licensing procedures agreement, import licensing are "administrative procedures requiring the submission of an application or other documentation (other than those required for customs purposes) to the relevant administrative body as a prior condition for importation of goods".

Licensing can be categorised as automatic and non-automatic. Automatic licensing is issued if certain criteria are met which are set under the agreement itself. Whereas non-automatic licensing is issued based on a set of criteria and requires more due diligence and additional steps of processing. They are usually procedures that administer trade restrictions such as quantitative restrictions (Quotas) within the WTO framework. In addition, the agreement stipulates that the issuance of non-automatic licences should not be more than 30 days and administrative processes should not hinder or restrict trade.

The general principles laid out under the agreement can be resumed into 4 basic principles:

Neutral application, fair and equitable administration

- Import licensing procedures and the issuance of permits should be neutral, fair and conducted in an equitable manner (Article 1.3).
- Applications should not be refused due to minor documentation errors, for any omissions or mistakes in documentation or procedures obviously made without fraudulent intent or gross negligence (Article 1.7). Minor variations in value, quantity or weight from the amount shown on the licence for reasons consistent with normal commercial practices are covered by Article 1.8.

Publication of rules and procedures

- Article 1.4 (a) stipulates that all information concerning licensing procedures, including the eligibility criteria, the administrative bodies to be approached and lists of products subject to import licensing should be published.

Simple forms and procedures

- As per Article 1.5, application forms and renewal forms are to be simple. The number of administrative bodies which an applicant has to approach in connection with applications is not to exceed a maximum of three (Article 1.6).

Other principles

- Foreign exchange for licensed imports is to be allocated on the same basis as goods that do not require import licences (Article 1.9).
- According to Article 1.11, authorities are not required to disclose confidential information contrary to public interest or which would prejudice the legitimate commercial interests of particular enterprises.
- The duration of the validity of licences/permits should be reasonable and should not be short to preclude trading activities.

Import and export permits are forms of automatic licensing as they are issued once a set of predefined conditions are met and the issuance of the import and export permits are issued within the minimal time (i.e. ranging from minutes to a maximum of 2 days). The predefined conditions are assumed not to have restrictive trade effects.

R. Pydayya, Analyst (Trade)

NON TARIFF MEASURES

"Import permits and export permits are form of Non-Tariff Measures"

The economic theory behind the implementation of such measures demonstrates mixed effects and the dominating effects are present on the trade volume and the direction of trade. For instance, import and export licensing can increase the cost to trade and trade will subsequently increase or decrease depending on whether the positive effect on demand is greater than the negative effect on supply.

In general, import and export licensing are required for many economic and social rationales. For example, regimes imposed for economic purposes are mostly to control import quantities in order to protect local producers and avoid a drop in prices (e.g. import licenses for basic agricultural products). On some occasions, governments also benefit by collecting fees from importers applying for such licenses.

The use of trade licensing remains a predominant measure of control and monitoring tool. However, it is important to keep in mind the rules and principles of the WTO Agreement on Import Licensing Procedures, which seek to keep import licensing procedures as simple, transparent and predictable as possible and to minimize distortions to trade. Under the Marrakesh Agreement and WTO agreements, the main objectives of the import licensing procedures agreement are to simplify, and bring transparency to, import licensing procedures, to ensure their fair and equitable application and administration, and to prevent procedures for granting import licences having restrictive or distortive effects on imports.

Mauritius has an advanced IT system and administrative process that enable the prompt issuance of import and export permits (ranging from less than 1 hour to 1 day).

In a nutshell, approval and issuance decisions follow a non-discriminatory nature, and license applications are neither rejected nor imposed with excessive penalties for minor administrative errors. Rejected applicants are provided with opportunities to appeal and seek feedback.

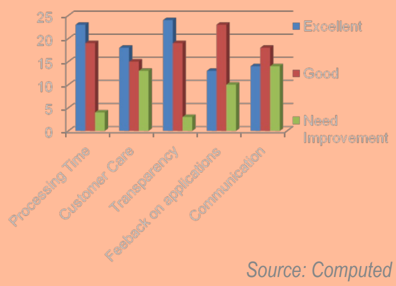
R. Pydayya, Analyst (Trade)

Assessing Mauritius

A survey was carried out among 65 users of the Single Window System (MNS System) from the months of August 2020 to October 2020.

The survey focused on the simplicity, efficiency and transparency of the systems and procedures at the level of the Ministry with respect to the issuance of import and export permits. The survey aimed to provide an indication on whether the general principles of the import licensing procedures agreement of the WTO are being observed.

46 users responded to the survey as follows:



Source: Computed

In addition, no unequal treatment was observed by the respondents in the processing and issuance of import and export permits. The results of the survey indicate that the systems and procedures implemented by the Ministry are in line with the general principles of the WTO on import licensing procedures agreement.

RICE

Rice is the seed of two grass species: Oryza sativa (Asian rice) and Oryza glaberrima (African rice). Rice is an essential food commodity and a basic nutritive ingredient for the world consumers and it is also considered as a "wage" commodity for workers in the cash crop or non-agricultural sectors. China is the first country in the world to successfully produce hybrid rice, bred from two different types of plants.

