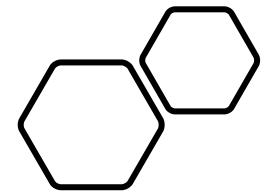




FREE TRADE AGREEMENTS (FTAS) AND TRADE IN THE INDIAN OCEAN

14 December 2022



GLOBAL MARITIME TRANSPORT INDICATORS & REVIEW

World commercial
fleet grew by
63 million dwt



between
January 2021
and January 2022

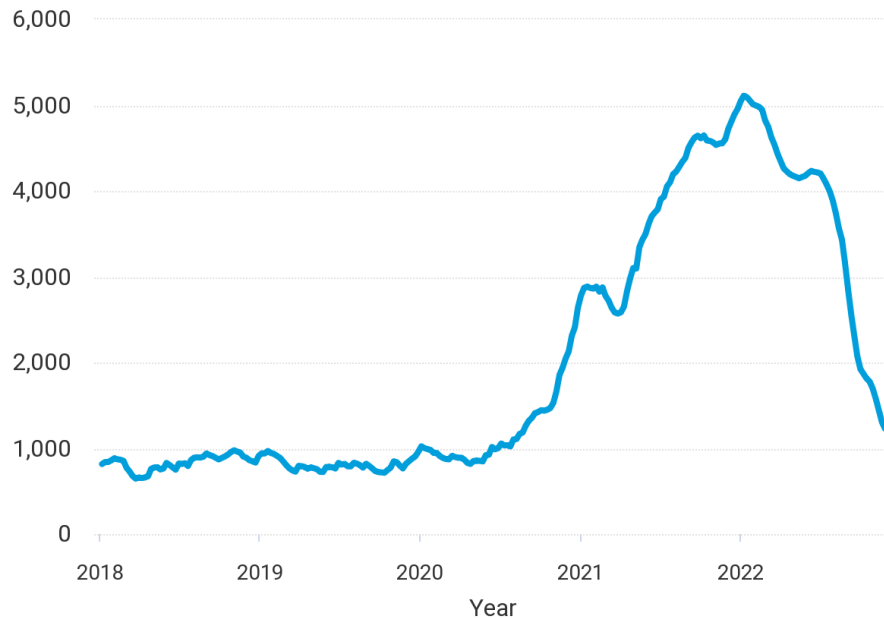


MARITIME , PORTS & LOGISTICS CHALLENGES.....



The dramatic rise and fall of shipping costs

Shanghai Containerized Freight Index, US dollars per container per shipment, Jan 2018 – Nov 2022

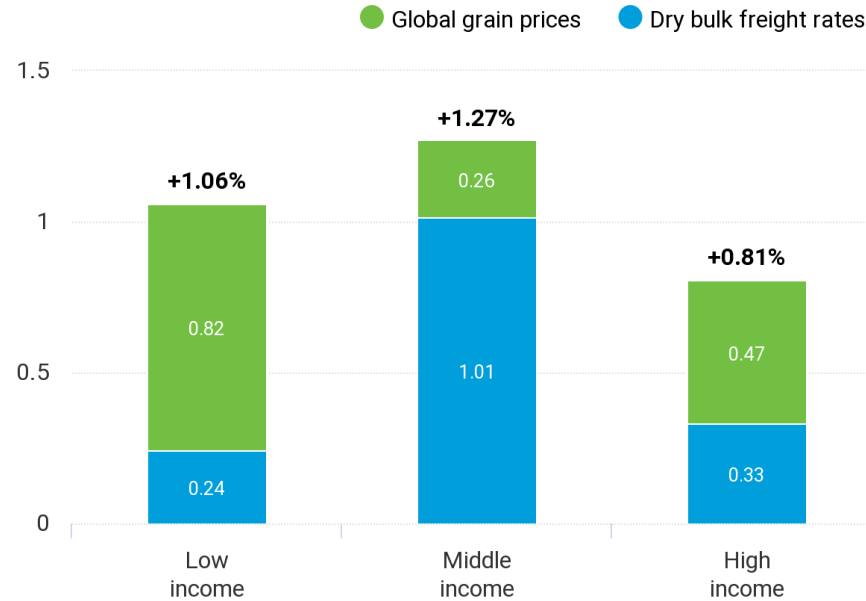


Source: UNCTAD, based on data from Clarksons Shipping Intelligence Network.



Higher freight rates and grain prices hit countries differently

Impact of higher dry bulk freight rates and global grain prices on consumer food prices based on a simulation covering two years, percentage change



Source: UNCTAD calculations based on data provided by Clarksons Research, Shipping Intelligence Network, the IMF, International Financial Statistics, Direction of Trade Statistics and Consumer Price Index, UNCTADstat, and the World Bank, World Integrated Trade Solution, Commodity Price Data (The Pink Sheet) and A Global Database of Inflation.

