Syllabus subtopic: Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

Prelims and Mains focus: about the proposed India-Mauritius FTA and its significance; India-Mauritius economic relations

News: India is close to finalising a proposed free trade agreement (FTA) with Mauritius, with several rounds of negotiations to improve market access between the two countries having been completed, the Ministry of Commerce and Industry said on Wednesday.

Background

Seven rounds of India-Mauritius CECPA negotiations have been held till now. During these rounds, negotiations focussed on various aspects including trade in goods, trade in services, rules of origin, technical barriers to trade and sanitary and phyto-sanitary (SPS) measures, trade remedies and dispute settlement.

About the proposed FTA

- The proposed India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) seeks to mutually benefit both countries in the areas of trade in goods and services.

Why countries opt for FTA?

Countries enter into FTAs to make it easier to exchange goods and services between them. This is usually done by reducing or eliminating trade barriers like tariffs and quotas that these countries would have imposed on these goods and services.

India-Mauritius economic relations

- India had a trade surplus of around $1.09 billion with Mauritius in 2018-19, which means that it had exported more goods to the island nation than it imported from it.
Mauritius was the second top source of foreign direct investment (FDI) into India in 2018-19. India received $8 billion (about Rs 56,000 crore) foreign inflows from the country.

India exports petroleum products, pharmaceuticals, cereals, cotton and electrical machinery, apparel and clothing accessories to Mauritius.

The island nation’s exports to New Delhi include iron and steel, pearls, precious/semi-precious stones and optical, photographic and precision instruments.

Way ahead

The government plans to promote India-Africa trade and economic relations through regular reviews of trade ties through institutional mechanisms like Joint Commission Meetings, Joint Trade Committees and Joint Working Groups, the Ministry’s release added.

Union Minister of Commerce and Industry Piyush Goyal in May 2019 had held digital video conferences with Indian business communities in African regions like Madagascar, Tanzania, Mauritius, Kenya, Uganda, South Africa, Zambia, Mozambique, Ghana, Botswana, Nigeria, Morocco, Senegal, Zimbabwe, Cote d'Ivoire, Ethiopia and Egypt in order to promote India’s exports to the region.