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Working Party on State Trading Enterprises

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STATE TRADING

**NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVII:4(A) OF THE
GATT 1994 AND PARAGRAPH 1 OF THE UNDERSTANDING ON
THE INTERPRETATION OF ARTICLE XVII**

Mauritius

The following communication, dated 9 June 2020, covering the years 2018-2019, is being circulated at the request of the delegation of Mauritius.

1. AGRICULTURAL MARKETING BOARD (AMB)

I. ENUMERATION OF STATE TRADING ENTERPRISES

A. Identification of state trading enterprises

Agricultural Marketing Board (AMB)

B. Description of products affected (including tariff item number(s) encompassed in product description)

HS CODE	PRODUCTS*
0703 1000	Dry whole onions
0703 2000	Fresh whole garlic
0701 9000	Fresh whole potatoes
0703 2000	Garlic seeds
0703 1000	Onion seeds
0701 1000	Potato seeds
030329	By catch fish (frozen fish)

* Above products are Controlled Products as defined by the Mauritius Agricultural Marketing Act 1963.

II. REASON AND PURPOSE

A. Reason or purpose for establishing or maintaining state trading enterprise

- i. To encourage local production of as much of the country's food requirements as is economically feasible;
- ii. To ensure that marketing costs are at a minimum consistent with satisfying consumer demand;
- iii. To limit price fluctuations in line with consumer preference;

- iv. To operate its installations and other resources with maximum efficiency for the benefit of producers and consumers; and
 - v. To regulate standards and quality of products falling under its control.
- B. Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers*
- i. Mauritius Agricultural Marketing Act 1963
 - ii. The AMB was set up to:
 - (a) Provide or ensure the provision of efficient marketing facilities;
 - (b) Maintain the register of all producers, buying agents, millers and dealers;
 - (c) Acquire and disseminate market intelligence;
 - (d) Operate or provide for the operation of storage, handling, transport and processing facilities for controlled products;
 - (e) Buy, sell, import, export or otherwise deal in Controlled Products;
 - (f) Take measure as it considers necessary to stabilize, augment or reduce the production or prices of controlled products; and
 - (g) Regulate the standards and quality of Controlled Products.

III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE

- A. Summary statement providing overview of operations of the state trading enterprise*
- (a) Inducing primary producers to invest for optimal yields through fixed floor prices reckoning a fair return above inputs recommended by research;
 - (b) Eliminating market losses and providing modern storage and marketing facilities not requiring the intervention of middlemen; and
 - (c) Implementing a pricing policy based on the best advantage of both producers and consumers.
- B. Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise*
- (a) AMB controls the import of onions, garlic, potatoes, onion seeds, garlic seeds, potato seeds and by-catch fish and market onions, garlic, potatoes, onion seeds, garlic seeds and potato seeds.
 - (b) The right to surrender any of the Controlled Products should the Board deem fit – Section 17 of its act. It can also authorize sales in such quantity area, or during such period and conditions as may be specified by regulations made by the Minister on the advice of the Board.
- C. Type of entities other than the state trading enterprise that are allowed to engage in importation/exportation and conditions for participation*

Any company, partnership or trader may import such commodities as permitted from time to time by AMB, e.g. table potatoes, onions, onion seeds, garlic seeds and potato seeds. The import permits need to be endorsed by the AMB.

D. How import/export levels are established by the state trading enterprise

Imports/exports are supplements to local production whenever estimated yearly production forecasts are below/above consumption levels.

E. How export prices are determined

Export prices are selling prices of local products, plus administrative clearance fees and related custom charges.

F. How the resale prices of imported products are determined

As AMB is run on sound commercial principles, imports are resold at cost c.i.f. Port Louis plus a percentage of expenses calculated to cover administrative, financial and storage costs.

(a) Contracts are negotiated as and when required with foreign companies for the supply of products. AMB implements contractual agreements for potato, onion and garlic seed programmes for and on behalf the Government.

G. Whether long-term contracts are negotiated by the state trading enterprise. Whether the state trading enterprise is used to fulfil contractual obligations entered into by the government

Controlled products are usually bought by AMB through a guaranteed producer price based on cost of production plus a margin of profit. The goods are stored and sold to dealers at a margin for resale at retail level at prices fixed or recommended by AMB or government. Growers are encouraged to sell their own produce directly to the market. Imports are made by AMB except where permits have been issued to private importers. The retail selling prices are not controlled.