Ninety-five percent of the world's rice is eaten by humans and over half of the world's population is dependent on rice as a staple food. Japan use rice to make crackers and wine. Long grain, Basmati, wild, and jasmine are just some of the popular types of rice. The likelihood of consumers switching between the rice substitutes and varieties of rice is almost rigid due to strong consumer preferences.

The countries that consume the most rice are China, India, Indonesia, and Bangladesh while China, India, and Indonesia are currently the top three rice producing countries in the world. The international markets for rice are segregated into a large number of varieties and qualities. The trade of rice can be grouped into ordinary (Indica) rice followed by aromatic (Basmati and fragrant) rice, medium rice and glutinous rice. Worldwide rice exports for 2019 were mainly shared by India (32.5%), Thailand (19.2%), United States (8.6%), Vietnam (6.6%), Pakistan (5.6%) and China (4.8%). As this commodity is the basis for the main food security and strategic policies for the world population and for government controls and interventions, a significant proportion of trade is conducted by state trading enterprises.

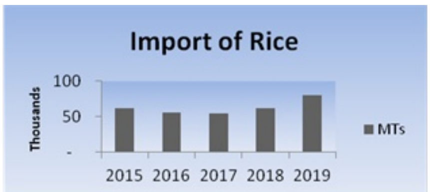
IMPORT

Mauritius is a food import dependent country. As per the Consumer Protection (Control of Imports) Regulations 2017, the following types of rice as per respective HS codes require an import permit:

- 1006.40.00 – Broken rice
- 1006.10.10 – Basmati rice in the husk (paddy or rough)
- 1006.10.90 – Other rice in the husk (paddy or rough)
- 1006.20.10 – Basmati husked (brown) rice
- 1006.20.90 – Other husked (brown) rice
- 1006.30.10 – Basmati semi-milled or wholly-milled rice whether or not polished or glazed
- 1006.30.90 – Other semi-milled or wholly-milled rice whether or not polished or glazed

In addition, one condition for import of rice is that the rice (imported by traders other than the State Trading Corporation) shall not exceed 10 per cent broken.

Over the last five years, Mauritius has imported on average 62,792 metric tons of Basmati rice and in 2019, the importation hovered around 80,426 metric tons. The importation of Basmati Rice depicted an upward trend as shown below. The Ministry of Commerce and Consumer Protection, being the Import and Export Authority for rice, issues on average 1,290 import permits yearly for the importation of Basmati rice. In 2019, 1,414 import permits for the importation of Basmati Rice were issued compared to 1,317 in 2018.

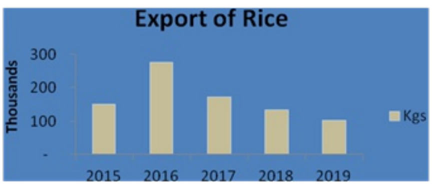


Source: MRA (Customs)

EXPORT

Conversely, Mauritius exported an average of 167,000 kg of Basmati rice over the last five years and in 2019, the exportation of this commodity was around 102,485 kg. The majority of the export was intended for ship chandling.

The Ministry of Commerce and Consumer Protection has issued on average 200 export permits for the exportation of Basmati rice. In 2019, 175 export permits for the exportation of Basmati rice were issued compared to 180 in the previous year.



Source: MRA (Customs)

R. Pydayya, Analyst (Trade) and
S. Multra, Senior Analyst (Trade)

WHEAT AND MESLIN FLOUR

Wheat or Meslin Flour is a food supply sensitive crop/commodity that is commonly stored as a buffer against any production shortfalls. The global wheat production and consumption are major components to food security policies and are included in the dietary preferences of many countries.

Wheat is produced in 120 countries and accounts for around 19% of the world's trade supplies. It is used primarily as flour for making bread, pastry, pasta, or noodles and also used to feed livestock, with feed use accounting for roughly 17% of global wheat consumption. In addition, the by-products from milling wheat into flour are used as feed.

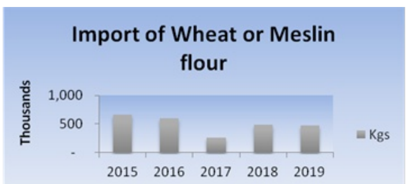
There are many varieties of wheat which have different combinations of nutritive mixtures with different protein levels and are used for different purposes. For instance, high-protein wheat is better suited for bread and pasta making, while lower protein wheat is better suited for pastry and noodles. There is substitution between wheat varieties and the blending of different varieties to produce flour with specific characteristics. The demand for high-quality wheat and wheat with specific characteristics is increasing due to more refined consumer patterns.

Trade of wheat is primarily from OECD to non OECD Countries and represents around three-quarters of global wheat exports coming from OECD countries and 82% of imports absorbed by non-OECD countries.

