



The Impact of the Trade War on the Region and Mauritius

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Key points

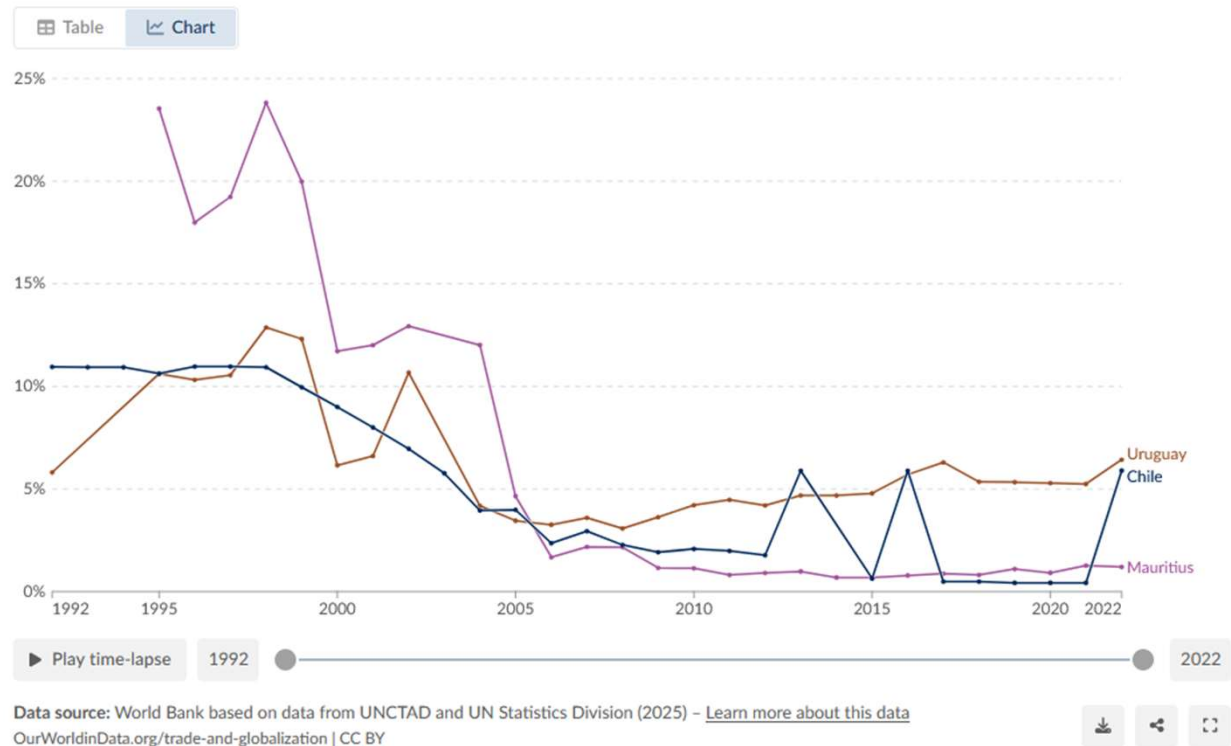
- Low tariffs were instrumental to Mauritius catching up for 30 years
- Openness to trade in Services offers a cushion against tariff war...
- ... But Mauritius is vulnerable to supply chain disruption
- AfCFTA has a long way to go on the path towards a 'made in Africa'
- Preparing for Africa-US summit 2025

