



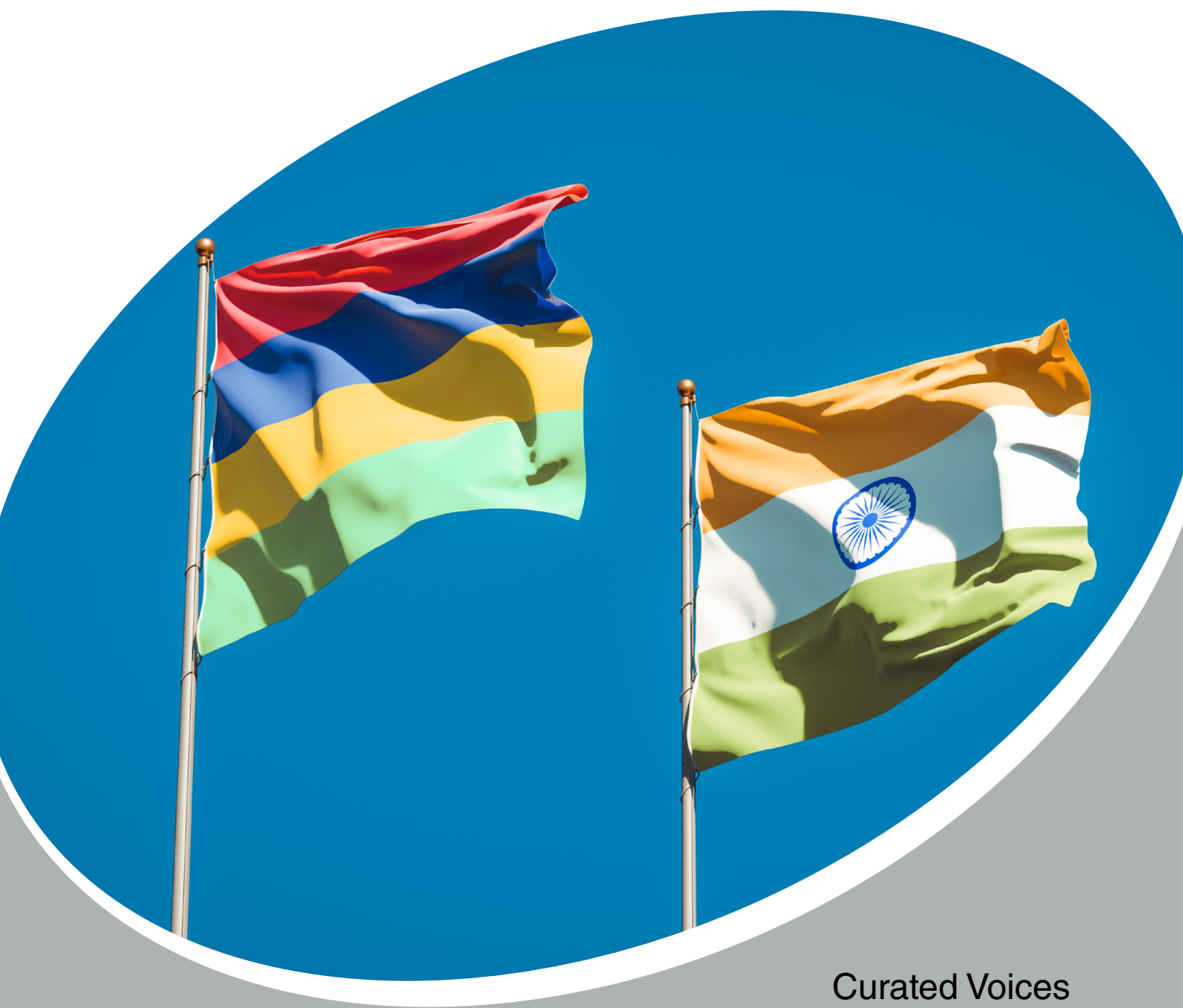
# Mauritius and CECPA:

A bid to strengthen India's  
influence in the Indian Ocean?