In 2019, the global importation of Wheat was estimated to amount to US $ 39.4bn and represented a fall of 9.5% compared to the year 2018. Asian countries are the top importer of wheat with an import value of US $16bn representing 40% of the global wheat trade. African countries are the second largest importers with 22.2% of the world wheat imports.

IMPORT

In Mauritius, the importation of Wheat or Meslin Flour has shown a declining trend over the last five years whereby on average, the country imports around 497,343 Kg of Wheat or Meslin Flour.

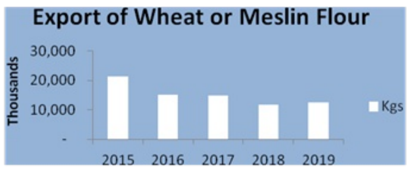


Source: MRA (Customs)

In 2019, the Trade Division has issued 97 import permits for the importation of the 467,293 kg of this commodity.

EXPORT

The exportation of Wheat or Meslin Flour indicated a declining trend over the past five years.



Source: MRA (Customs)

Some 358 export permits were issued in 2019 for the exportation of the 12,442,293 kg of Wheat or Meslin Flour.

R. Pydayya, Analyst (Trade)

ROUGH DIAMONDS

KIMBERLEY PROCESS CERTIFICATION SCHEME

One of the primary objectives of stringent trade frameworks is to prevent any trade of conflict rough diamonds. Conflict rough diamonds, also known as "Blood Diamonds", are those rough diamonds used to finance wars against governments around the world and are used by rebel movements or their allies to finance armed conflicts.

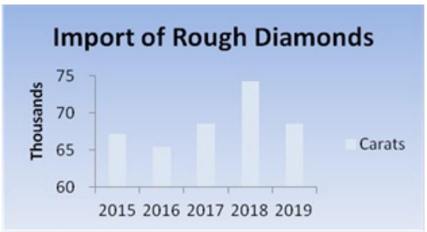
In order to have a grip on the trade of rough diamonds, a multilateral trade regime has been established in 2003 with the goal of preventing the flow of conflict diamonds. The core of this regime is the Kimberley Process Certification Scheme (KPCS) under which States implement safeguards on shipments of rough diamonds and certify them as "conflict free". The Kimberley Process (KP) is a commitment to remove conflict diamonds from the global supply chain. Today, participants actively account for 99.8% of the worldwide trade.

Rough diamonds are among the high valued crude commodities with a yearly global trade volume of around 150.9 million carats. The global trade of rough diamonds is monitored and controlled with rigorous parameters and border controls.

In 2019, the global rough diamond production fell by 7% to $13.48 billion which may have been due to a lower output in Botswana and Canada. The top producer of rough diamonds remained Russia with an increase of 3% amounting to $ 4.12 Bn. In the same year, the total import of rough diamonds amounted to $37.25 billion with 377 million carats. Rough diamonds export amounted to $36.64 billion and with 371.4 million carats.

IMPORT

In 2019, Mauritius has imported around 68,500 carats of rough diamonds with only 50 import permits which is the lowest issuance recorded since 2015.

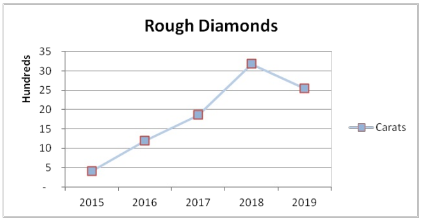


Source: MRA (Customs)

The importation of the commodity has reduced considerably compared to previous years. On average, the country imports around 68,700 carats of rough diamonds.

EXPORT

Mauritius has exported around 2,544 carats of rough diamonds and has issued 29 export permits. Since 2015, the export of rough diamonds has been increasing.



Source: MRA (Customs)

On average, the country exports around 1,800 carats of rough diamonds yearly and each export consignment is accompanied with a Kimberley Process Certificate issued by the Ministry of Commerce and Consumer Protection which is the Controlling Authority for the import and export of this item.

R. Pydayya, Analyst (Trade)

GOLD, WASTE AND SCRAP OF GOLD

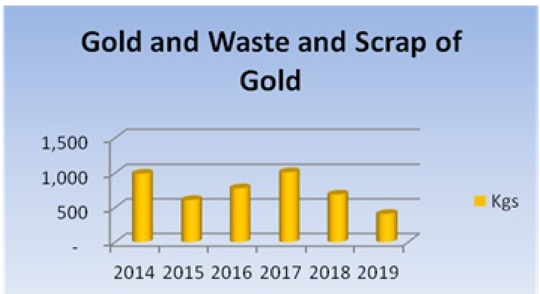
The global trade for fine gold is a sustainable and recurring activity, as gold is unlike other commodities such as oil or wheat, it does not get used or consumed. Once gold is mined, it stays in the world. Fine gold is turned into jewellery, used in art, stored in ingots locked away in vaults, and put to a variety of other uses. Regardless of gold's final destination, its chemical composition is such that the precious metal cannot be used up, i.e., it is a permanent commodity.