Three trade liberalization episodes

Tariff rate across all products, 1992 to 2022

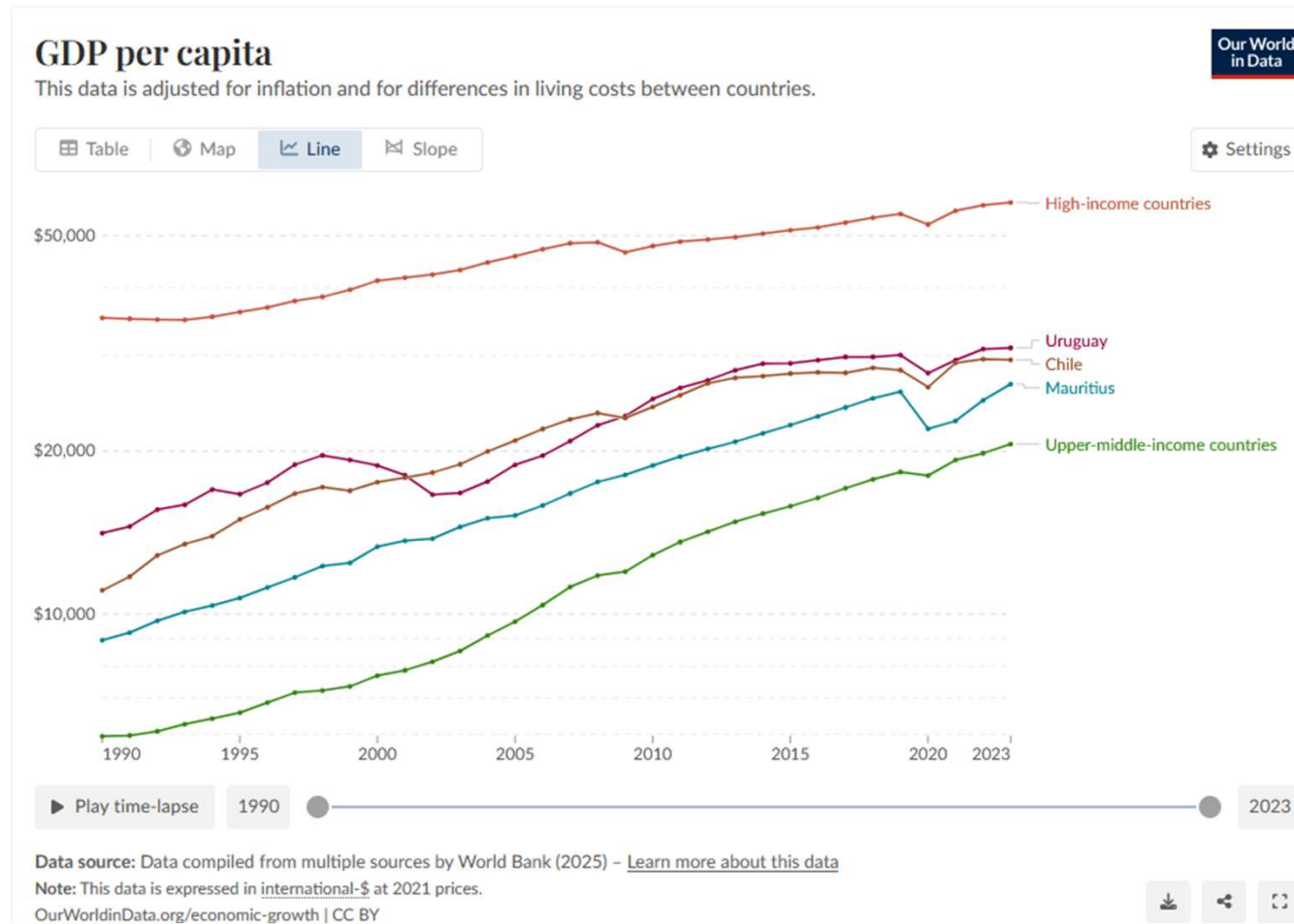
Weighted mean applied tariff is the average of effectively applied rates weighted by the product import shares corresponding to each partner country.