IV. STATISTICAL INFORMATION (SEE ATTACHED TABLES I - IV)

TABLE I

STATE TRADING: AGRICULTURAL MARKETING BOARD

STATISTICAL INFORMATION, IMPORTS 2018

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price (include charges)	Average representative domestic sales price	Mark up	National production (projected figures)
1	2	3	4	5	6	7
	Tonnes	Tonnes	Rs/Tonne	Rs/Tonne	%	Tonnes
0701 9000 Fresh whole potatoes	9,688	6,048	24,583.81	28,000-30,000	13.9-22	17,033
0701 1000 Potato seeds	1,735.13	548.13	37,673.79	41,300	9.6	N /A
0703 2000 Fresh whole garlic	1,988	1,988	52,015.55	110,000	111.5	71
0910309 Turmeric powder	N/A	8	61,305.33	100,000	63.1	N/A
0703 1000 Dry whole onions	14,414	9,318	27,912.82	30,000	7.5	3,440
0908301 Cardamoms	N/A	0.5	553,968.50	800,000	44.4	N/A
0701331 Bean seeds	N/A	7.85	188,571.11	250,000	32.6	N/A
0703 1000 Onion seeds (kg)	N/A	nil	nil	Rs 10,375/kg	N/A	N/A

TABLE II

AGRICULTURAL MARKETING BOARD

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES-2018

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise	National production	Domestic sales by state trading enterprise	National consumption***
1	2	3	4	5
	Tonnes	Tonnes	Tonnes	Tonnes
0701 9000 Fresh whole potatoes	3,845.5	17,033	8,957.9*	25,000
0701 1000 Potato seeds	700	N /A	955*	N/A
0703 2000 Fresh whole garlic	0	71	1,813.7**	2,184
0910309 Turmeric powder	-	N/A	8.9**	100
0703 1000 Dry whole onions	146.3	3,440	9,199.8*	16,500
0908301 Cardamoms	-	N/A	1**	15
0701331 Bean seeds	-	N/A	5.95**	N/A
0703 1000 Onion seeds (kg)	237 kg	N/A	110 kg*	N/A

* Domestic sales include local produce only.

** Only imported produce.

*** Estimates based on sales at AMB and privates.

TABLE III

STATE TRADING: AGRICULTURAL MARKETING BOARD

STATISTICAL INFORMATION, IMPORTS 2019

Description of product(s) (including HS number(s))	Total quantity imported	Quantity imported by state trading enterprise	Average import price (include charges)	Average representative domestic sales price	Mark up	National production (projected figures)
1	2	3	4	5	6	7
	Tonnes	Tonnes	Rs/Tonne	Rs/Tonne	%	Tonnes
0701 9000 Fresh whole potatoes	6,932.28	3,908.28	21,439.69	28,000-30,000	30.6-39.9	14,822
0701 1000 Potato seeds	1,286.5	468.75	40,583.45	43,000	6	638 (AMB only)
0703 2000 Fresh whole garlic	1,796	1,796	62,020.79	110,000	77.4	48
0910309 Turmeric powder	N/A	9	59,924.80	100,000	66.9	N/A
0703 1000 Dry whole onions	14,727.20	9,687.20	24, 638.55	30,000	21.8	3,219
0908301 Cardamoms	N/A	0.5	1,222,186	700,000	(42.7)	N/A
0701331 Bean seeds	N/A	8	176,404.98	250,000	41.7	N/A
0703 1000 Onion seeds (kg)	N/A	Nil	N/A	Rs 4,980/kg	N/A	N/A

TABLE IV

AGRICULTURAL MARKETING BOARD

STATISTICAL INFORMATION, DOMESTIC ACTIVITIES-2019

Description of product(s) (including HS number(s))	Domestic purchases by state trading enterprise	National production	Domestic sales by state trading enterprise	National consumption***
1	2	3	4	5
	Tonnes	Tonnes	Tonnes	Tonnes
0701 9000 Fresh whole potatoes	3,752.8	14,822	10,190.9*	25,000
0701 1000 Potato seeds	638	638 (AMB only)	633*	N/A
0703 2000 Fresh whole garlic	0	48	1,883.3**	2,184
0910309 Turmeric powder	-	N/A	8.5**	100
0703 1000 Dry whole onions	133.2	3,219	9,199.8*	16,500
0908301 Cardamoms	-	N/A	0.7**	15
0701331 Bean seeds	-	N/A	4.3**	N/A
0703 1000 Onion seeds (kg)	442.5 kg	N/A	266 kg (AMB only)	N/A

* Domestic sales include local produce only.