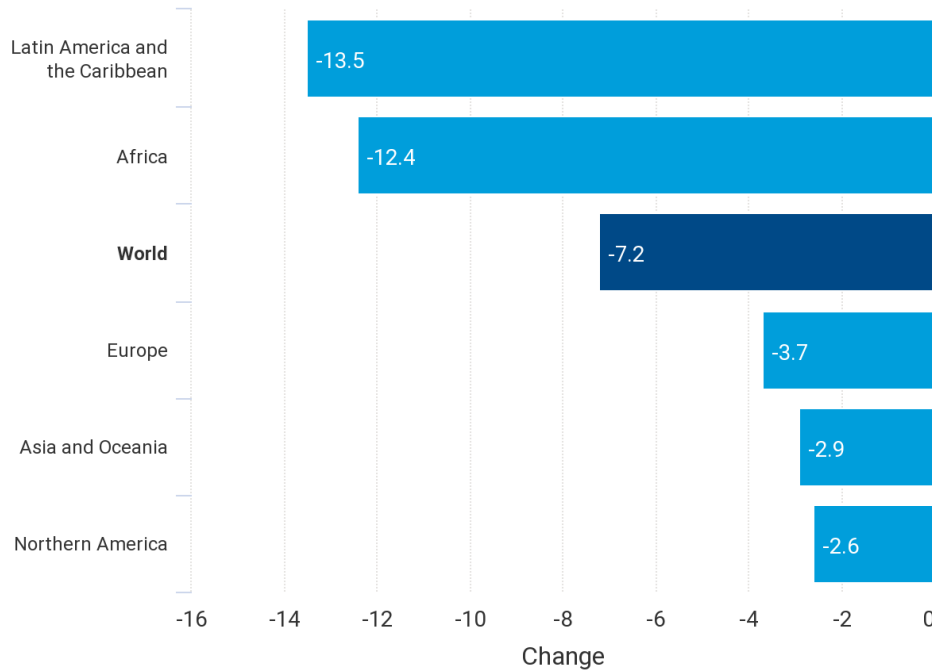
- By mid-2022, freight charges were more than five times their 2019 level.
- Rates remain high for oil and natural gas tanker cargo due to the ongoing energy crisis.
- Future shipping costs will likely be higher and more volatile than in the past.

MARITIME , PORTS & LOGISTICS CHALLENGES.....



Port traffic fell in all regions, but some suffered more

Changes in number of direct calls by region, third quarter 2020–second quarter 2022, per cent



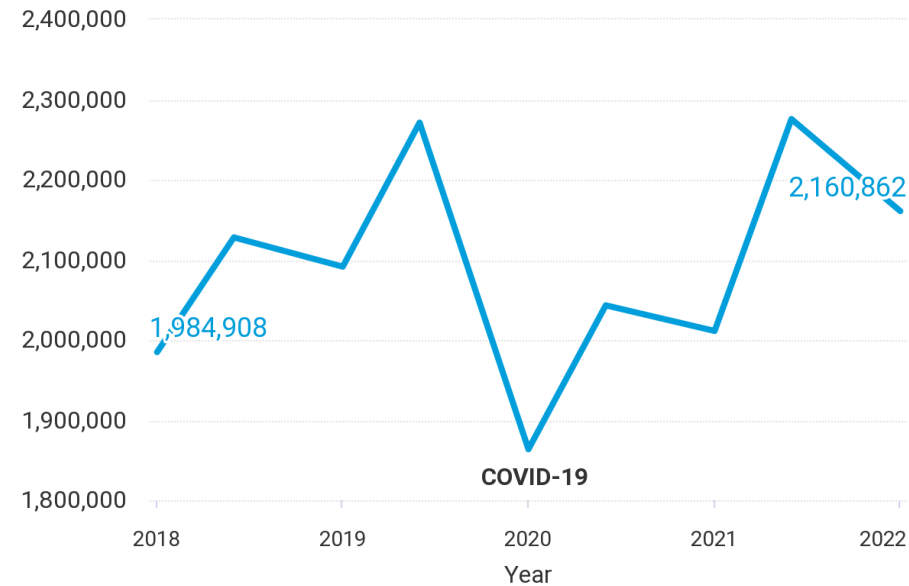
Source: UNCTAD, based on data provided by MDS Transmodal.

Loss in direct shipping connections



The roller-coaster of global port traffic

Port calls per half year, world total, first semester 2018–first semester 2022



Source: UNCTAD, based on data provided by MarineTraffic.

Note: Ships of 1,000 GT and above, not including passenger ships and roll-on/roll-off vessels.

- liner shipping connectivity has also suffered in all regions since the start of the supply chain crisis – but with variations between countries.
- In 2021, port calls bounced back amid unmatched port congestion
- Extending work time at terminals and putting pressure on main ports.

MARITIME , PORTS & LOGISTICS CHALLENGES.....

Maritime trade recovery faces unprecedented **port congestion** and **unreliable schedules**

Congestion and **logistical problems persist in 2022**, prompting rerouting and new regional services in Asia

Divergent freight rate pathways with high volatility and uncertainty

Increased uncertainty regarding demand

Extent of port congestion

Potential new supply chain disruptions

Effects of the war in Ukraine

Increased fuel costs

Historic Highs of Container Freight Rates – Peaked at four times

Shortage of shipping capacity

Continued disruptions caused by COVID-19

Rebound in trade volumes

Although delays have improved and dry cargo rates are coming down, maritime transport – and thus world trade – remains vulnerable.

