



Newsletter

March/ April 2021

Vision

Our Vision is to make Mauritius a clean and transparent jurisdiction of substance and repute offering high standard financial services at the national, regional and international level.

Mission

To transform Mauritius into a Financial Centre of Excellence anchored on principles of good governance, global best practices and high ethical standards.

Mauritius- China Free Trade Agreement for a better future



A Workshop on the Mauritius-China Free Trade Agreement was held at Le Meridien Hotel on 1st and 2nd March 2021. This Free Trade Agreement (FTA) represents a major achievement as it is the first trade agreement which the People's Republic of China has signed with an African country and it is in force since 01 January 2021.

The Minister of Financial Services and Good Governance, Hon. Mahen Kumar Seeruttun, pointed out that the FTA comes with a promise of a better future for our people, and that it will promote more economic cooperation by enhancing market access for goods and services as well as attracting foreign direct investments into the African continent, which is one of the Mauritius International Financial Centre's (IFC's) main objective. "At a time when China is growing its

its investments into Africa, our extensive network of Double Tax Avoidance Treaties and Investment Promotion and Protection Agreements will undoubtedly encourage investors to structure and route their cross-border flows through Mauritius".

"The very spirit that brings all of us together to not only pay homage in a time-tested friendship but also to bear witness to the will of both China and Mauritius to build an even stronger economic and trade partnership and strategically position our relationship for the long term".

Some multinational Chinese companies might choose to come to Mauritius to establish regional headquarters and possibly relocate

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their treasury management to take advantage of the conducive business environment and political stability. Furthermore, being a founder member of the African Union, SADC and COMESA, Mauritius remains the ideal platform for attracting funding required for African ventures.

The Hon. Minister concluded by saying that "the past, present and future of the two countries, the two governments and the two people are inextricably linked and the FTA comes with a promise of a more glorious future for our people."

Mauritius – China Free Trade Agreement

The Free Trade Agreement (FTA) between the People's Republic of China and the Republic of Mauritius was signed on 17th October 2019 in Beijing and came into operation on 1st January 2021. The Mauritius-China FTA is the first FTA between China and a country in the African continent. The FTA comprises four main components which pertain to trade in goods, trade in services, investment, and economic cooperation.

Mauritius will benefit from duty-free exports on over 8,000 tariff lines, which account for 96% of China's national tariff lines. The FTA eliminates customs duties on a list of Mauritius export goods, including fish, vegetables, rum, animal feed, soaps and detergents, clothes, and medical devices. China's financial and technical assistance will be in several priority sectors, such as agriculture, social housing, health, defence, and air transport to help Mauritius complete several major development projects. For the majority of the remaining goods, both parties have agreed to gradually lower tariffs over the next 5 to 7 years.

The FTA between China and Mauritius has the potential to significantly help Mauritius' economic recovery. Indeed, foreign currencies earned from exports are needed due to the COVID-19 pandemic's impact on tourism revenues. The FTA would help to improve exports to China and Mauritian exporters of textile and apparel products to China would benefit from preferential access. The FTA also allows for the import of 50,000 tonnes of special sugars by China from Mauritius. Initially, 15,000 tonnes will be exported in the first year, but after a good market launch, the tonnage will steadily rise over time.

Industrial cooperation, pharmaceuticals, medical services and cosmetics, agro-industry and food security as well as business cooperation are among the ten areas of cooperation that have been identified. In future, it is quite possible that China will go for a China- African Union Trade and Investment Agreement .

The Economic Development Board (EDB) has formulated proposals to attract multinational companies and encourage foreign talents to move to Mauritius. Owing to the country's favourable business environment, political stability, relatively good infrastructure, and public safety records, Chinese companies may expand their footprint in Africa using Mauritius as the location for their regional headquarters.