** Only imported produce.

*** Estimates based on sales at AMB and privates.

2. STATE TRADING CORPORATION

I. ENUMERATION OF STATE TRADING ENTERPRISES

A. Identification of state trading enterprise

State Trading Corporation (STC)

B. Description of products affected (including tariff item number(s) encompassed in product description)

No.	Products	HS Code	Nature of exclusivity, special rights, or privileges
1	Long Grain White Rice	10064000	Sole Importer of subsidized Rice
2	Wheat Flour	11010000	Sole Procurer of subsidized Flour
3	Petroleum Products		
	<u>A. Clean Petroleum Products</u>		
	(i) Motor Gasoline	27101919	Sole Importer
	(ii) Gasoil 50 ppm S	27101950	Sole Importer
	(iii) Gasoil 2500 ppm	27101950	Importer (private companies are also allowed to import the product for marine bunker trade)
	(iv) Jet A1S	27101931	Sole Importer
	<u>B. Dirty Petroleum Products</u>		
	(i) HSFO 180 cSt Catalytic Crack (CC)	27101969	Sole Importer for inland use (private companies are also allowed to import the product for marine bunker trade)
	(ii) HSFO 180 cSt Straight Run (SR)	27101969	Sole Importer for inland use for power generation
	(iii) HSFO 380 cSt Straight Run (SR)	27101969	Sole Importer for inland use for power generation (private companies are also allowed to import the product for marine bunker trade)
4	Liquefied Petroleum Gas	27111310	Sole Importer
5	Basmati Rice	10063010	Importer

II. REASON AND PURPOSE

A. Reason or purpose for establishing or maintaining state trading enterprise

- (a) to negotiate the purchase of goods;
- (b) to engage in the manufacture or processing of goods and to ensure their marketing;
- (c) to import goods with a view to their marketing, distribution or supply by wholesale or retail;
- (d) to export goods;
- (e) to engage in the storage of petroleum products, and the promotion and development of bunkering and petroleum-related activities; and
- (f) to engage in such other activities as may be authorized by the Minister.

Note: The STC is not engaged presently in the activities at items (b) and (d).

The STC was created to regulate and rationalize trade, particularly in relation to essential commodities.

B. Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers

The STC was created by an Act of Parliament on 8 October 1982. It took over the activities of the Department of Supplies of the Government, which was responsible for the importation and distribution of rice and wheat flour.

The Corporation status was envisaged to give the STC greater flexibility than a Government Department, especially in the staffing, management and day-to-day business of the organization. In laying down the rules governing the functioning of the Corporation, the Government was guided by the willingness to give flexibility, maximum efficiency and reasonable autonomy to the Corporation while ensuring that it remains accountable to the Government and the Parliament of Mauritius.

As per the Act that created the STC, the Corporation "shall in carrying out its objectives operate on sound commercial principles". The Board of Directors comprising representatives from the public sector and experienced businessmen from the private sector, with extensive powers to administer the Corporation, aims to confer a high degree of autonomy so vital to a commercial concern.

III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING CORPORATION

A. Summary statement providing overview of operations of the State Trading Corporation

Petroleum Products

The STC procures the country's requirement for petroleum products through annual open tenders.

The Corporation procures 100% of the country's demand for petroleum products (with HS code as per Part I B above) in bulk for domestic usage. The seven grades of petroleum products are imported and sold to the four privately owned local oil companies which own storage & handling infrastructure and ensure distribution. The importation of Gasoil 2500 ppm S, HSFO 180 CC and HSFO 380 SR is liberalized for the marine bunker trade.