In 2019, the global import of fine gold amounted to US $ 306.2 billion representing an increase by 0.1% compared to the year 2018. Since 2015, the overall value of gold imports has risen by an average of 21.7% for all importing countries when gold purchases were valued at $251.7 billion.

European Countries are the top importers of fine gold with import value of $145.5 billion or 47.2% of the global total. The Asians are the second top importers representing 45.7% of the global trade and 5.1% are imported by North American Countries.

Gold and waste and scrap gold are controlled at import only. On average, Mauritius imports around 746 kg of gold and waste and scrap gold.

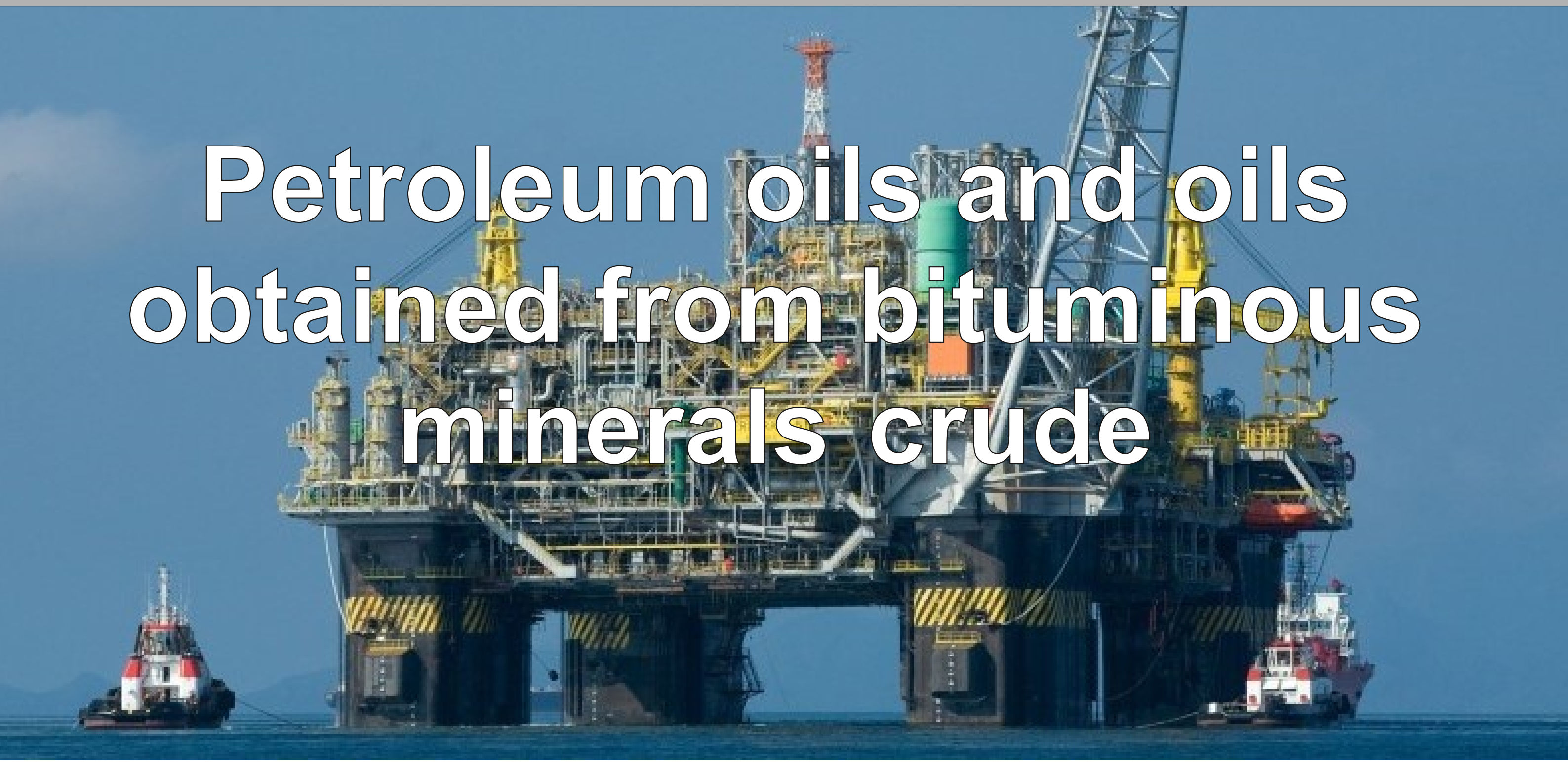
The restriction at import is that it may only be imported by jewellers holding the appropriate licences or certificates to manufacture goldwares.



Source: MRA (Customs)

In 2019, Mauritius has imported around 406 kg of gold and waste and scrap gold and has issued 81 import permits.

R. Pydayya, Analyst (Trade)



Petroleum oils and oils obtained from bituminous minerals crude

The importation and consumption of petroleum oils is sine qua non for the fundamental operation and smooth running of an economy. Most of the world productions of petroleum oil are produced from the Outer Continental Shelf (OCS) and domestic locations and which are subsequently converted by refineries into several types of petroleum products which consumers can use as both fuel and as a component of non-fuel product. In 2019, the world trade activities for crude oil amounted to US $ 1.056 trillion and were mainly imported by 117 countries, territories and islands. However, compared to the year 2018, the trading activities of crude oil fell by 12.1%.