Higher grain prices and dry bulk freight rates can lead to a 1.2% hike in consumer food prices

A **surge in consumer spending** – especially for goods ordered online – combined with **supply chain disruptions and logistics constraints pushed container freight rates to five times their pre-pandemic levels in 2021**. The surge in container shipping costs, which peaked in early 2022, sharply increased consumer prices for many goods.

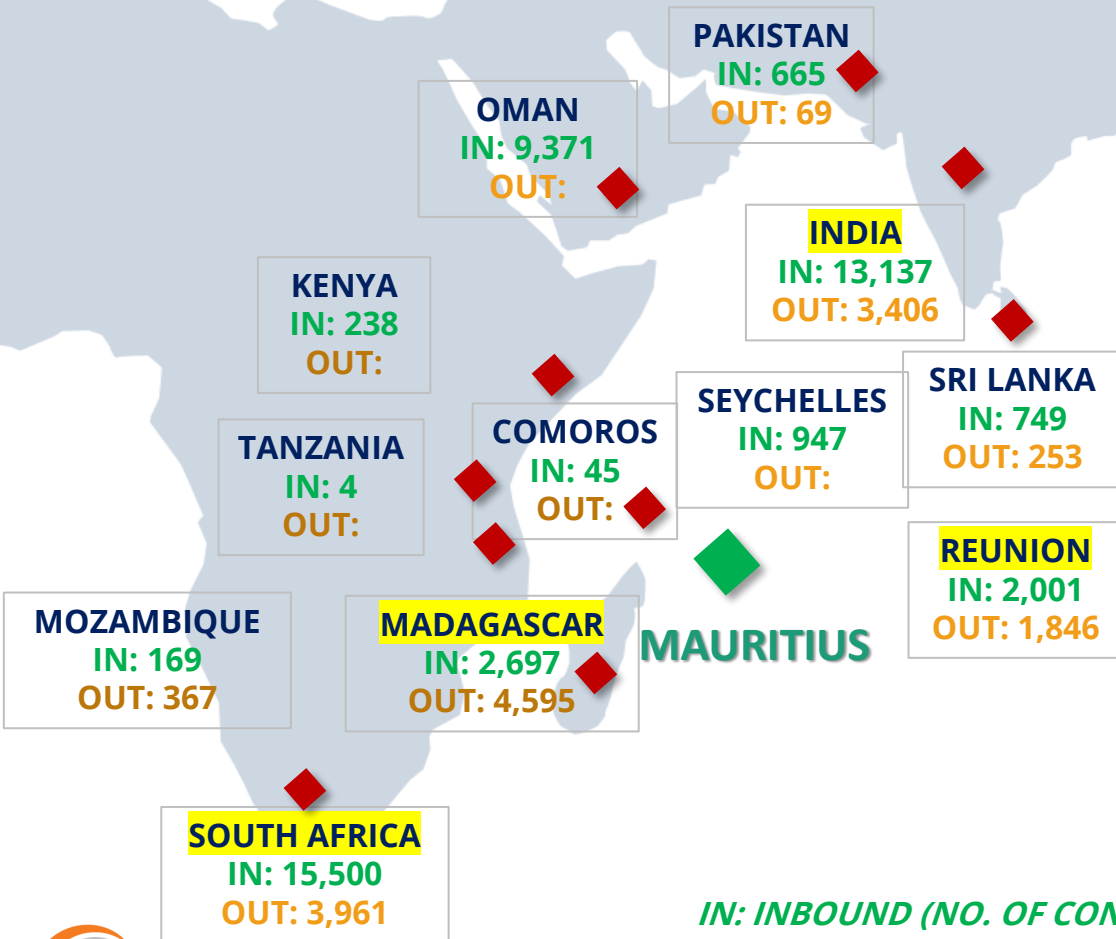
Although freight and charter rates have fallen since mid-2022, they are still **above pre-COVID-19 levels**. And rates remain high for oil and natural gas tanker cargo due to the ongoing energy crisis. In an increasingly unpredictable operating environment, **future shipping costs will likely be higher and more volatile than in the past**.



MAURITIUS TRADE & TRANSPORT INDICATORS

MAURITIUS TRADE & TRANSPORT INDICATORS WITHIN THE INDIAN OCEAN

CONTAINER VOLUME INBOUND & OUTBOUND – TO & FROM MAURITIUS (Indicative 2019 Figures)



- Major disruptions in terms of reductions and irregularities in the frequency of ships at the Port
- Congestion in certain ports where ships had to wait several days before unloading or loading their containers,
- Scarcity of empty containers available from certain countries and also India had accentuated the issue.

