

WORLD TRADE ORGANIZATION

G/SCM/N/71/MUS
1 March 2002

(02-1064)

Committee on Subsidies
and Countervailing Measures

Original: English

SUBSIDIES

New and Full Notification Pursuant to Article XVI:1 of the GATT 1994
and Article 25 of the Agreement on Subsidies and
Countervailing Measures

MAURITIUS

The following communication, dated 27 February 2002, has been received from the Permanent Mission of Mauritius.

With reference to our letter dated 19 December 2001 concerning the identification of programmes for which an extension of the transition period under Article 27.4 of the Agreement on Subsidies and Countervailing Measures (ASCM) was being sought by the Mauritius authorities, pursuant to paragraph 10.6 of the decision (WT/MIN(01)/17) taken at the Doha Ministerial Conference.

In accordance with the procedures set out in document G/SCM/39, the Government of the Republic of Mauritius is hereby submitting the full notification of the programmes referred to in our letter of 19 December 2001.

The Government of the Republic of Mauritius looks forward to the positive consideration of its request by the Committee on Subsidies and Countervailing Measures.

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I. EXPORT ENTERPRISE SCHEME

A. CUSTOMS AND EXCISE DUTY EXEMPTION

1. Form of Subsidy

Exemption from customs duty and excise duty on scheduled equipment.

2. Beneficiaries

Holders of an Export Enterprise Certificate.
[Export Processing Zone (EPZ) companies].

3. Policy objective

To promote investment in EPZ sector.

4. Legal basis

Industrial Expansion Act 1993.

5. Background authority for the scheme

The Board of Investment and the Customs & Excise Department.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

Marginal.

8. Assessment of trade effects

Negligible.

B. PREFERENTIAL REGISTRATION DUTY

1. Form of Subsidy

A lower rate of duty (i.e. 5 per cent) on the registration of a deed witnessing the acquisition of industrial premises and of similar immovable property.

2. Beneficiaries

Holders of an Export Enterprise Certificate.
[Export Processing Zone (EPZ) companies]

3. Policy objective

To promote investment in EPZ sector.

4. Legal basis

Registration Duty Act (as amended in the Finance Act 2000).

5. Background authority for the scheme

The Board of Investment and the Registrar General.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

Marginal.

8. Assessment of trade effects

Negligible.

II. PIONEER STATUS ENTERPRISE SCHEME

A. CUSTOMS AND EXCISE DUTY EXEMPTION

1. Form of Subsidy

Exemption from customs duty and excise duty on scheduled equipment.

2. Beneficiaries

Holders of a Pioneer Status Enterprise Certificate.

3. Policy objective

The scheme aims at promoting investment in higher technology and encourage the creation of more sophisticated support industries and services.

4. Legal basis

Industrial Expansion Act 1993.

5. Background authority for the scheme

The Board of Investment and the Customs and Excise Department.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

Negligible

8. Assessment of trade effects

Pioneer Status Enterprises cater mostly for the local market and therefore trade effects are insignificant.

B. PREFERENTIAL REGISTRATION DUTY

1. Form of Subsidy

A lower rate of duty (i.e. 5 per cent) on the registration of a deed witnessing the acquisition of industrial premises and of similar immovable property.

2. Beneficiaries

Holders of a Pioneer Status Enterprise Certificate.

3. Policy objective

The scheme aims at promoting investment in higher technology and encourage the creation of more sophisticated support industries and services.

4. Legal basis

Registration Duty Act (as amended in the Finance Act 2000).

5. Background authority for the scheme

The Board of Investment and the Registrar General.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

Marginal.

8. Assessment of trade effects

Pioneer Status Enterprises cater mostly for the local market and therefore trade effects of the duty concession are insignificant.

III. EXPORT PROMOTION

Income Tax Credit

1. Form of Subsidy

Tax credit allowed by way of deduction from income tax otherwise payable by the company, the credit being determined by the percentage of qualifying export sales to total turnover, and limited such that the rate of income tax payable after the tax credit does not fall below 15 per cent.

2. Beneficiaries

Any company engaged in the export of goods and services which is not a tax incentive company.

3. Policy objective

To encourage enterprises traditionally geared towards the domestic market to diversify into export markets.

4. Legal basis

Income Tax Act 1995 (Sections 71 and 72) and Income Tax (Amendment No. 2) Regulations 2000.

5. Background authority for the scheme

Income Tax Department.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

Negligible.

8. Assessment of trade effects

Almost all manufacturing and service enterprises (except trading and financial services) are subject to a rate of corporate tax of 15 per cent and are therefore not eligible to the export credit.

The scheme has become virtually inoperative and its trade effects insignificant.

IV. FREEPORT SCHEME

A. CUSTOMS AND EXCISE DUTY EXEMPTION

1. Form of Subsidy

Customs and Excise Duty concession on machinery and equipment imported into the Freeport Zone.

2. Beneficiaries

Private Freeport Developers, Third Party Freeport Developers and Freeport Operators.

3. Policy objective

To promote and encourage freeport trade including transit and entrepôt trade and to position Mauritius as a major regional distribution, transshipment and marketing centre.

4. Legal basis

Freeport Act 2001.

5. Background authority for the scheme

The Mauritius Freeport Authority and the Customs and Excise Department.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

The Government suffers no effective loss of income due to foregone taxes since these activities would not have taken place in Mauritius without the existence of the Freeport and its related incentives.

8. Assessment of trade effects

The scheme has encouraged international companies to carry out value added activities such as labeling, packing, repacking and mixing in the Freeport Zone.

B. CORPORATE TAX EXEMPTION

1. Form of Subsidy

Corporate tax exemption on income derived from activities carried out in the freeport zone.

2. Beneficiaries

Freeport Operators engaged in minor processing, light assembly and ship building, repairs and maintenance.

3. Policy objective

To encourage trading companies to use the Mauritius Freeport as a logistics and marketing platform for the re-exportation of their goods to Eastern and Southern Africa.

4. Legal basis

Income Tax Act 1995 (section 49).

5. Background authority for the scheme

The Mauritius Freeport Authority and the Income Tax Department.

6. Duration of the subsidy

The scheme is not limited in time.

7. Revenue implications

The Government suffers no effective loss of income due to foregone taxes since these activities would not have taken place in Mauritius without the existence of the Freeport and its related incentives.

8. Assessment of trade effects

This incentive has contributed to the development of the Mauritius Freeport. Freeport generated a total trade turnover of MUR 11.5 billion for the financial year ending 30 June 2001.