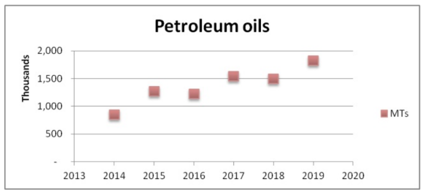
The world's biggest importer of crude oil remains the Asian continent with an import bill amounting to US $ 572.5 billion which represents approximately 54.2% of the global crude oil trade. The second top importer is the European Countries representing 28.2% while North America imported 13.9% of the global crude oil trade.

The State Trading Corporation (STC) is responsible for the importation of all the country's requirements of Petroleum Products. These include the demands for the running of public transport, industrial and commercial activities, and private motor vehicles; Central Electricity Board in fuel oils for its power plants; refueling for aircraft at the SSR International Airport; and bunker fuels for international shipping.

The annual demand in Petroleum Products to meet domestic and international demand has reached 945,000 metric tons in 2019/2020.

Regarding mogas and gas oil, the oil companies market, distribute and retail the products through their respective networks of about 155 petrol stations across the country.

In Mauritius, the importation of petroleum oils such as High speed diesel (GAS OIL) 0.25% sulphur, Fuel oil HSFO 180 CST catalytic cracked product, Fuel oil HSFO 380 CST, Distillate Marine Fuels and Residual Marine Fuel, are controlled by the Ministry of Commerce and Consumer Protection in collaboration with the STC.



Source: MRA (Customs)

The importation of petroleum oils displayed an increasing trend since 2014 and reached some 1,828,119 metric tons in 2019. 133 import permits have been issued for the importation of the commodity, which is the highest number of import permits issuance for this category of product since 2014.

R. Pydayya, Analyst (Trade)

GAMES OF CHANCE

The importation of games of chance is mainly associated with limited payout machines. A limited payout machine is an electromechanical machine or other device which complies with the required technical standards and which, on insertion of a coin, bank note, electronic credit, token or similar object or on payment of any other consideration, enables a person to play a game.

Gaming machines are defined as machines whereby a person, by reason of skill, or through an element of chance or both, receives electronic credits, tokens or tickets which are exchangeable in return for prizes and which are limited to one opportunity or more to play a further game, electronic credits, tokens or tickets for one or more cash prizes with a combined retail monetary value not exceeding 3,000 Rupees or such other prescribed amount or any cash equivalent to the amount the person inserts in the machine.

The gaming machines that are authorised to be imported are random combination of symbols on Reels and can be classified as Fruits, Animals, Insects, Birds, Human or other games of similar type; Simulated Races such as Animal Racing, Vehicle Racing, Human Racing or other games of similar type; and Card Game such as Poker game only. However, metamorphic Games, Progressive Jackpot and Feature Games are not authorised on Limited Payout Machines. Similarly multi game options are not allowed on these machines.

The importation of games of chance that do not immediately return a monetary award and/or in completely knocked down condition is a restricted product which requires the clearance of the GRA before the issuance of an import permit.

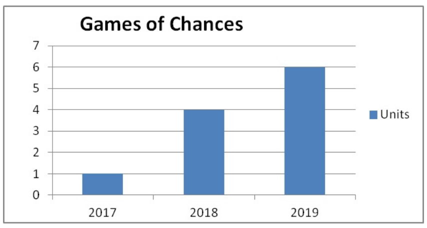
Under the Consumer Protection (Control of Imports) Regulations 2017, the following HS codes and descriptions fall under the Fourth Schedule as Restricted Goods at import:

•9504.3011 – Games of chance that do not immediately return a monetary award, in completely knocked down condition

•9504.3019 – Other, in completely knocked down condition

•9504.3091 – Games of chance that do not immediately return a monetary award

•9504.3099 – Other



Source: MRA (Customs)

In 2019, the Ministry of Commerce and Consumer Protection has issued 2 import permits for the importation of 6 gaming machines compared to 4 gaming machines in 2018. The restricted commodity has mainly been imported by casinos and gaming houses.

R. Pydayya, Analyst (Trade)

Weighing Machinery and Balances for Trade Use

The art of measurement has been a skill that has set the human race apart from other species since medieval times and has been essential for understanding how the world around us works and the functioning of society.

In certain civilisations such as among the Egyptians, where scales can be traced back to around 1878 BC, weighing balances had strong symbolic and spiritual significance.

Around the year 1770, following the invention of the spring scale by British balance-maker Richard Salter, the weighing balance no longer relied on counter weights. The spring scale used the effects of gravity to calculate weight, as defined in Hooke's Law which determines the displacement of force on the spring. It works by measuring the pressure exerted on a spring to deduce the weight of an object.