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| Paul Cormon



Curated Voices

# TABLE OF CONTENTS

1. Introduction	04
2. Trade Agreement between Mauritius and India	05
3. A Trade Agreement in Emphasis with New Delhi's Strategy in the Indian Ocean	05
4. Chinese Expansion in the Indian Ocean Surrounds and Threatens India by Sea	06
5. The Gateway to the African Continent	07
6. Conclusion	07
7. Bibliography	08

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CURATED VOICES

# Mauritius and CECPA: A bid to strengthen India's influence in the Indian Ocean?

| Paul Cormon

## **Author Bio:**

Paul Cormon is a graduate in Transport Economics and Political sciences from Stellenbosch University, South Africa. He holds an international trade degree from ENC Bessieres, Paris and a certificate in Import, Export and Logistics Management from the University of Cape Town. His research interests include drone technology, international trade, and the freight and transport industry.

## INTRODUCTION

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On 22 February 2021, India signed the Comprehensive Economic Cooperation and Partnership Agreement [CECPA] with Mauritius. It marked the first time India signed a trade agreement with Mauritius (Goyal, 2022). CECPA has the potential to boost trade facilitation between both countries. Moreover, it appears to be a strategic move for India in the context of China's rising dominance in the Indian Ocean. This accord highlights India's role as a global actor in the region and encourages the question around why India reconsiders its position in the Indian ocean.

**Keywords:**

Trade agreement, Mauritius, India, Indian Ocean, China, Africa

## TRADE AGREEMENT BETWEEN MAURITIUS AND INDIA

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CECPA was signed on 22 February 2021 and applied on 1 April of the same year. The agreement favours Mauritius exportations in over 615 products. The break down goes: 376 products will benefit from free duty access (Canned Tuna, Garments, Soap, frozen fish, etc.), 127 products will see their duty access reduced (sugar, rum, fruit wine, etc.), and 112 products will benefit from favourable tariff rate quotas. Similarly, Indian exporters will benefit from preferential access to over 310 products and a favourable tariff-rate quota on 88 products (spices, automotive pieces, wooden furniture, etc.). The agreement eases the customs procedures and reduces the time and cost of transport, however, a certificate of origin is still required (Mauritius Trade Easy, n.d.).

This trade agreement also impacts service sectors and 115 sub-sector services, ranging from business services to financial services accessed by India in Mauritius. The education sector is also concerned, as both countries will mutually recognise their educational and professional qualifications for the labour market. This agreement will reinforce Mauritius as an educational hub in the Indian Ocean. Students from India will be able to study in Mauritius in various fields such as Medicine, Architecture, and Accounting .

On the flip side, the agreement reinforces Mauritius as an economic hub in Africa in India's eyes. The island nation expects to welcome new investors from India and boost its economic exchanges. Mauritius has implemented a policy to attract foreign investors. A world-class financial system, low corruption level, a generous fiscal policy, and business facilitation contribute to attracting foreign investors worldwide. According to the Ease of Doing Business Index by the World Bank (2020), Mauritius is first among African countries to do business which rewards the government's efforts to reform and invest in education, economy and taxation (Griffiths, 2021).

Overall, this trade agreement would ideally create jobs and economic development for both sides. According to the Observatory of Economic and Complexity [OEC] (n.d.), the total amount of goods traded between the two countries reached around USD 822.4 million in 2019. By comparison, trade between India and Mauritius in 1996 was USD 159.09 million. Mauritius exports mainly medical instruments (34.5%) to India, whereas India exports refined petroleum (41.8%) to the island (OEC, n.d.). The new trade agreement aims to develop deeper links with Mauritius and increase Indian influence over the Indian Ocean.

## A TRADE AGREEMENT IN EMPHASIS WITH NEW DELHI'S STRATEGY IN THE INDIAN OCEAN

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Beyond the economic benefits, this agreement also highlights New Delhi's strategy in the Indian Ocean. The Strategy is three fold. Firstly, investing in neighbouring countries to reinforce economic links, such as Mauritius. Secondly, extending military capabilities by accessing existing naval facilities in the area, such as Reunion Island in France. The last pillar is the investment in new commercial ports, such as the Chabahar port in Iran, that help the Indian navy access naval facilities (Center for Strategic & International Studies, 2019).

A defence pact also accompanied the trade agreements on maritime security partnership between both nations. Mauritius has agreed to acquire USD 100 million in defence assets from the Indian defence industry. In return, Mauritius is receiving 2,00,000 covid vaccine doses (Kapur, 2021).

