

India signs defence and trade (CECPA) agreements with Mauritius

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India signed Comprehensive Economic Cooperation Partnership Agreement (CECPA) with Mauritius, its first such agreement with an African country. The pact will focus on post-pandemic economic recovery, enable business expansion and greater investments. The agreement was signed in the presence of External Affairs Minister S Jaishankar and Mauritius PM Pravind Jugnauth.

In news: India signs trade deal, \$100 million defence agreement with Mauritius

Placing it in syllabus: Foreign Affairs

Dimensions

- Agreements Signed
- History of Relations
- Importance of the Agreements
- Shortcomings in Relations

Content:

Agreements Signed

During the ongoing visit by External Affairs Minister S. Jaishankar to Mauritius, the following agreements were signed:

- **\$100 million Defence Line of Credit agreement**
- Mauritius would get a Dornier aircraft and an Advanced Light Helicopter Dhruv on lease which would build its maritime security capabilities.
- **Comprehensive Economic Cooperation and Partnership Agreement (CECPA)**

- India's free trade and investment agreement with Mauritius
- It is India's **first FTA with any country in Africa**. It was also the first time since 2011 that India signed a free trade pact with any country.
- Using the new framework under the CECPA, India and Mauritius would provide preferential access to a number of items like surgical equipment, medicine, and textile products that would cater to market requirements on both sides
- Mauritius will benefit from preferential market access into India for its 615 products, including frozen fish, speciality sugar, biscuits, fresh fruits, juices, mineral water, beer, alcoholic drinks, soaps, bags, medical and surgical equipment, etc
- More than 300 Indian domestic goods from agriculture, textiles, electronics and other sectors will get market access at concessional customs duties in Mauritius

The two sides also discussed the Chagos Archipelago dispute, which was an issue of sovereignty and sustainable development before the United Nations. In 2019, India voted at the U.N. General Assembly in support of the Mauritian position on the issue. India was one of the 116 countries that voted demanding that the U.K. end its "colonial administration" from the group of islands.

History of Relations:

Diplomatic relations between India and Mauritius were established in 1948. Mauritius maintained contacts with India through successive Dutch, French and British occupation.

The cultural affinities and long historical ties between the two nations have contributed to strong and cordial relations between the two nations. More than 68% of the Mauritian population are of Indian origin, most commonly known as Indo-Mauritians.

From the 1820s, Indian workers started coming to Mauritius to work on sugar plantations. From 1834, when slavery was abolished by the British Parliament, large numbers of Indian workers began to be brought to Mauritius as indentured labourers.

Political Relations

- From 1948 till Mauritius' independence, Commissioners from India were sent on a regular basis.
- High level visits have been one of the significant aspects of bilateral relations. Hon'ble President Pranab Mukherjee paid a state visit to Mauritius from 11-13 March 2013, during which he was the Chief Guest at the country's 45th Independence Day celebrations. **Three Memoranda of Understanding (MoU)** relating to cooperation in the fields of health and medicine; persons with disabilities and senior citizens; and tourism were signed.
- Prime Minister Narendra Modi visited Mauritius from 11-13 March 2015, as Chief Guest at the Mauritian National Day celebrations. During his visit, PM Modi commissioned the OPV Barracuda, built by an Indian shipyard and financed by a GoI Line of Credit, into the Mauritian Coast Guard.
- Mauritius is also part of India's security grid including **Coastal Surveillance Radar (CSR)** station of Indian Navy's National Command Control Communication Intelligence network.

Commercial Relations

- India is one of Mauritius' largest trading partners and largest exporter of goods and services to Mauritius since 2007 and is the exclusive supplier of petroleum products to Mauritius.
- **India's exports to Mauritius comprise largely of petroleum products.** A three-year Agreement between the

Mangalore Refinery and Petrochemicals Ltd (MRPL) and the State Trading Corporation of Mauritius for supply of all petroleum requirements of Mauritius was renewed in July 2016.

- Besides petroleum products, main items of India's exports to Mauritius are pharmaceuticals, cereals, cotton, electrical machinery, and apparel and clothing accessories. Main items of Mauritius' exports to India are iron and steel, pearls, precious/semi-precious stones and optical, photographic and precision instruments.
- Over the past forty years, **India has extended several Lines of Credit to Mauritius to assist in the development** of its infrastructure, human resource, skills development, capacity building, project appraisal, etc.
- In **March 2015, a new Line of Credit of USD 500 million for civilian infrastructure** projects was announced by Prime Minister Narendra Modi during his visit to Mauritius.

Cultural Relations

- The **Mahatma Gandhi Institute (MGI)** was founded as a joint venture between the Government of India and the Government of Mauritius for the promotion of Indian culture and education.
- **Mauritius is one of the largest beneficiary countries of the Indian Technical and Economic Cooperation (ITEC) programme.** Mauritian nationals have taken advantage of large number of scholarships offered by India on civilian and defence related training courses at Indian institutions

Strategic Importance of Mauritius

- Mauritius is a tiny Indian Ocean country.
- It does not produce anything significant. But is located

in a geostrategically valuable location.

- Mauritius was once a British colony and since the 1970s, hosts one of the largest American military bases in the world, Diego Garcia.
- Diego Garcia has played a major role in the wars in Iraq and Afghanistan and ensured a firm American foothold in the Indian Ocean. In fact, it is indispensable to the American military strategy towards the Indian Ocean.
- For international trade, the region around Mauritius is critical. A foothold in Mauritius could facilitate monitoring of shipping lanes that crisscross the Indian Ocean.
- It is known as a hub of financial services and is more well-known as a tax haven.
- As per RBI, Mauritius continues to corner more than 44% of the FDI coming into the country.

Importance of the Agreements:

- CECPA will help focus on **post pandemic economic recovery**. It will enable business expansion and greater investments in Mauritius.
- This FTA agreement is significant not only for India's trade relations with Africa but also for its implications on the geopolitics of the Indian Ocean.
- It will give India access to trade with Africa. African countries are building a single market through the **African Continental Free Trade Area (AfCFTA)** which also came into effect last month.
- AfCFTA is likely to create a single market of 1.2 billion people with a combined market worth of \$ 3 trillion.
- Defence Line of Credit would enable Mauritius the procurement of defence assets from India according to its requirements

In Jan 2021, **China's Free Trade Agreement (FTA)** with Mauritius

came into effect. Mauritius is the first African country with whom China has signed an FTA. Traditionally, Mauritius is considered as India's key Indian Ocean partner and therefore, the FTA and consequently growing Chinese role has implications for India's influence in the region.

Shortcomings in Relations

Issue of Tax Haven

- The **Double Tax Avoidance Agreement (DTAA)** entered into between India and Mauritius provides for potential tax exemption to the foreign investors because of which Mauritius is considered as one of the preferred route for making investments into India
- This treaty with India has underpinned the emergence of Mauritius as the dominant channel for FDI into India.
- However it has been under attack from Indian tax authorities as a result of alleged abuses by Indian-resident investors.

Closer relations with China

- India is building dual-use infrastructure (naval jetty and airstrip) on the Agalega island of Mauritius and is a major defence partner
- However, China remains the largest trading partner of Mauritius.
- The China-Mauritius FTA, which became operational recently, is a big concern for India.

Mould your thought: India- Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA) is significant not only for India's trade relations with Africa but also for its implications on the geopolitics of the Indian Ocean. Comment.

Approach to the answer:

- Introduction

- Write the provisions of the CECPA agreement
- Discuss Importance of Mauritius to India
- Discuss the benefits of this agreement
- Conclusion