Weighing machines and balances are interchangeably used to weigh objects, ingredients, animals, and people; and yet these instruments work in many different ways. Not all scales and balances use the same mechanisms and usage. A balance determines the mass by balancing an unknown mass against a known mass. In modern weighing instruments, balances usually use a force restoration mechanism that creates a force to balance the force exerted by the unknown mass.

A scale displays weight by measuring a deflection; the springs are deformed by the load, and the force needed to deform the springs is measured, and converted into weight. In this era of digitalisation, digital scales have come into light and are usually considered to be standard weighing scales used in kitchens or bathrooms.

Digital scales are often used personally in the home for weighing out portions of food and monitoring weight by standing on a scale. Digital scales are either battery operated or use power mains supply in order to function.

The issuance of import permits for the importation of weighing machinery and balances are only meant for trade use, subject to the submission of a Certificate of Suitability from the Legal Metrology Services.

On average, around 4,500 units of this restricted good are imported on a yearly basis. In 2019, some 5,378 balances and weighing machines were imported and the Ministry of Commerce and Consumer Protection issued 51 import permits.

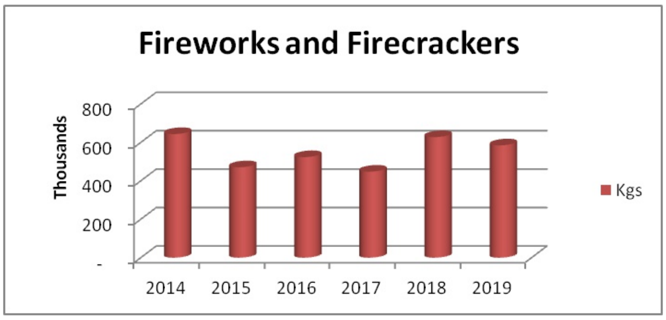
R. Pydayya, Analyst (Trade) and
S. Multra, Senior Analyst (Trade)

Fireworks and Firecrackers

Fireworks and firecrackers are used to express joy, happiness, and beliefs (scare off enemies or evil spirits) and they are mostly used as a means of entertainment. Many historians believed that fireworks were originally developed in the second century B.C. in ancient Liuyang, China and the first natural "firecrackers" were bamboo stalks that when thrown in a fire, would explode with a bang because of the overheating of the hollow air pockets in the bamboo. The Chinese believed these natural "firecrackers" would ward off evil spirits. After the period 600-900 AD, according to the legend, a Chinese alchemist mixed potassium nitrate, sulfur and charcoal to produce a black, flaky powder – the first "gunpowder". This powder was poured into hallowed out bamboo sticks (and later stiff paper tubes) forming the first man made fireworks. Fireworks made their way to Europe in the 13th century and by the 15th century they were widely used for religious festivals and public entertainment. The Italians were the first Europeans to manufacture fireworks and European rulers were especially fond of the use of fireworks to "enchant their subjects and illuminate their castles on important occasions."

China remains the main manufacturer and exporter of fireworks and firecrackers and its exports accounted for around 82.4% of the fireworks and firecrackers world trade activities. In 2019, the global sales of fireworks exports amounted to US$994.2 million. However, compared to 2018, the global sales of fireworks and firecrackers were estimated to have fallen by 5.5%.

The importation of firecrackers and fireworks including fireworks commonly known as "pétards" is a restricted good which requires the collaboration of several institutions such as the Mauritius Standards Bureau, the Consumer Affairs Unit, the Special Mobile Force and the Mauritius Fire and Rescue Services. The commodity is imported and tested under strict conditions and norms.



Source: MRA (Customs)

In 2019, Mauritius imported around 584,752 kg of fireworks and firecrackers with 29 import permits issued to 7 importers. On average, the importation of this commodity is around 549,743 kg yearly and they are consigned mainly from China. More than 80 % of the imported commodity is intended for sale to the general public.

R. Pydayya, Analyst (Trade)

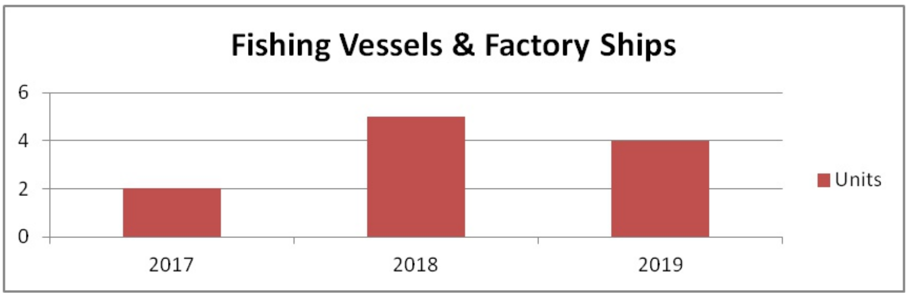
FISHING VESSELS AND FACTORY SHIPS

Factory ship, also referred to as a mother ship, was previously a large ship that was used in whaling, but now, more broadly, they are equipped to process marine catches for various consumer uses. It most commonly serves as the main ship in a fleet sent to waters a great distance from home port to catch, prepare, and store fish for market.