Mauritius is a natural bridge between Asia and Africa in terms of investment. One of the main roles of the Mauritius IFC is to draw Foreign Direct Investment (FDI) into the African continent . Whilst China is growing its investments in Africa, and Mauritius' extensive network of Double Taxation Avoidance Treaties (DTAT) and Investment Promotion and Security Agreements (IPPA) can encourage investors to structure and route cross-border flows through the country.

The Agreement with China is Mauritius' first FTA with an East Asian nation, and it serves as a vital tool in connecting Mauritius to one of the world's most competitive emerging economies, as well as the rest of the Asian continent. Furthermore, with a population of over 1.4 billion people and a per capita GNI of around USD 10,410 in 2019, China represents a sizable market. China's middle class is increasingly growing, and its product demand is diverse. The ability to tap into ASEAN markets in general, and the Chinese market in particular, will be a huge advantage in Mauritius' efforts to attract Chinese FDI. It will be a good opportunity to launch new industries such as electronic products, ICT hardware assembly, pharmaceuticals, and chemicals, among others, thereby diversifying Mauritius' manufacturing base.



Mauritius' Ranking in World Happiness Report 2021

The ninth World Happiness Report 2021 which focuses on the effects of COVID-19 and how people all over the world have fared was published in March 2021. The aim was firstly to focus on the effects of COVID-19 on the structure and quality of people's lives and secondly, to describe and evaluate how governments all over the world have dealt with the pandemic. This Report contains 8 chapters which covers mainly:

- ✚ overview life under Covid-19;
- ✚ happiness, trust and deaths under Covid-19;
- ✚ Covid-19 prevalence and well-being: Lessons from East Africa;
- ✚ reasons for Asian-Pacific suppressing Covid-19;
- ✚ mental health and the Covid-19 pandemic;
- ✚ social connections and well-being during the Covid-19;
- ✚ work and well-being during Covid-19: impact, inequalities, resilience and the future of work; and
- ✚ living long and living well.

This year's Report was faced with a unique challenge in trying to understand what effect the pandemic has had on subjective well-being and vice-versa. Of all the factors usually supporting happiness, the most important for explaining COVID-19 death rates were people's trust in each other, and confidence in their governments.

Gallup World Poll is the primary source for measures of the quality of life, tapping a broader variety of data to trace the size and distribution of the happiness impacts of COVID-19 and how geography, demography, and the spread of the virus have interacted with each country's scientific knowledge and social and political underpinnings, especially their institutional and social trust levels explain international differences in death rates from COVID-19 taken into consideration.

Due to the COVID-19 pandemic, there has been significant impact on the wellbeing of the people in 2020 with 2 million deaths. As such, this represents a serious social welfare loss as it indicates a rise of 4% in the annual number of deaths worldwide. In respect to the living, there has been great disruption in every aspect of life with serious economic insecurity. People have been stressed which could lead to negative impacts on mental and physical health.

The second wave of the pandemic in many countries has directly impacted on the daily routines of individuals. With the pandemic, emotions have changed more than the life satisfaction due to people who were worried or sad. Reliance and trust in the Government has become crucial



in difficult economic situations as they depend on government support to combat this pandemic. Countries who have supported public institutions like Brazil have managed to avoid large death rates and deadly second waves.

Concerning the success of managing the COVID-19 pandemic, several countries such as East Asia, Australia and New Zealand have been commended. With the rapid intervention from the government in East Asia, the morale of the people was improved. In 2020, there were no choice between health and a successful economy.

In order to succeed on both counts, the ability to take rapid and decisive actions on the appearance of cases was needed. As soon as there were cases, the happiness of people drastically decreased and thus with strict rules by the government concerning mobility and physical distancing to contain the increase in cases has considerably offset the decrease in happiness. In those countries such measures were required during the second wave of the pandemic as they opened in the summer especially the West.

Other countries such as the Asia Pacific region has notably succeeded in controlling the pandemic while the North Atlantic had failed. This is because there was the implementation of the Non-Pharmaceuticals Intervention (NPI) which resulted from the measures of the government with strong policies. This has resulted in lower mortality rates. In the North Atlantic region, the NPI was not successful due to the individualistic culture of the country and as such there were low public support.

