

INFORMATION

DEVELOPMENT AID

MAURITIUS: THE LATEST YAOUNDE ASSOCIATE

12/72

On May 12, 1972, the agreement making Mauritius the 19th member of the Yaoundé association was signed at Port Louis, the capital of the island.

Mauritius has been independent since 1968, and is a member of the Commonwealth. Since 1970 she has been a member of the Organisation of African States, Madagascar and Mauritius (OCAM). The island, being in the Indian Ocean close to Madagascar, is quite small (1850 sq km), and has a population of about 830,000.

On September 21, 1971, a delegation led by Sir Lecraz Teelock, Chief of the Mauritius mission to the European Communities, handed the island's application to join the Yaoundé Convention to Signor Aldo Moro, the then President of the Council of Ministers and Italian Minister of Foreign Affairs.

The Council gave a favourable opinion on the application on November 29. The following day this was communicated to the African Associated States and Madagascar (EAMA) at a session of the Association Council.

During a session on February 7 and 8, 1972, the Council of Ministers gave the Commission of the European Communities a mandate to negotiate an Association agreement with Mauritius on the basis of Article 238 of the Treaty of Rome.

In this way it was possible to open negotiations less than six months after the date of application, on March 1, 1972, in Brussels. Before signature, there will be consultations on the new agreement with the 18 Yaoundé Associates, the East African States associated under the Arusha agreement and the four new European members of the Community (Great Britain, Denmark, Ireland and Norway).

The Offer to Commonwealth Countries

Mauritius is one of 20 Commonwealth countries with an economy comparable to that of the 18 EAMA states. Beginning in August 1973, the enlarged Community has offered to negotiate a new pattern of relations with each of these 20 states, based on one of the following three formulae:

- 'accession to the Yaoundé Convention (by the procedure outlines in Article 60 of the Convention),
- an association agreement including reciprocal rights and obligations especially in the field of trade (i.e. the Arusha pattern),
- a commercial agreement designed to facilitate and develop trade relations.

At the opening of the negotiations, both the Prime Minister of Mauritius, Sir Seewoosagur Ramgoolam, and Jean Francois Deniau of the Commission stressed that the application by Mauritius was not made on the basis of the Community offer of negotiations described above, to be valid from August 1973. Monsieur Deniau made the following statement to the Mauritius Prime Minister:

"Your government has made a clear political choice in opting for early membership of the Yaoundé Association, and as a member to take part in the wider negotiations which will take place in 1973 as a result of the enlargement of the Communities."

Sir Seewoosagur pointed out that the possibility of the African members of the British Commonwealth joining the Yaoundé Convention had been considered as early as 1963. His country's approach followed from this and should not be viewed solely in the context of the Community's enlargement.

The Substance of the Agreement

The negotiations between Mauritius and the Communities lasted a week (1-8 March, 1972), and produced a draft agreement of which the main points are as follows:-

1. Trade

From the entry into force of the agreement, Mauritius will enjoy tariff exemption and various other provisions of the Yaoundé Convention, in respect of all its products except sugar. Mauritius will progressively abolish customs duties on all products imported from the Community. By December 31, 1974 at the latest, the Community's products will be subject to the same tariff as applied by Mauritius to products imported from other Commonwealth countries.

This harmonization by Mauritius of its "Commonwealth" and "EEC" tariffs will be carried out in several stages:

- any difference between these two tariffs as applied to a specific product, which amounts to ten percent or less of the value of such product, will be abolished on the first day of the month following the entry into force of the agreement.
- in the case of differences which amount to more than ten percent, an initial reduction of ten percent will be made on the first day of the month following the entry into force of the agreement.
- the balance to be abolished by the 31 December 1974 at the latest, i.e. a month before the expiry of the second Yaoundé Convention.

2. Technical and Financial Cooperation

The Community and the member states have agreed that the European Development Fund shall be increased to allow the payments to Mauritius of the aids provided for by the Yaoundé Convention. During the session of March 20, 1972, the Council of Ministers fixed the amount of this increase at 5 million Units of Account*.

* 1 u/a = \$1.00 before the 1971 devaluation
2.4 u/a = 1 British pound

3. Implementation

The agreement, based on Article 238 of the Treaty of Rome, is subject to ratification by the signatories in accordance with their constitutional requirements. It will enter into force on the first day of the month following the date on which the member states of the Community and Mauritius deposit the instruments of ratification.

4. The Sugar Question

In a protocol to the agreement, the Community recognises the central role which the production and exporting of sugar plays in the economy of Mauritius, and in the island's future development. On January 22, 1972 when the Community enlargement treaties were signed, the Community committed itself to safeguarding the overall interests of the Commonwealth developing countries of Africa, the Indian and Pacific Oceans, and the Antilles, whose economy largely depends on the exportation of raw materials, especially sugar. Both the Mauritius and the Community delegations pointed out that until February 28, 1975, the United Kingdom authorized to import from Mauritius and the Community delegations pointed out that until February 28, 1975, the United Kingdom is authorized to import from Mauritius under special conditions a quantity of sugar corresponding to the agreed price quota fixed in the Commonwealth Sugar Agreement. In view of these arrangements, the Community will not make special conditions for sugar imports from Mauritius while the present agreement is still in force.

(The Community allows Surinam a quota of 8,000 tons of sugar free of levies, The Council of Ministers is considering making similar arrangements in favour of the African associates.)

The Island's Economy

Sugar accounts for over 90 percent of the total exports of Mauritius and about 30 percent of the island's gross national product (GNP) comes from sugar production. Other products exported are tea, copra, and cinnamon.

The population density is one of the highest in the world (440 inhabitants to the sq km), and is increasing steadily. Unemployment is high, and the population generally poor; the gross domestic product per inhabitant is \$190. A recession can only be avoided by the creation of 50,000 new jobs in the next three years. The problems of having a single staple crop (sugar), and of under-employment, are made worse by the fact that most basic food products have to be imported.

External trade is dominated by the sugar. Of the total exports, 73 percent are to the United Kingdom, 14 percent to Canada, 9 percent to the United States, and 6 percent to the Community. Imports come mainly from the United Kingdom, South-East Asia, the Community, and South Africa.

The overall trade balance shows only a slight deficit. But trade with the Community showed a deficit of 8.5 million u/a in 1969. Imports from the Community, which in that year amounted to about 10 million u/a, were five times greater than the island's sales to the member countries.

Industrialization

In order to develop her economy, Mauritius offers overseas industrial investors tax free arrangements in certain "freezones", which offer the double attraction of plentiful manpower and flexible investment rules. Tourism is also being developed as a source of revenue: the island belongs to the Indian Ocean Tourist Alliance (ATOI), of which the other members are Madagascar, the Comores, the Seychelles, and Reunion.

To exploit the island's industrial and tourist potential to the full, the government of Mauritius intends to make use of the facilities offered by both the European Development Fund and the European Investment Bank. An approach might also be made to the European Development Fund for investment in economic and social infrastructures.

Politics - Parliamentary Arrangements

Mauritius is a parliamentary democracy, with a Legislative Assembly comprising 70 members, of whom 62 are elected by universal suffrage, and 8 nominated. The last elections were held on August 7, 1967. Since Mauritius has been a member of OCAM, the 18 Community associates have insistently supported her application to join the Yaoundé Convention. In 1971, the then President of OCAM asked that Mauritius be allowed access as an observer to the Yaoundé institutions. (In January 1972 at the Hague representatives of the island took part as observers in the Parliamentary Conference of the EEC/EAMA Association.)