Long Grain White Rice

The STC launches open international tenders and imports 100% of the country's requirements for subsidized rice (5% broken) on Cost & Freight (CFR) basis. The rice is received in STC's warehouse and from there sold to wholesalers at subsidized prices. Moreover, the STC has appointed packers/distributors to ensure distribution of these products all-round the island.

Flour

The STC annually launches an open international tender for the country's requirement for flour. Flour is sold from STC's stores to wholesalers and bakers at subsidized prices. Moreover, the STC has appointed packers/distributors to ensure distribution of these products all-round the island.

Basmati Rice

The STC started to import basmati rice during the last quarter of 2013 with a view to manage the abusive price increases of basmati rice on the local market. Presently, the STC is selling its basmati rice mainly to wholesalers. All consignments of basmati rice are analysed prior to shipment in the country of origin and also by the Mauritius Standard Bureau in Mauritius so as to ensure a good and consistent quality of the product.

Liquefied Petroleum Gas

The STC is the sole importer of Liquefied Petroleum Gas (LPG) since 2003. The totality of LPG is sold from flange of tanker to two petroleum companies, namely Vivo Energy Mauritius Ltd and Total Mauritius Ltd. The local oil companies own storage & handling infrastructure and ensure distribution.

B. Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise

The STC is the sole importer of LPG and petroleum products except for Gasoil 2500 ppm S, HSFO 180 CC and HSFO 380 SR, which have been liberalized for marine bunker trade since 2014.

The Corporation pays all the necessary dues that are payable to the Mauritius Ports Authority, Customs Department and other authorities at the prescribed rates applicable to all traders for these products.

The STC does not enjoy any concessionary rates in the discharge of its activities; however, it benefits from an exemption of 15% Customs Duty on importation of wheat flour.

C. Type of entities other than the state trading enterprise that are allowed to engage in importation/exportation and conditions for participation

Private companies are allowed to import long grain rice on equal terms as those of the STC, however the sale of "ration" rice on the local market is subsidized by Government through the STC. In respect of the importation of wheat flour, private traders are allowed to import the product subject to payment of 15% Customs Duty.

D. How import/export levels are established by the state trading enterprise

The STC and the local oil companies jointly determine the quantity of petroleum products and LPG to be imported on a yearly basis.

With regard to rice and flour, the domestic demand is taken into consideration when determining the quantity to be imported.

E. How export prices are determined

Not applicable (please refer to Part II A above).

F. How the resale prices of imported products are determined

The wholesale and retail prices for subsidised rice and flour are determined by the Government through the Ministry of Commerce and Consumer Protection for all inland sales to wholesalers, distributors and bakers.

The resale prices for Mogas and Gasoil (50 ppm S) used on the domestic market are determined by the Petroleum Pricing Committee (PPC). For the products sold for the international market like Jet A1 for civil aviation, Gasoil 2500ppm S and Fuel Oils (HSFO 180 CC and HSFO 380 SR) for marine bunkering, the prices are determined by the STC.

The retail price for LPG for domestic usage is determined by the Government through the Ministry of Commerce and Consumer Protection.

G. Whether long-term contracts are negotiated by the state trading enterprise. Whether the state trading enterprise is used to fulfil contractual obligations entered into by the government

The Corporation does not have long-term contracts presently. The STC fulfils the contractual obligations entered into by the Government, whenever applicable.

H. Market structure

No.	Products	Market Structure
1	Long Grain White rice	The STC is the sole importer of "ration rice" which is sold at the subsidised price fixed by the Government, the Corporation has some influence on the market price of rice imported by private companies on their own.
2	Wheat Flour (White Wheat and Brown Bread Flour)	Sole supplier of flour only. Special types of flour are imported by private companies for re-sale on the local market.
3	Petroleum Products <u>A. Clean Petroleum Products</u> (i) Motor Gasoline (ii) Gasoil 50 ppm S (iii) Gasoil 2500 ppm S (iv) Jet A1 <u>B. Dirty Petroleum Products</u> (i) HSFO 180 cSt Catalytic Crack (CC) (ii) HSFO 180 cSt Straight Run (SR) (iii) HSFO 380 cSt Straight Run (SR)	Sole supplier Sole supplier Liberalized (the STC and private companies import the product for marine bunker trade) Sole supplier Sole supplier for inland use, however private companies are allowed to import the product for marine bunker trade Sole supplier for inland use Sole supplier for inland use, however private companies are allowed to import the product for marine bunker trade
4	Liquefied Petroleum Gas	Sole supplier
5	Basmati rice	Perfect competition - there are presently more than 50 importers of Basmati rice having small market shares. All the importers (including the STC) sell Basmati Rice locally at the market prices. There is free entry and exit to the market.