The Nomad Passport Index (NPI) 2021

The Nomad Passport Index (NPI) was designed to educate aspiring global citizens about the true value of the world’s citizenships by ranking 199 citizenships on different factors.

The Nomad Passport Index relates to those seeking personal freedom and financial prosperity in a changing world through an in-depth analysis of the true value of each passport. The best citizenships in the world on the basis of, not just visa-free travel, but also international taxation laws, global perception, dual citizenship, and personal freedom are highlighted.

Mauritius is in the 61st position and is in second position behind the Seychelles (59th), in Africa. After Mauritius, we find South Africa (99th). It is noteworthy that Mauritius has, for the past two years, following the 2019 ranking (62nd), been ranked 61st. Mauritius’ ranking is relatively good compared to African countries and can definitely be improved in the years to come.

The Index ranks passport on the following five factors and these five factors have different percentage weightage as shown below :

Factors	%Weight age
Visa-Free Travel	50
Taxation of Citizens	20
Perception	10
Dual Citizenship	10
Personal Freedom.	10

According to the Nomad Passport Index (NPI) issued in March 2021, the top ten rankings are as follows:

- ✚ Luxembourg
- ✚ Ireland
- ✚ Sweden
- ✚ Switzerland
- ✚ Belgium
- ✚ Finland
- ✚ Portugal
- ✚ Singapore
- ✚ the Czech Republic
- ✚ The Netherlands

Accounting for 10% of the overall ranking, citizens' freedom encompasses freedom of speech, freedom of the press, rules on military service, government spying programmes and laws targeting non-resident citizens.

Based on the 2021 survey, **Yemen, Iraq** and **Afghanistan** offer the worst passports in the world.

The NPI’s travel score has been updated to reflect the economic impact of the Covid-19 pandemic. Many passports have seen diminished visa-free travel due to the global pandemic and as passports score fluctuates, the importance of multiple citizenships is all the more important. However, the effects of COVID-19 have more importantly impacted on taxation and freedom of citizens.

AML-CFT: Workshop on Targeted Financial Sanctions, beneficial ownership information and Suspicious Transaction Reporting

The Technical Sub-Committee on Legal and Regulatory requirements comprises the following institutions namely: Attorney General's Office (AGO), Mauritius Institute of Professional Accountants (MIPA), Gambling Revenue Authority (GRA), Financial Intelligence Unit (FIU), Registrar of Companies (ROC), Registry of Associations (ROA), Bank of Mauritius (BOM) and Financial Services Commission (FSC). This Technical Sub-Committee on Legal and Regulatory requirements is chaired by the Attorney General's Office (AGO), is mandated to organise joint outreach and training programmes for all the Designated Non-Financial Business and Professionals (DNFBPs) and Financial Services Commission's (FSC) regulatees and licensees.

On 10 February 2021, a joint training was provided to all the DNFBPs supervisors, at the BOM, and the topics covered were Risk Based Approach to Supervision mainly on Transaction Monitoring, Beneficial Ownership (BO) and Sanctions Screening. This training was meant to help the DNFBPs supervisors for their onsite inspections and their offsite monitoring as well. An outreach session was also held on 11 February 2021 for all the licensees, regulatees and DNFBPs supervisors. The DNFBP sector in Mauritius is made up of : the legal professionals comprising of attorneys, barristers, notaries and law firms; the accountants; professionals in casinos and gaming houses; dealers in precious metals and stones; company service providers and real estate agents.

On 5 March 2021, a joint outreach and training session on Beneficial Ownership with case studies on Legal Arrangements, Targeted Financial Sanctions (TFS), the legal obligations as per the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (UN Sanctions Act 2019) and Suspicious Transaction Reporting (STR) on how to detect a suspicious transaction mainly for Legal Arrangements, was organised for all the DNFBPs, FSC regulatees and licensees, including the staff of the BOM, FSC and DNFBPs supervisors. The joint outreach/training was held in two sessions at the FSC House and nearly 356 participants attended both training sessions.