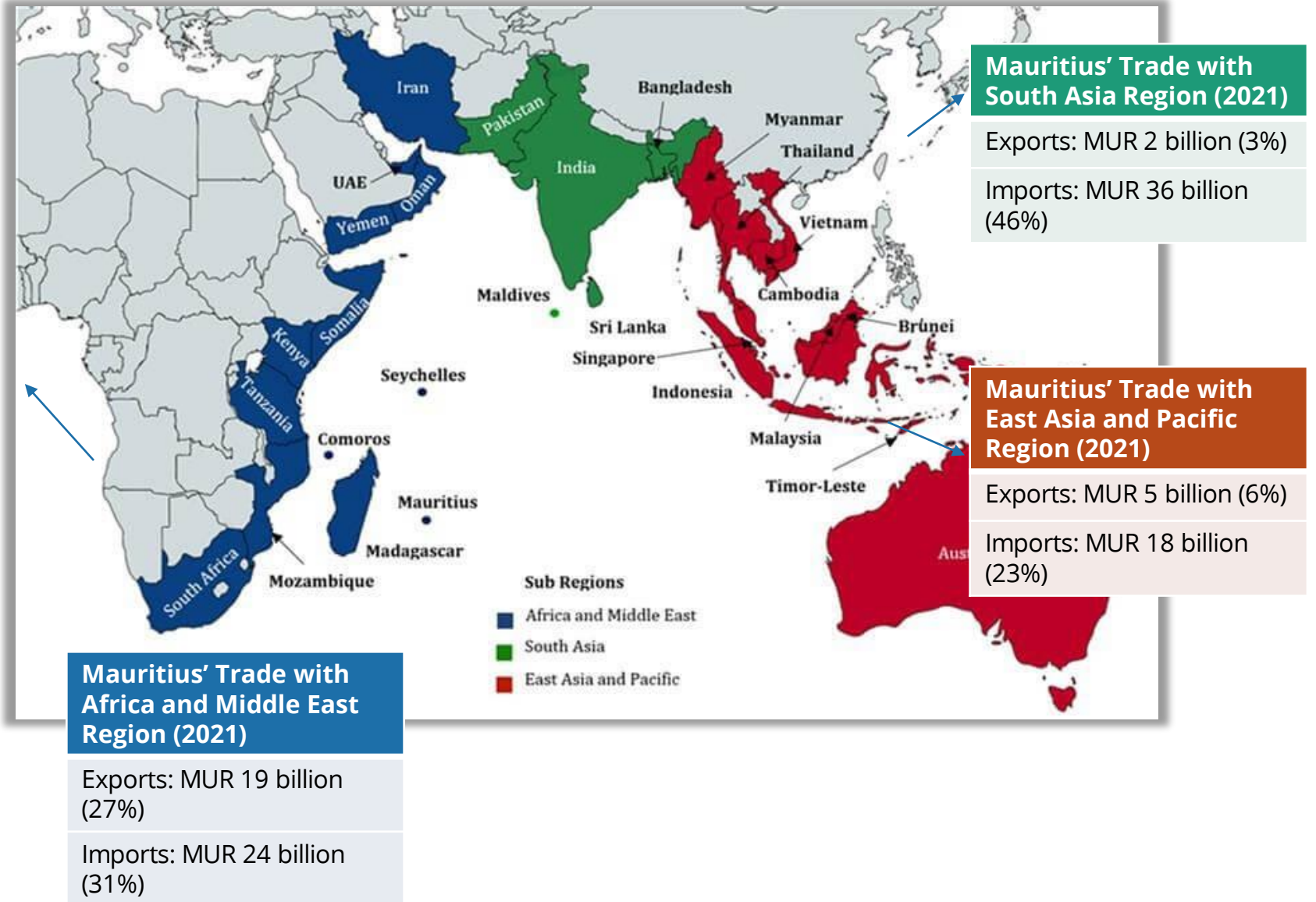
IN: INBOUND (NO. OF CONTAINERS TO MAURITIUS)
OUT: OUTBOUND (NO. OF CONTAINERS FROM MAURITIUS)

MAURITIUS TRADE WITHIN THE INDIAN OCEAN IN 2021

MAJOR COUNTRIES BORDERING AND IN INDIAN OCEAN:

Estimated Total Exports (2021):
MUR 26 billion
32% of Total Exports

Estimated Total Imports (2021):
MUR 78 billion
36% of Total Imports



MAURITIUS TRADE FACTSHEET

EXPORTS TO THE WORLD (2021):
MUR 82 billion (f.o.b.)

Top 5 Products of Exports

	MUR Million
Processed tuna	9,453
Cane sugar	7,028
Men's or boys trousers	4,227
T-shirts, knitted	3,598
Polished Diamonds	2,852