In the context of rising tensions between China and the USA, India appears to be the main rival of China in Asia. India and US allyship fits in their nexus of the former's decade long territorial disputes with Pakistan and China in several places like Kashmir (Bloomberg QuickTake: Originals, 2021). For decades these conflicts have resulted in small skirmishes such as the latest Galwan Valley confrontation in 2021 (Mujtaba, 2021). Furthermore, the United States of America is looking for a partner to counter the rising Chinese power in the Indian Ocean and India's economic and military capabilities are the best bet so far. For these reasons, India has multiplied military defence agreements with western powers, such as France (Center for Strategic & International Studies, 2019) .

## CHINESE EXPANSION IN THE INDIAN OCEAN SURROUNDS AND THREATENS INDIA BY SEA

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Protected by the Himalayas in the North and surrounded by its two hostile neighbours, Pakistan and Bangladesh, India has never considered the Indian Ocean a priority (Racine, 2017). New Delhi viewed land attacks, over marine attacks, as a direct threat (Racine, 2017). However, the implementation of the Chinese Belt and Road Initiative [BRI] in the last decade has contributed to expanding their influence in the Indian Ocean. BRI aims to establish a network of transport facilities between Europe and China to consolidate the commercial tides. China is extending its presence alongside trade routes from roads and railways through Central Asia to port facilities in Indian Oceans.

The Chinese 'String of Pearls' geopolitical strategy aims to establish Beijing's presence along maritime trade roads in the Indian Ocean. These trade roads connect China to the Middle East, Europe, and Africa in the Belt and Road Initiative. Under this strategy, China establishes strategic naval outposts to allow for military intervention to defend Chinese economic and political interests. This agenda threatens India's security because its maritime side is then exposed to Chinese attacks by sea. This is in tandem with India being surrounded by hostile neighbours. The extension of Chinese military capabilities through the Djibouti Naval base and civilian construction of transport infrastructure in the region has pushed India to reconsider its ocean as a matter of security.

By signing a trade agreement with Mauritius, India takes the first step in avoiding encirclement by China. Mauritius has a strategic position in the Indian Ocean. The Island is situated on a highway of world maritime trade. Hence, the new partnership will offer India an additional means of pressure on China. By threatening Chinese maritime trade, India threatens the part of the Chinese economy still partly dependent on the European market. India can extend its military capabilities in the western part of the Indian ocean and counter-attack against Beijing interests. Furthermore, New Delhi plans to establish radar networks to ease its maritime survey and security. In Geopolitics, this deadlock situation is also called a "Mexican standoff" where neither party possesses a strategy to achieve victory.

## THE GATEWAY TO THE AFRICAN CONTINENT

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By building its relationship with the island, the next step for India is to strengthen its influence on the African coast. In this region, the maritime infrastructure is still developing. Djibouti, Monbassa, Dar es Salaam, and Maputo are the four most important commercial ports. Indian diplomacy has worked to access these key countries by conducting military collaborations and economic development programs. India has also multiplied the visits of officials in Africa to improve relationships (Mishra, 2019). The creation of the India-Africa Forum Summit in 2008 aims to serve Indian strategy in Africa by offering a platform where African and Indian officials may discuss agricultural sector trade, industry and investment, peace and security, promotion of good governance and civil society, and information and communication technology (Mishra & Pant, 2021).

Africa is becoming an important trade partner in the Western Indian Ocean region. It supplies India with raw materials, especially oil (OEC, n.d.). Therefore the western part of the Indian Ocean is also strategic for the Indian economy. Trade goods between the African Union and India reached USD 68,33 billion in 2019. In exchange, India exported diversified products such as petroleum products, pharmaceutical products, chemicals and manufactured products. From January 2015 to May 2021, India invested USD 23.3 billion, mainly concentrated in Mauritius (84%) and Mozambique (11%) (Goyal, 2022).