Our World in Data



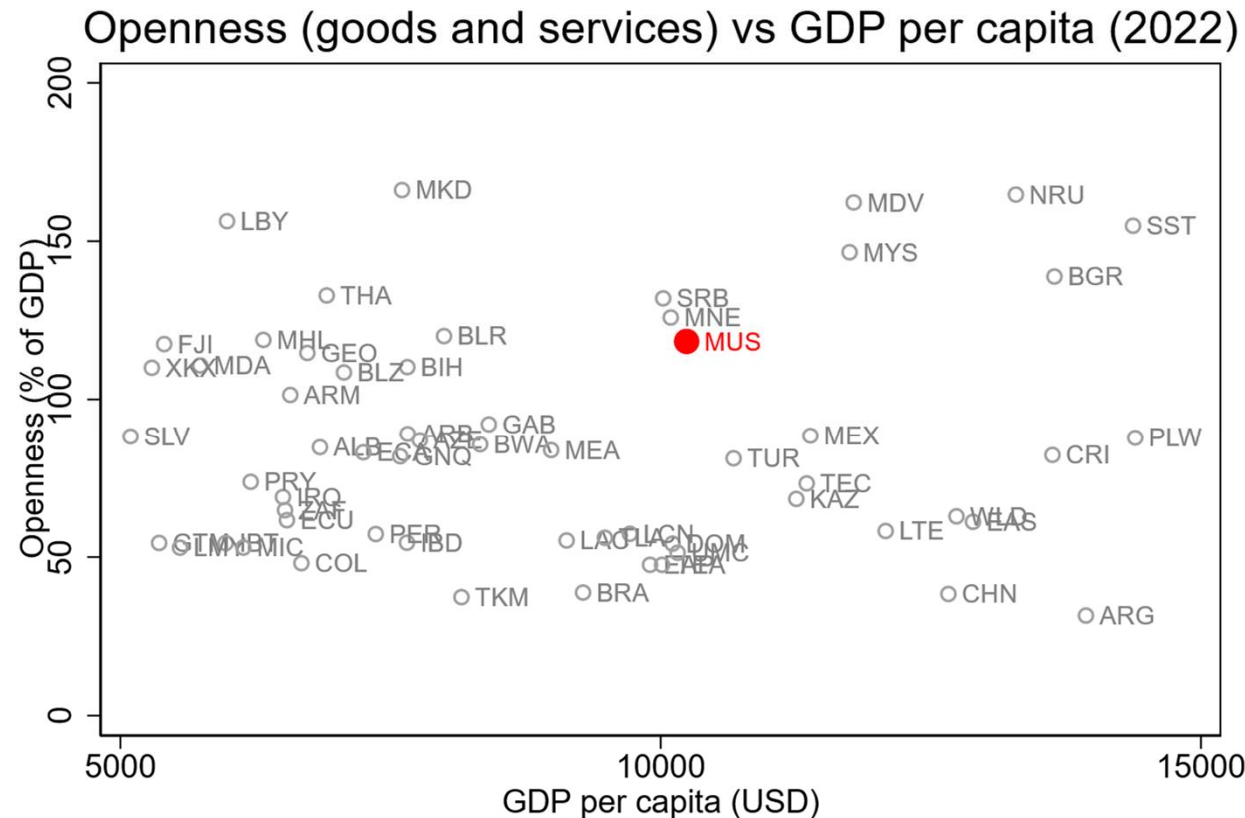
- Chile and Uruguay liberalized trade earlier, around 1980, and Mauritius around 2005.
- Mauritius, now countries with lowest average tariffs ([here](#))
- Mauritius has a quasi-zero tariff. Mauritius resisted raising tariffs during COVID.
- All three outperformed their respective country groupings (next slide)

Mauritius continues catching up



Chile, Mauritius, Uruguay outperformed their group averages. Mauritius started lowest. Still doing better along a steady growth path. Maintain the zero-tariff course