Nowadays, factory ships are an automated, greatly enlarged version of the early whaler that sailed into remote waters and processed only whale oil onboard, discarding the carcass. More modern ships have the ability to convert the entire water species into usable products.

The efficiency of these ships and the increasingly effective methods that are used, threatens a number of water species with extinction and therefore necessitated moratoriums on the hunting of most species. Countries such as Russia and Japan maintained extensive fishing fleets centred on factory ships.

The importation of fishing vessels, factory ships and other vessels for processing or preserving fishery products has been in the list of restricted goods following the proclamation of the new Consumer Protection (Control of Imports) Regulations 2017.



Source: MRA (Customs)

From 2017 to 2019, the Ministry of Commerce and Consumer Protection has issued 11 import permits for the importation of 11 fishing vessels meant for the processing or preserving fishery products. Prior to the issuance of the import permits, clearances from the Ministry of Blue Economy, Marine Resources, Fisheries and Shipping are required.

R. Pydayya, Analyst (Trade)

SECOND HAND MOTOR VEHICLES

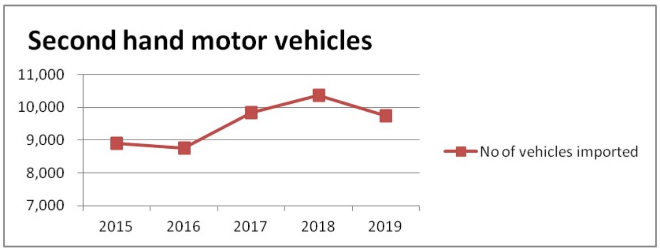
Most developing countries are ‘technology-takers’, i.e., they import rather than manufacture vehicles. A large percentage of imports are used vehicles. It is believed that in developing and emerging vehicles markets, where there are even basic import restrictions (age, emission standards), the vehicle fleet tends to be less outdated. The more selective an importing country is in terms of used vehicle quality, the higher the level of technology brought into a market is likely to be. There are currently no regional or global agreements that rationalize and govern the flow of second hand vehicles. The global used vehicle market has a projected growth of 7% by 2021.

The imports of second hand motor vehicles, in Mauritius, is regulated by the Ministry of Commerce and Consumer Protection under the Consumer Protection (Control of Imports) Regulations 2017 while authorised dealers involved in the importation and sale of second hand motor vehicles are companies licensed under the Consumer Protection (Importation and Sale of Second-hand Motor Vehicles) Regulations 2004.

It is to be recalled that for any import of second hand motor vehicles from Japan, as from March 2013, each importation has to be supported by an auction sheet which specifies the grade of the vehicle which should not be below 3.5 on a scale of 1 to 5. To protect consumers, so that they are informed of the exact conditions of the vehicles, an authorised dealer has to affix the Pre-Shipment Inspection Certificate on the windscreen of an imported second hand motor vehicle and if the vehicle is imported from Japan, the Auction Sheet also has to be affixed along with an explanatory note specifying the grade as per the auction sheet of that vehicle.

The issuance of the import permits and clearances for second hand motor vehicles require complex verification of documents comprising Export certificates; Pre-shipment Inspection certificates; and certified auction sheets (Japanese and English) for imports from Japan; amongst others.

The importation of second-hand motor vehicles has been increasing over the years. From 2015, the country has imported around 47,579 second hand motor vehicles and the Ministry of Commerce and Consumer Protection has issued 47,770 import permits. In 2019, 10,021 import permits were issued and 9,743 second hand motor vehicles were granted clearances.



Source: MRA (Customs)

S. Multra, Senior Analyst (Trade)
and R. Pydayya, Analyst (Trade)

CONDITIONS FOR IMPORTATION

The main conditions of the importation of second hand motor vehicles are as follows:

- the motorcar (including sports vehicle, crossover and jeep-type motor vehicle) shall be between 18 months and 4 years;
- the dual purpose vehicle (including 2x4 and 4x4 double-cab truck but excluding van and double-cab heavy duty lorry) shall be between 18 months and 3 years;
- the goods vehicle (lorry, including double-cab heavy duty lorry and truck other than 2x4 and 4x4 double-cab truck) shall be not more than 6 years;
- the van (other than motor bus, designed to carry goods or to carry not more than 7 persons including the driver) shall be not more than 4 years,

from the date of first registration, at the date of shipment.

For a “classic or vintage motor car” which is a motor car aged 40 years or more from the date of its original registration in or outside Mauritius, it is required to be in good running condition.