Air Transport **26%**

Sea Transport **74%**

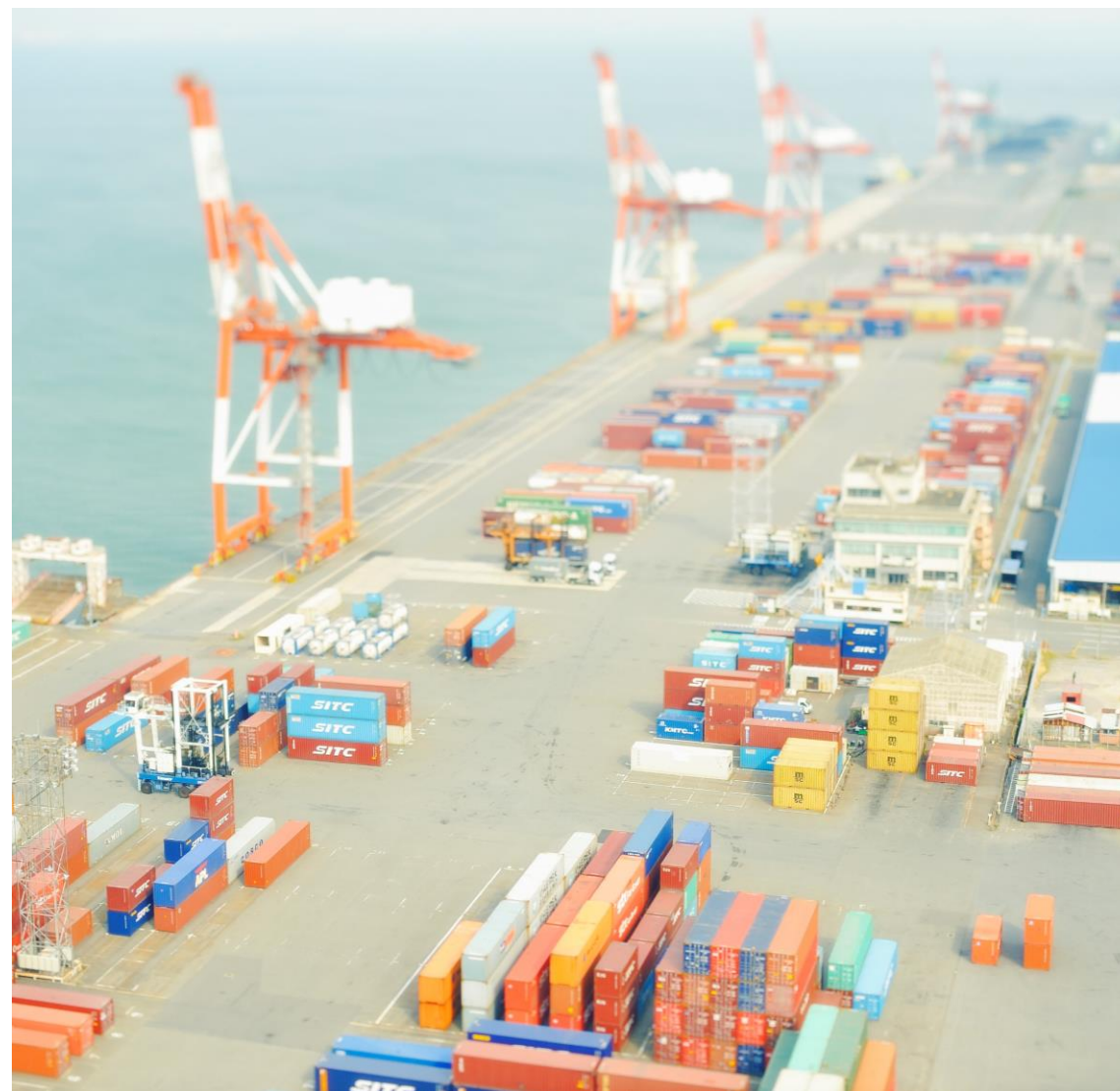
IMPORTS FROM THE WORLD (2021):
MUR 215 billion (c.i.f.)

Top 5 Products of Imports

	MUR Million
Petroleum oil	30,293
Medicaments	9,228
Motor Vehicles	8,425
Frozen fish	7,768
Cellular Phones	4,569