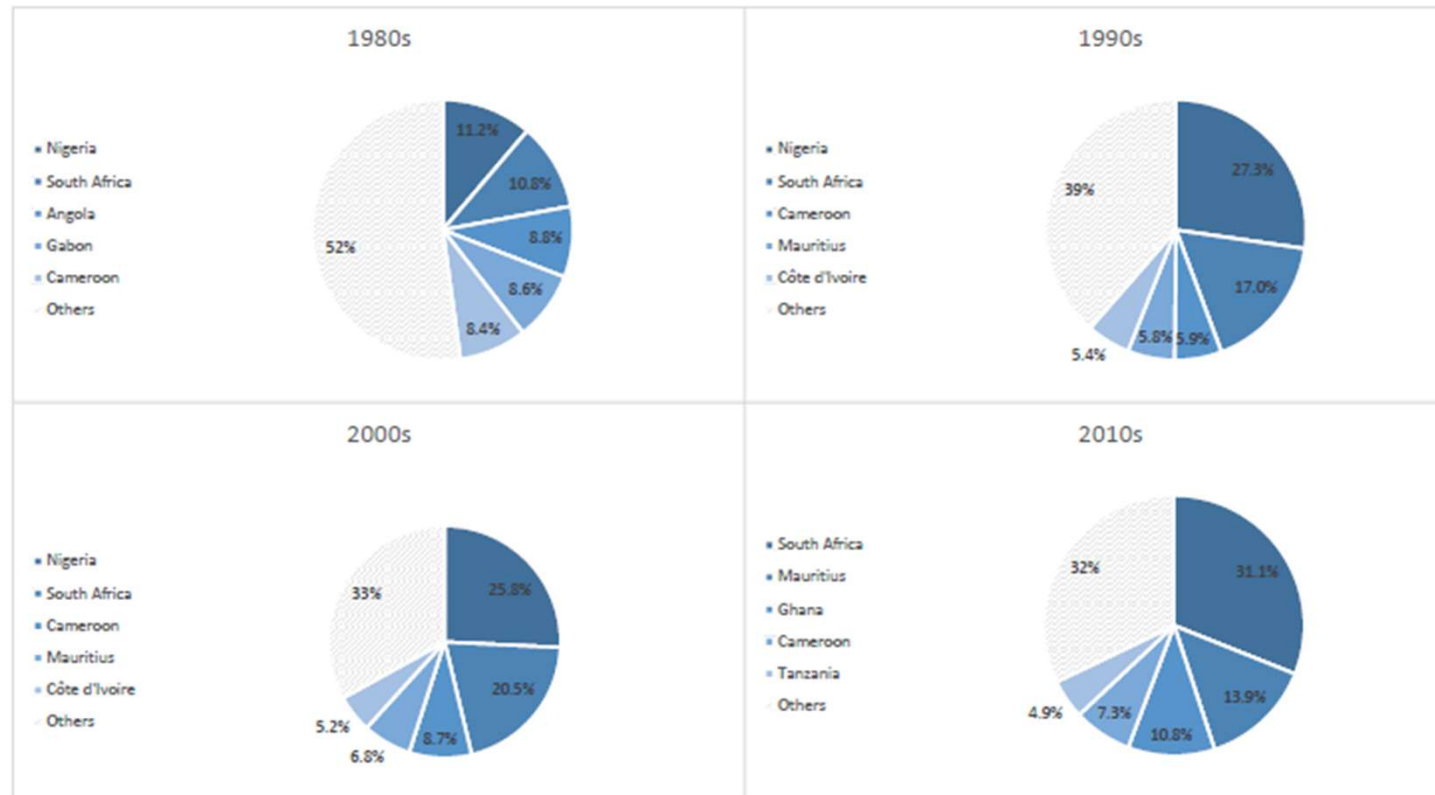
High openness to trade in Goods and Services



Openness to trade in
Goods & Services :
(EX + M) G&S /GDP

- Far away from main markets, Mauritius still stands out for its openness
- So Mauritius less vulnerable to Trade war in Goods because of high share of Services...
- ...but Goods complementarities between trade in Goods and trade in Services is growing so indirect hit on Services if trade in Goods falls