## CONCLUSION

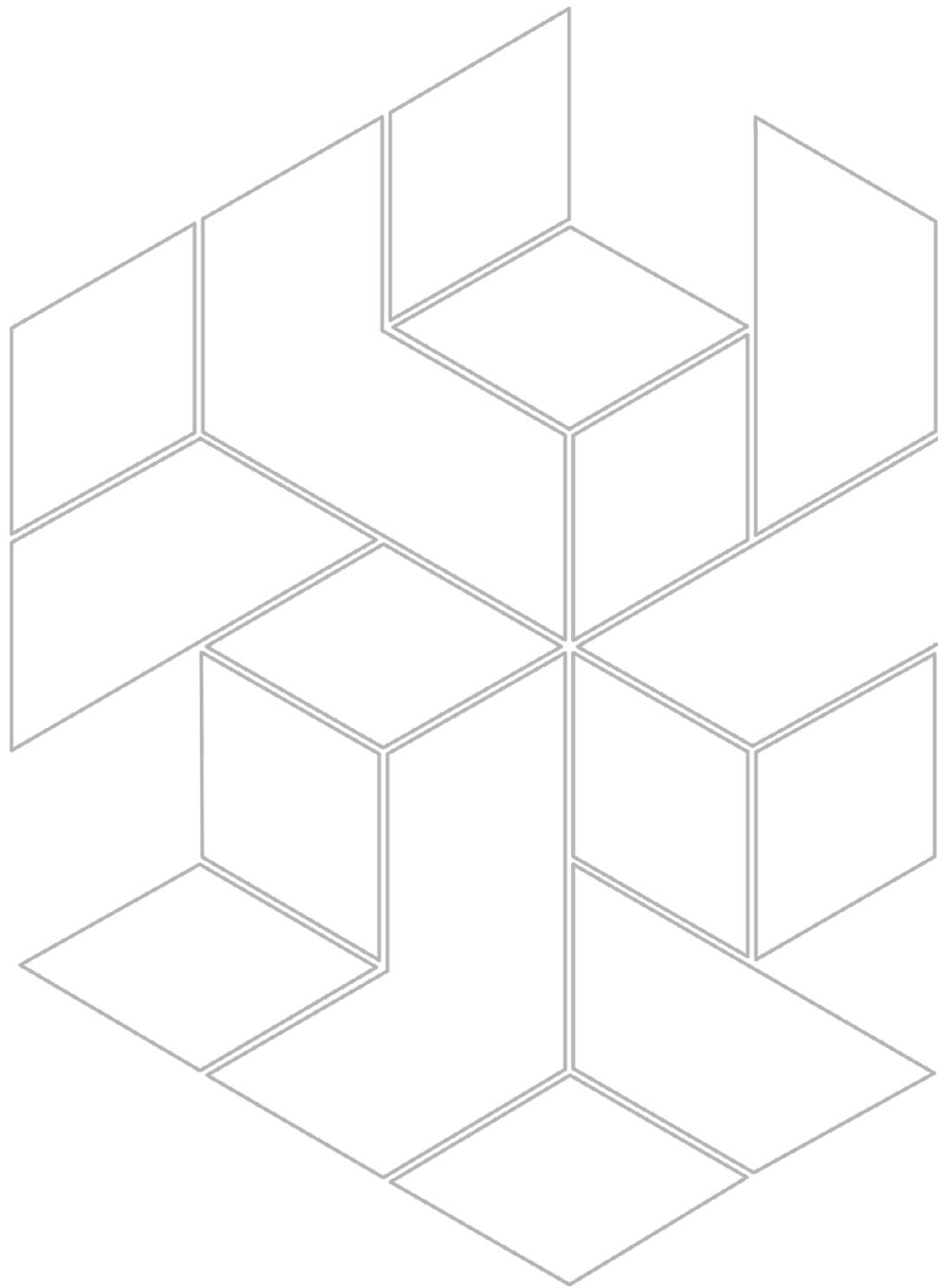
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CECPA will contribute to the economic development of both countries and create jobs. On the side of Mauritius, this trade agreement highlights the country's strong position as an African hub for business and investment. The agreement will reinforce its position by bringing in more investors and students. On the other side, India is developing its influence over the Indian Ocean. Beyond Mauritius, India has portrayed its motivation to protect itself against external threats. To break the attempt of encirclement by China and its allies, India is multiplying trade and defence agreements with other countries in the Indian Ocean region. Consequently, India is rebalancing power in the area.

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