The objective of this training intervention was to ensure that DNFBPs, FSC regulatees and licensees as well as the supervisory staff of the competent authorities understand their AML/CFT obligations and the associated risk management procedures for the themes covered. One of the key learning objectives of the joint outreach and training was to raise awareness on the relevant topics namely, Transparency of Beneficial Ownership, Typology on Legal Arrangements and Reporting of Suspicious Transactions, Targeted Financial Sanctions, the UN Sanctions Act 2019 and threats and vulnerabilities associated with Legal Arrangements.



Comprehensive Economic Cooperation and Partnership Agreement (CECPA)



The Comprehensive Economic Cooperation and Partnership Agreement (CECPA) signed between Mauritius and India on 22 February 2021, came into force on 1 April 2021.

“CECPA will have a huge economic impact as it will act as a catalyst to foster investment in Mauritius” as highlighted by the Ministry of Foreign Affairs, Regional Integration and International Trade:

The CECPA represents an important milestone in the trade and economic relationship between Mauritius and India and will provide access to a market of more than 1.3 billion people in Mauritius.

The Agreement has three key components, namely Trade in Goods, Trade in Services and Economic Cooperation.

Mauritius will benefit from preferential market access on a list of 615 products, including:

- ✚ Duty free access on 376 products
- ✚ 40 000 tons at 10% duty compared to 100% duty on special sugar
- ✚ 2 million litres of beer at 50% duty, compared to 150% duty
- ✚ 1.5 million litres on rum at 50% duty compared to existing duty of 150%
- ✚ 5000 litres at 50% duty compared to current duty of 150% on Fruit Wine
- ✚ 7.5 million pieces duty free on Garments
- ✚ 7000 tons duty free access on canned tuna



Mauritius on its part will provide preferential access on 310 products, with tariff rate quotas on 88 products which limit the volume or value of preferential imports from India to protect the domestic industry.

On Services, the CECPA will open market access in sectors such as financial services, tourism, education, distribution, ICT and professional services.

The chapter on Economic Cooperation provides a framework for cooperation in 25 key areas including manufacturing, pharmaceutical, ICT, financial sector, blue Economy, SME development and joint strategies for investment in Africa. Mauritius and India have committed to conclude consultations on the Economic Cooperation chapter within two years of the entry into force of the Agreement after which any amendment will be incorporated therein.

Financial Services Commission (Briefs)

Admission of the Financial Services Commission to the Monitoring Group Steering Committee of IOSCO

The Financial Services Commission (the 'FSC') has been admitted to the Monitoring Group Steering Committee (MG-SC) of the International Organization of Securities Commissions (IOSCO) as the Africa / Middle – East Regional Committee (AMERC) representative for the term 2021-2022.

The FSC held a seat on the IOSCO MG-SC as a representative of AMERC's largest user of the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information since 18 September 2018, and has been re-elected to hold the seat for the term 2021-2022.

This collaboration enables the FSC and its regulatory counterparts to take proactive actions in the supervision of entities under their respective purview, in the assessment of applications for licences, in instilling a business-friendly and sound environment for industry players and enhancing investor confidence.

The main responsibilities of the FSC as a member of the MG-SC include:

- Approving the process, content and periodicity of the consultation of the MMoU MG members on matters of common concern;
- Recommendations and decisions on any follow-up action to be taken by the MG-SC in respect of issues identified;
- Discussions on ongoing or future initiatives in relation to the MMoU and undertaking any other assignment.

STR Outreach in collaboration with FIU for CIS Managers and Investment Advisers

On 03 March 2021, the Financial Services Commission conducted a joint targeted outreach session in collaboration with the Financial Intelligence Unit on Suspicious Transaction Reporting (STR) for CIS Managers and Investment Advisers. The aim of the outreach was to raise awareness and knowledge of participating reporting persons on their STR obligations and how to file STRs using the GoAML platform. The targeted audience were selected on a risk based approach and some 40 participants consisting of Money Laundering Reporting Officers and Compliance Officers attended the STR outreach.