Mauritius leads Africa in Business Services

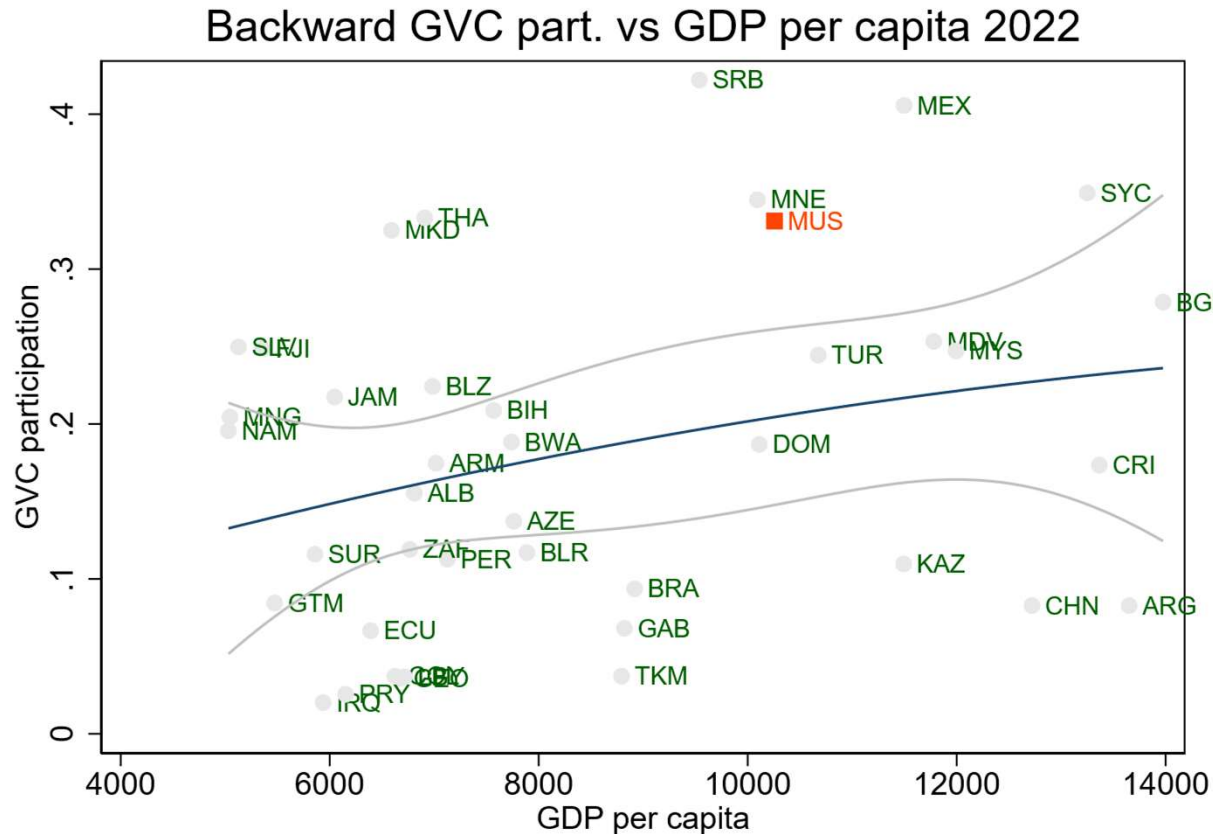


Note: This figure shows the top 5 African service exporters in 1980, 1990, 2000 and 2010. Data source: Loungani et al. (2017).|

Source: Ariu and Ogliari (2023)