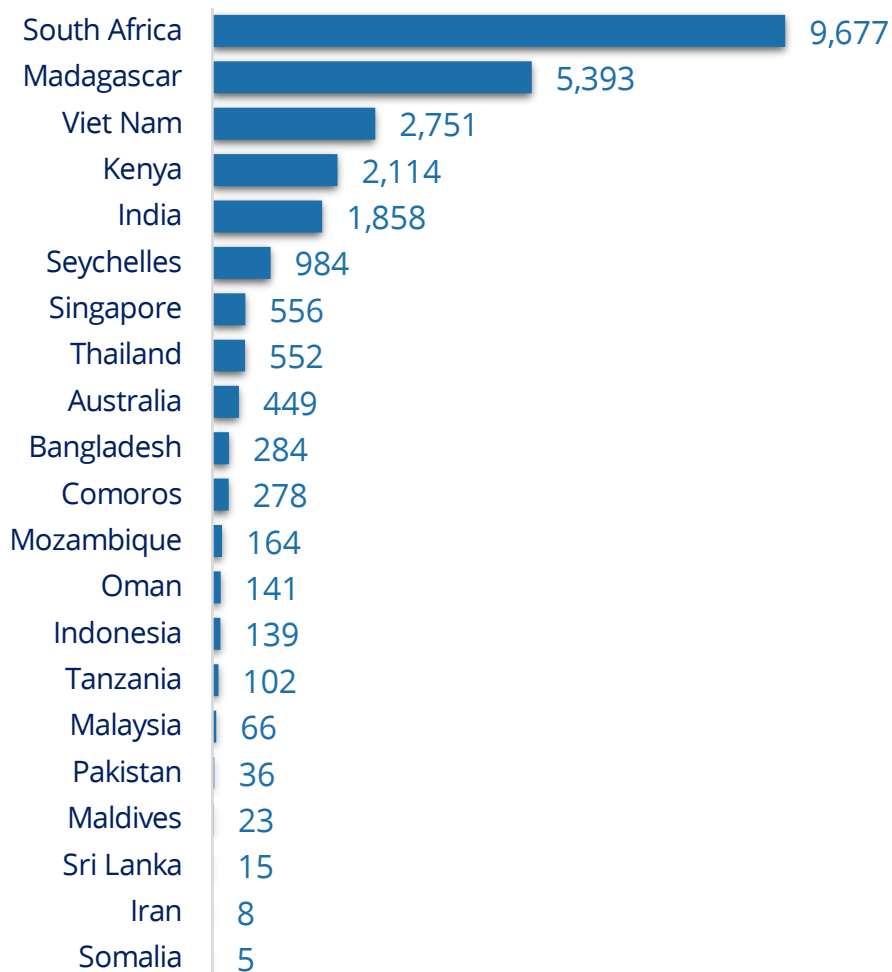
Air Transport **14%**

Sea Transport **86%**



MAURITIUS' MAIN EXPORT MARKETS AND MAIN PRODUCTS OF EXPORTS TO THE INDIAN OCEAN REGION

Main Export Markets in the Indian Ocean Region in 2021 (MUR Million)

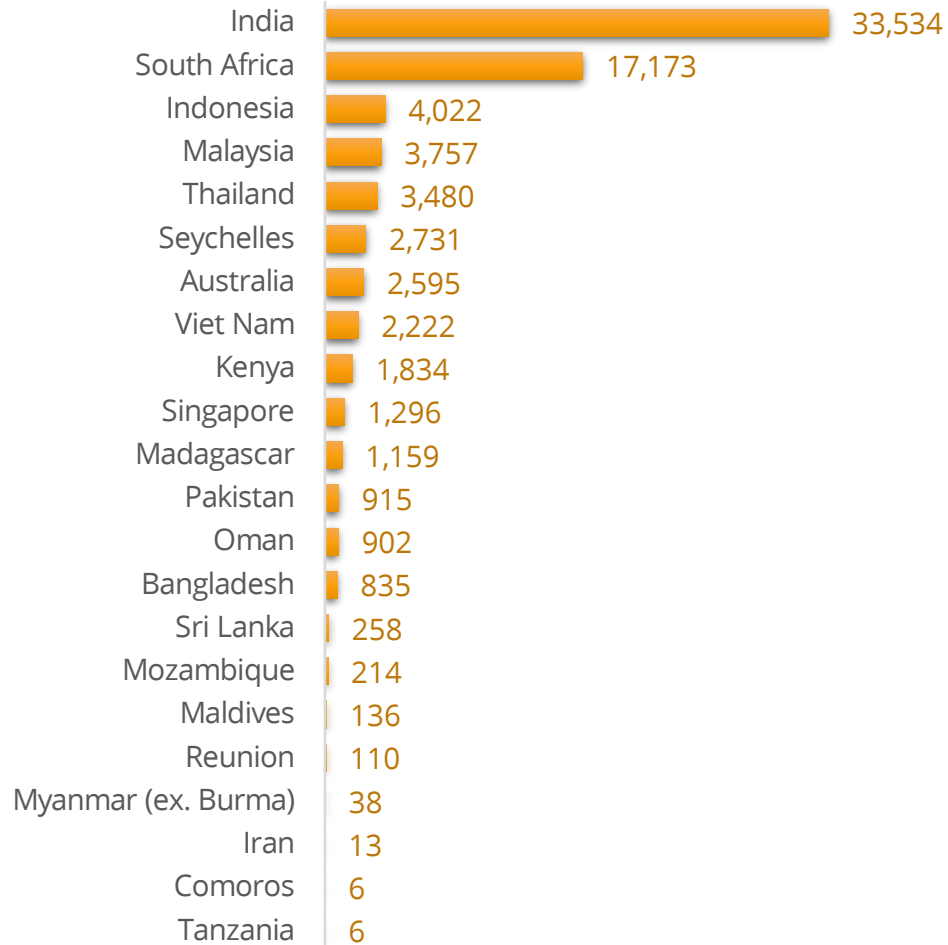


Main Products of Export to the Indian Ocean Region in 2021 (MUR Million)

4-Digit HS Code	Product Description	Value Exported in 2021 (MUR Million)	As a % of Total Exports to the World
6203	Men's or Boys' suits	2,773	66%
7102	Diamonds	2,420	85%
1701	Cane sugar	2,288	33%
6006	Other knitted or crocheted fabrics	2,126	97%
6109	T-shirts, knitted or crocheted	1,500	42%
7204	Ferrous waste and scrap	808	88%
3923	Articles for the conveyance or packing of goods, of plastics	736	83%
9018	Medical instruments and appliances	728	42%
5205	Cotton yarn	704	81%
6001	Pile fabrics, knitted or crocheted	633	100%