Consultation Paper on the Regulatory Framework for the FinTech Service Provider Licence

The FSC has issued, on 19 February 2021, a Consultation Paper to propose a comprehensive regulatory framework for the FinTech Service Provider (FSP) Licence. Issued under section 14 of the Financial Services Act, the FSP licence aims at offering providers of technology services to financial institutions, with a conducive supervisory regime should they wish to establish a commercial presence and operate in or from within Mauritius. The industry, its stakeholders and the public were invited to send their comments, feedback and suggestions by 05 March 2021.

Statutory Obligations for Trustees to maintain Beneficial Owners' information

The 'FSC' conducted 2 outreach sessions with a targeted audience of approximately 50 Trustees (both corporate and individual) on 26 February 2021. During the outreach sessions, the FSC provided an overview of the statutory obligations of Qualified Trustees to maintain beneficial ownership information of trusts. In addition, thereto, the FSC thoroughly discussed the content of a Typology Report on Legal Arrangements that was published on the GoAML platform of the Financial Intelligence Unit in January 2021. The aim of those outreach sessions was to strengthen the understanding of risk posed by legal arrangements.

FATF Plenary in February 2021

The FATF plenary under the German FATF Presidency of Dr Marcus Pleyer was held in February 2021 during which the Second Progress Report of Mauritius was considered along with the Follow -Up Report and report of the Assessors. Delegates representing 205 members of the Global Network, and observer organisations including the IMF, the United Nations and the World Bank participated in the meeting.

Since February 2020, when Mauritius made a high-level political commitment to work with the FATF and ESAAMLG to strengthen the effectiveness of its AML/CFT regime, Mauritius took steps towards improving its AML/CFT regime, by conducting outreach programmes to promote understanding of ML and TF risks and obligations.

The FATF welcomed the progress made by Mauritius in combating money laundering and terrorist financing, despite the challenges posed by COVID-19.

INTERNATIONAL WOMEN'S DAY

Recent reports suggests that the number of women in Financial Services is increasing and it is making substantial progress on gender diversity in the workforce. Even in 2021, many women continue to face challenges when it comes to advancing their careers in financial services or finding an organization that aligns with their values.

The financial industry is not always welcoming to women, but there are successful women in finance, today, we are asking two such women what it is like as a woman in this industry, how can the barriers to rising to the top be cleared away once and for all and tips for other women to balancing personal and professional aspirations.

'Barriers do exist everywhere for women and not only within Financial services. No one will clear barriers for you, you have to make it happen for yourself by being clear, targeted and remaining focused on your goal. It requires women to keep trying even when people say you can't, don't be afraid of failure, learn from your mistakes and keep going and be in control of your own destiny- don't wait for things to happen, make it happen create the opportunity. Go for it.'

'I want to give 100% at work and I want to be the best mum possible. I've learned that you can have it all BUT not all at the same time. I try to balance but when it cannot be done, I am kind with myself.'



Carine Charlette-Katinic, CEO
at Financial Intelligence Unit
(FIU)



Yhesma Jankee Chukoory,
Director at Providus
Technologies Limited

'I have undoubtedly encountered numerous roadblocks in my career in the Financial Services and overcoming them was an inevitable part of the journey. No matter what point we are in our professional life, we are bound to encounter hurdles. Some of them set us back, halt our progress, or even derail our plans. Some challenges even made me questioned my abilities in the Financial industry but it was part of the path to growth and success. I managed to survive in the industry because I knew what I wanted, went after it with passion and without fear.' However, there are still obstacles that stand in the way, such as traditional stereotypes that exclude women from decision-making and hence occupying senior leadership positions.'

"Where there is a woman, there is magic." –Ntozake Shange