IV. STATISTICAL INFORMATION (TABLE I - II)

TABLE I

STATE TRADING CORPORATION

STATISTICAL INFORMATION, IMPORTS (2018)

Description of Product (s) including HS number(S)		Total quantity imported	Quantity imported by STC	Average import/ Purchase price	STC sales price to wholesalers/ distributors	National Production	Remarks
Description	HS Code	MT	MT	Rs/MT	Rs/MT	MT	
Long Grain White Rice	10064000	Not available (n/a)	24,618.16	14,162.46	9,520.00		
Wheat Flour	11010000	n/a ¹	101,966.75	13,100.85	7,850.00		
Basmati Rice	10063010	n/a ¹	48.00	39,746.90	44,125.00		
Petroleum products²				Rs/Litre	Inland Sales Rs/Litre		
Mogas	27101919	186,110	186,110	17.88	38.92		
Gas oil 50 ppms	27101950	217,482	217,482	18.85	30.70		
Gas oil 2500 ppms	27101950	n/a ¹	42,673	17.60	30.20		
Jet A1	27101931	318,182	318,182	18.83	26.83		
Fuel oil HSFO 180 CC	27101969	n/a ¹	47,573	14.85	15.59		
Fuel Oil HSFO 180 SR	27101969	116,762	116,762	14.45	14.81		
Fuel Oil HSFO 380 SR	27101969	n/a ¹	124,433	14.66	15.02		
				Rs/Kg	Rs/Kg		
LPG	27111310	74,839	74,839	20.61	10.46 (domestic) 30.37 (non domestic)		

1 Wheat flour (non-subsidized), Basmati Rice, Gasoil (2500 ppm S) and HSFO 180 CC & HSFO 380 SR are also imported by private parties. The STC does not have the quantities imported by the latter. Information on same could be obtained from the Customs Department.

2 The STC sells petroleum products to Oil Companies.

TABLE II

STATE TRADING CORPORATION

STATISTICAL INFORMATION, IMPORTS (2019)

Description of Product(s) including HS number(s)		Total Quantity imported	Quantity imported by STC	Average import/ Purchase price	STC sales price to wholesalers/distributors	National Production	Remarks
Description	HS Code	MT	MT	Rs/MT	Rs/MT	MT	
Long Grain White Rice	10064000	n/a ¹	18,376.08	14,049.67	9,520.00		
Wheat Flour	11010000	n/a ¹	98,006.03	15,456.32	7,850.00		
Basmati Rice	10063010	n/a ¹	187.95	41,053.84	44,125.00		
Petroleum products²				Rs/Litre	Inland Sales Rs/Litre		
Mogas	27101919	182,927	182,927	17.16	35.25		
Gas oil 50 ppms	27101950	222,058	222,058	18.06	27.40		
Gas oil 2500 ppms	27101950	n/a ¹	10,753	17.43	No inland sales of Gas Oil 2500 in 2019		
Jet A1	27101931	302,680	302,680	18.05	25.72		
Fuel oil HSFO 180 CC	27101969	n/a ¹	64,378	13.28	14.35		
Fuel Oil HSFO 180 SR	27101969	154,781	154,781	13.09	13.87		
Fuel Oil HSFO 380 SR	27101969	n/a ¹	144,447	13.35	14.09		
				Rs/Kg	Rs/Kg		
LPG	27111310	78,413	78,413	18.70	9.55 (domestic) 28.75 (non domestic)		

- 1 Wheat flour (non-subsidized), Basmati Rice, Gasoil (2500 ppm S) and HSFO 180 CC & HSFO 380 SR are also imported by private parties. The STC does not have the quantities imported by the latter. Information on same could be obtained from the Customs Department.
- 2 The STC sells petroleum products to Oil Companies.