MAURITIUS' MAIN COUNTRIES OF IMPORTS AND MAIN PRODUCTS OF IMPORTS FROM THE INDIAN OCEAN REGION

Main Countries of Imports in the Indian Ocean Region in 2021 (MUR Million)



Main Products of Imports from the Indian Ocean Region in 2021 (MUR Million)

4-Digit HS Code	Product Description	Value Imported in 2021 (MUR Million)	As a % of Total Imports from the World
2710	Petroleum Oils and Oil	13,326	44%
3004	Medicaments	6,222	67%
2701	Coal	4,176	100%
0303	Frozen fish	3,505	46%
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco	2,139	90%
5205	Cotton Yarn	2,102	85%
1006	Rice	1,943	100%
8703	Motor vehicles principally designed for the transport of persons	1,752	21%
8517	Telephone sets	1,587	35%
8704	Motor vehicles for the transport of goods	1,362	61%

GLOBAL TRADE IN THE INDIAN OCEAN IN 2021

CURRENT TRADE WITH INDIAN OCEAN'S ISLANDS

MADAGASCAR

EXPORTS: USD 2.7 Billion

IMPORTS: USD 4.4 Billion

REUNION

EXPORTS: USD 209 Million

IMPORTS: USD 2.7 Billion

SEYCHELLES

EXPORTS: USD 698 Million

IMPORTS: USD 746 Million

COMOROS

EXPORTS: USD 35 Million

IMPORTS: USD 443 Million

MAURITIUS

EXPORTS: USD 1.7 Billion

IMPORTS: USD 5.2 Billion



Estimated Trade in the Region:

Exports: USD 5.4 Billion

Imports: USD 13.5 Billion

MAURITIUS' EXPORT POTENTIAL TO INDIAN OCEAN

Goods with Potential for Exports to the Indian Ocean Region

- | | |
|----|---|
| 1. | Apparel |
| 2. | Cotton (fabric) |
| 3. | Sugar |
| 4. | Fish and Shellfish |
| 5. | Jewellery & Precious metal articles |
| 6. | Optical products, watches & medical instruments |
| 7. | Vegetal residues & animal feed |
| 8. | Fish products (processed) |



LEVERAGING ON FTAs TO INCREASE TRADE WITHIN THE INDIAN OCEAN

- Export Potential remains high in the Indian Ocean Region
- Important to realise the evolving role of the Indian Ocean in setting the future courses of international relations, trade, and security
- Hence, Mauritius could leverage on different FTAs to reach its trade potential and expand market share, strengthen the security and predictability of commercial transactions and have full access to markets.



