



THE SENATE
SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
REFERENCES COMMITTEE

**Inquiry into Australia's trade and investment relationship with the countries of
Africa**

**Public Hearing –Friday, 11 May 2018
Answers to Questions Taken on Notice
Mauritius High Commission**

1 HANSARD, p. 15

Senator FAWCETT: You said there was 100 per cent foreign ownership. In terms of access into the broader agreements, such as the Continental Free Trade Agreement, does the extent of foreign ownership in companies that are seeking to invest in Mauritius or any other African country have an impact in terms of the rules that have been negotiated, or is there a requirement under the rules of that agreement that there is majority ownership by a member of the free trade area?

Mr Payendee: As far as Mauritius is concerned, we provide for 100 per cent foreign ownership. If this rule was applicable to other African countries, we would look for this information and submit it to the secretariat of the committee.

ANSWER

During the Senate Committee hearing for the Mauritius delegation on 11 May 2018, Senator Fawcett enquired if the 100 per cent foreign ownership applies to all states under the Continental Free Trade Area (CFTA) (please refer to page 15 of the transcript for the hearing). Mr M. Payendee, First Secretary at the Mauritius High Commission, explained that 100% foreign ownership is applicable in Mauritius and that information as to whether this rule applies to African countries under the CFTA will be submitted to the Secretariat of the Senate Committee.

In light of the above enquiry, the Government of the Republic of Mauritius wishes to submit the following information:

The CFTA is an agreement regrouping the 55 Member States of the African Union. The Protocol on Trade in Goods, Protocol on Trade in Services and Protocol on Rules and Procedures on the Settlement of Disputes which are the main agreements regulating the CFTA have been signed by 44 member states (including Mauritius) in Rwanda on 21 March 2018. The negotiations on the applicable modalities and technicalities to these agreements are still ongoing and have not yet reached the Concessions or Commitments negotiation stage.

Investment and ownership of companies in CFTA Member States, will be considered in future negotiations on Trade in Services and Investment. Member states have agreed to use a hybrid approach with GATS-type (General Agreement on Trade in Services) scheduling of specific

commitments and regulatory cooperation. However, the priority list of services sectors to be negotiated has yet to be agreed.

Member States of the CFTA are expected to submit their Schedule of Commitments (i.e: Market Access for services sectors which will include company ownership rules) to the January 2019 African Union Assembly while negotiations on Investment have been fixed for 2020.

In order for Australian companies to take advantage of future investment/company ownership benefits under the CFTA or existing Common Market for Eastern and Southern Africa (COMESA) and Southern Africa Development Community (SADC) Free Trade Agreements, Australian investors will need to set a commercial presence in Mauritius through which the investment may be streamlined to the target country. Conditions of substantial presence apply to the investor company in Mauritius.