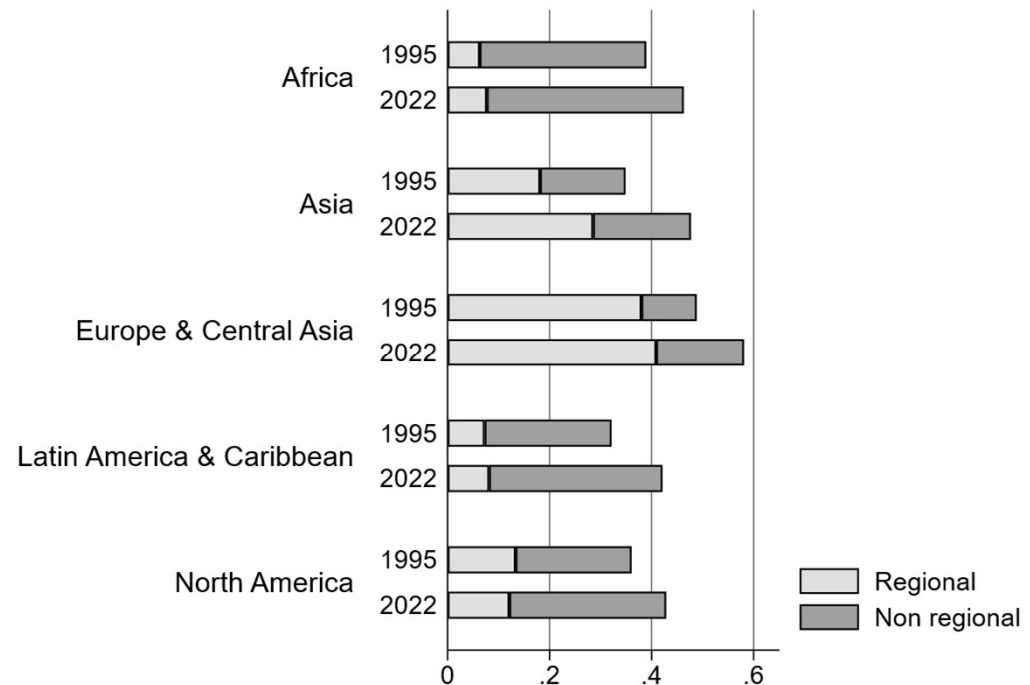
- Mauritius now second top Africa exporter of Services (Africa lags other regions in growth in skilled and tradable sectors).
- Business Services less affected by a trade war in than trade in Goods
- Top Business services: top 5 share up from 48% in 1980s to 68% in 2010s

1/3 of value of Mauritius' gross exports are imports !



- The backward GVC share refers to the proportion of imports in gross exports.
- Mauritius, a pioneer of supply chain trade with the Micro Jewels company in 1965, expanded to Export Processing Zones (EPZs) is now African country most engaged in supply chain trade (Melo and Solleder (2025)).

‘Made in Africa’ is a long way down the road



Source: Melo and Solleder (2025)

- “Made in the world” is coming to an end. Can AfCFTA help towards a “made in Africa”? For this to happen supply chains will have to develop with partners within the region (i.e. African trade partners)
- Over 1995-2022, Asia region (here excluding China and India) turned towards regional supply chains but Africa’s supply chains grew faster with countries outside the region.
- To reverse trend and move to ‘made in Africa’, reductions in trade barriers to intra-African trade will have to go beyond reducing tariffs to include reduction in NTBs and less restrictive Rules of Origin (see link to AU assembly of Feb. 2024)

Preparing for Africa-US summit

- **Do not impose tariffs on imports from the US.**
 - Reciprocal tariffs are shooting oneself in the foot, especially for small countries that cannot get better deals on their imports (or exports)
 - Mauritius exports have the highest content of imports across Africa, so any tariff on imports would raise the costs of exports
- **Small countries like Mauritius are the greatest beneficiaries of well-functioning WTS so try to limit damage to WTO during any negotiations with US (applies mostly for EU)**
 - 1. Pause retaliation
 - 2. Make a public declaration to ensure that bilateral negotiations with the US are WTO-consistent and do not explicitly impose costs on other parties.
 - 3. Ensure that the outcomes of negotiations are published as soon as they are completed.
 - 4. Do not be pressured into joining US discrimination against China
 - 5. Facilitate trade and negotiate through the WTO
- **At the Africa-US summit plead together with other beneficiaries to renew AGOA**
- **..and crucially keep the single transformation rule for Textiles & Apparel**, huge boost for African T&A exports. (Avoid the AfCFTA [double transformation rule](#) in T&A and ban on trade in second-hand goods)- See summary of AU Assembly of February 24, 2024

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AU (2024) AU Assembly of February 24, 2024 on rules of origin <https://qaafcfta.z6.web.core.windows.net/rulesoforigin>