SAND

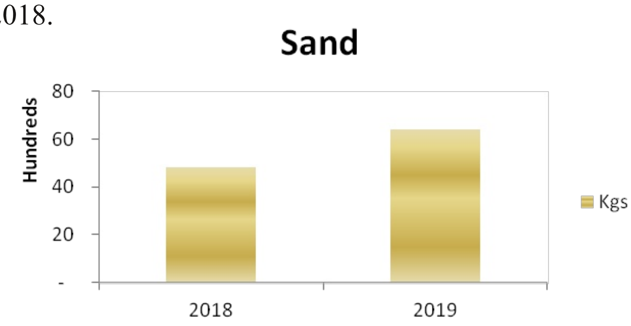
"One type of sand is calcium carbonate, for example, aragonite, which has mostly been created, over the past half billion years, by various forms of life, like coral and shellfish"

Sand is a material that is composed of finely granulated rock and mineral particles and is also defined as a textural class of soil that contains more than 85% sand-sized particles by mass. Sand has a high variety of uses and is ideal for agricultural crops such as watermelons, peaches and peanuts. Sand is also added to clay in the manufacture of bricks, while silica from sand is a key component of glass. Mixing sand with cement and lime is often used in masonry construction, and sand can be mixed with paint to create a textured finish for walls, ceilings and non-slip floor surfaces.

Globally, over 40 billion tons of sand is extracted every year and most of it has been dredged from beaches and riverbeds and from hauling it out of overturned forests. Sand is a key ingredient in concrete, glass and computer chips. Demand for the material has drastically increased ever since urbanisation accelerated at an unprecedented rate all over the world.

In 2019, about US $1.7bn of sand was exported worldwide. Compared to 2018, the export of sand has fell by 3.3%. Europe sold the highest dollar worth of exported sands during 2019 with shipments valued at $734.1 million or 44% of the global total.

Sand is a restricted good at export which requires prior authorisation from the Ministry responsible for Environment. From 2017 to now, the Ministry of Commerce and Consumer Protection has issued 7 export permits for the export of 11,226 kg of sand. In 2019, Mauritius exported 6,406 kg of sand compared to 4,820 kg in 2018.



Source: MRA (Customs)

R. Pydayya, Analyst (Trade)

TEXTILES AND TEXTILES ARTICLES

"Textiles and textile-articles for export to USA and Canada are restricted goods at export, requiring an export permit for each consignment."

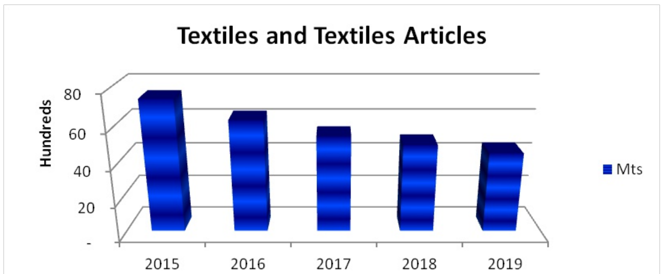
The growth of the global textiles and apparels industry are still being driven by the top textile exporters due to their increasing production and sales of materials such as cotton, yarn, fibre and other finished products and apparels. China remains the world's largest textile producer and exporter followed by other major textile markets such as the EU, India and the US. The global textile industry is expected to grow proportionally with the fast-changing fashion market around the world, meaning that the world's largest textile producing countries and top textile exporters are still full of opportunities to flourish further in the near future.

In 2019, the current dollar value of world textiles and exports amounted to $315 billion compared to $505 billion in the previous year. China, the European Union (EU28), and India remained the world's top three exporters of textiles.

One of the major global trends in the textile industry is the increasing demand for non-woven fabrics which are mainly caused by industries such as personal care, packaging, automotive and construction sectors.

In Mauritius, since 2000, for preferential treatment, that is, duty free and quota free treatment applicable under the African Growth and Opportunity Act, the Export to the United States of America (AGOA) Regulations 2000 provide that any textile and apparel article shall be exported with a visa which is an official stamp duly affixed by the Ministry on the original commercial invoice.

On average, the exportation of the commodity amounted to 5,700 metric tons with 4,200 export permits on a yearly basis. However, since 2015, the exports of Textiles and Textiles Articles showed a declining trend.



Source: MRA (Customs)

In 2019, 3,243 export permits were issued for the exportation of 4,476 metric tons of Textiles and Textiles Articles.

R. Pydayya, Analyst (Trade) and
S. Multra, Senior Analyst (Trade)

BEHIND THE SCENE...

Over the past decades, starting from when all applications had to be submitted manually, processing carried out with handwritten conditions being inserted and physical collection of the issued permits, to the year 2016 when the Trade Division became the first Government department to be connected with the single window system enabling electronic submission of all supporting document, processing and issuance of permits, it is without a doubt that the endeavors and valuable contributions of the staff have largely shaped the way by which permits are being processed in Mauritius.

Constantly aiming to bring various enhancements to trade facilitation, as a visionary leader, Mr J.P. Rangan, the Permanent Secretary of the Ministry of Commerce and Consumer Protection, has triggered further transformation. He has pioneered the work from home scheme for the import permit and the export permit units. This has resulted in both units successfully operating from home, in a paperless mode, since August 2020.

NUMBER OF IMPORT AND EXPORT PERMITS ISSUED

	2017	2018	2019	Jan to Sept 2020
Import Permit	12,234	11,303	11,373	6,647
Export Permit	3,820	4,426	3,856	1,669

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