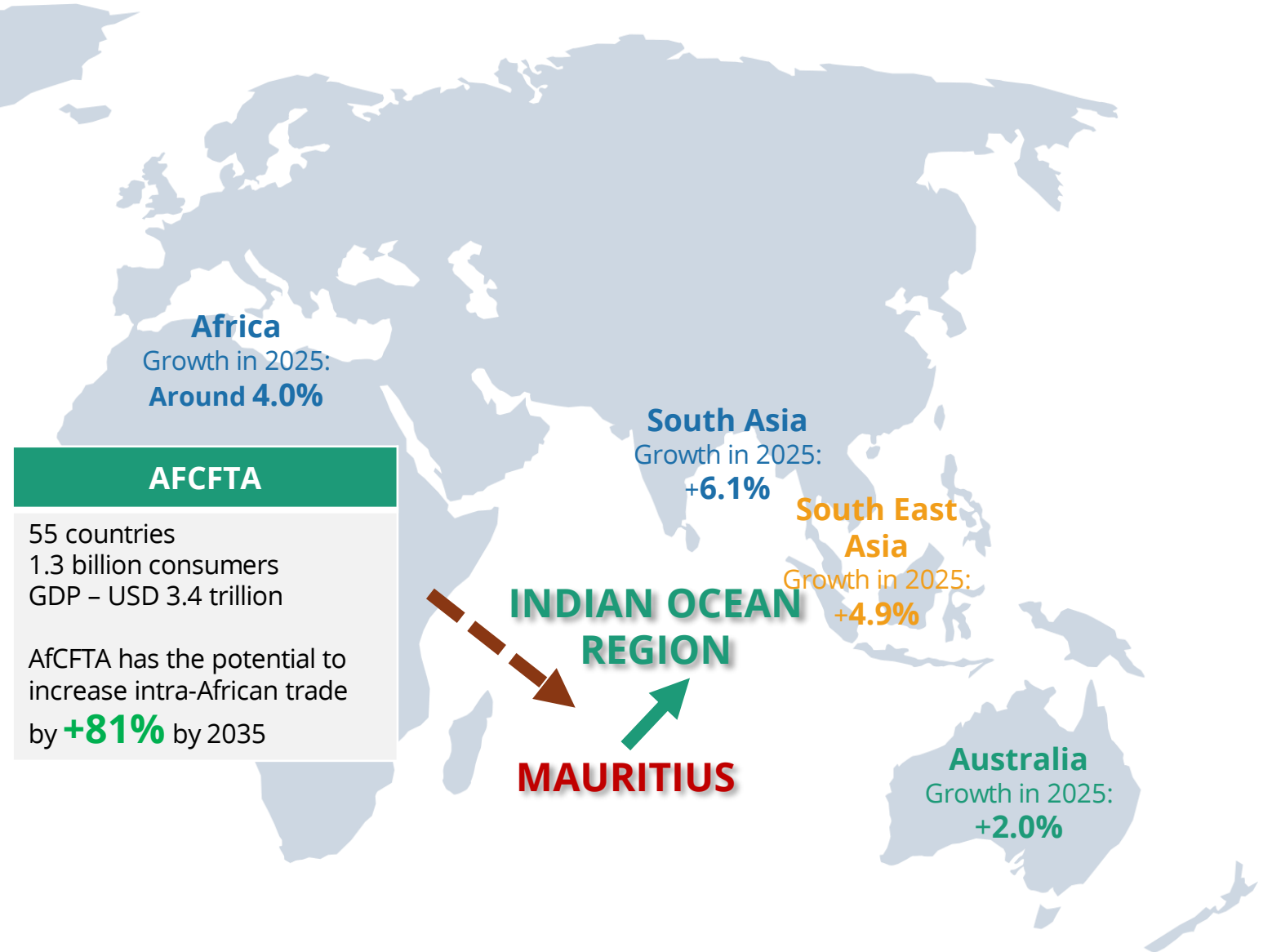
LEVERAGING ON FTAs TO INCREASE TRADE WITHIN THE INDIAN OCEAN

- Gradual improvement in trade volumes expected over the years.
- AfCFTA expected to increase intra-Africa trade by **+81%** by 2035
- Most economies are expected to expand and grow in the long run.
- Hence, consolidating and improving ports and logistics in the Indian Ocean remains critical.

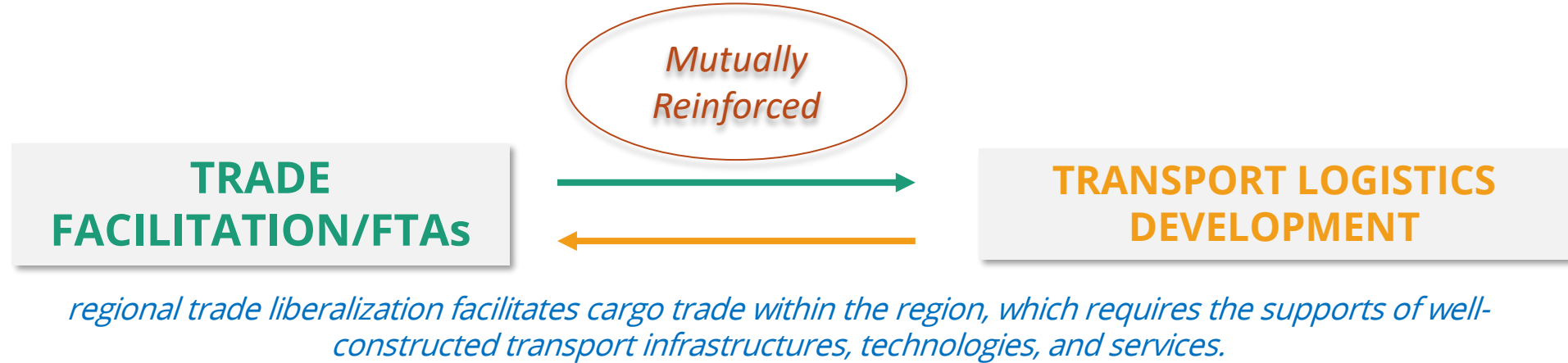
AFCFTA

55 countries
1.3 billion consumers
GDP – USD 3.4 trillion

AfCFTA has the potential to increase intra-African trade by **+81%** by 2035



LEVERAGING ON FTAs TO INCREASE TRADE WITHIN THE INDIAN OCEAN



- Need to maximize maritime partnerships in the region through collaborations to address key challenges of the region. The Indian Ocean region frequently faces strong natural disasters with many island nations identifying climate change as the primary security challenge.
- Transport logistics development: improved physical infrastructure enabling faster delivery, and more-reliable product distribution network, will foster the flows of international trade
- Increasing trade flows due to economic liberalization drives transport logistics development which in turns facilitates trade activities to a greater extent
- Need for greater economic coordination and cooperation to manage and facilitate regional economic integration

LEVERAGING ON FTAs TO INCREASE TRADE WITHIN THE INDIAN OCEAN

2022/23: IMPORTANT FACTORS TO CONSIDER:



Digitalisation & e-Commerce

- Enhance transparency
- Speeds up clearance
- Risk management
- Allow for more responsive and flexible processes
- Remain competitive: rapid delivery, cost reduction, efficiency, optimisation



Infrastructure

- Enhance port infrastructure, improve port performance, connectivity, minimise labour shortages and costs
- Extending warehouse capacity



Strategic Alliances / Feeder Vessels

- Stronger negotiations and bargaining positions



Sustainability and Resilience

- Smart and green trade logistics systems
- Decarbonised maritime routes between ports
- Development of reduced or zero GHG technologies
- Resource mobilisation strategy
- Capacity building



**THANK
YOU**