

**Inputs for Honourable Jangbahadoorsing Seetaram,
Minister of Business, Enterprise and Cooperatives
for his intervention at the IOR ARC conference (Session 1):**

Thursday 04th July 2013

Le Méridien Hotel, Pointe aux Piments

Time : 09 00hrs

- **Hon. Shri Anand Sharma, Minister of Commerce and Industry of the Republic of India and current Chair of the IOR-ARC**
- **Hon. Ministers and Heads of Delegation**
- **Ambassador Mr. Bhagirath, Secretary General of the IOR-ARC**
- **Your Excellencies**
- **Ms. Naina Lal Kidwai, President of the Federation of the Indian Chamber of Commerce and Industry**
- **Distinguished Representatives of the Private Sector and IOR-ARC Dialogue Partners**

Chairperson,

I shall give an overview of the evolution of the Mauritian economy over recent years. Secondly, I shall brief the members on the present policies being undertaken by the Government in order to boost up the contribution of the respective sectors to the economic growth. Thirdly, I will chart out the strategic directions that will pave the way forward in respect of three sectors which are the subjects of my presentation.

Evolution of the Economy

Having successfully become an upper middle income country, Mauritius now strives to become a high income nation. Ranked only behind South Africa in the Africa Region on The World Economic Forum; Mauritius is recognized as one

of the most competitive and business-friendly destinations. It is ranked 54th on the Global Competitiveness Index 2012-2013.

The **financial sector** is recognized as a well-regulated and trusted jurisdiction with a twenty-year track record in international investment and finance, Mauritius has successfully established itself as a safe financial centre.

It currently accounts for more than 10% of GDP and also directly employs in excess of 15,000 people. It covers a number of companies across various segments (banking, insurance, reinsurance, global business services, international law firms, support services etc), of which many are international players.

NEXT,

Mauritius as the investment platform for Africa and the broader IOR ARC region.

- Given that many companies from the IOR ARC countries are now strongly considering investment opportunities in and across Africa, it is an opportunity for Mauritius to attract these companies to structure their investment holdings and regional headquarters in Mauritius. Global Business Companies 1 (GBC 1) may be used for this purpose.
- The advantages of Mauritius as a platform for investments in the IOR ARC countries are manifold:
 - In terms of security, it is politically, socially and culturally stable.
 - It has a network of IPPAs allowing for investment protection and security against

expropriation as well as dispute resolution across 38 countries including 19 in Africa.

○ Mauritius has the necessary safeguards to be a trusted financial centre of substance such as:

- Favourable peer reviews from OECD
- White Listed Jurisdiction by OECD
- Mauritius has one of the most stringent Anti Money Laundering and Combating Financing of Terrorism legislation
- Membership to FATF (Financial Action Task Force) and IOSCO (International Organization of Securities Commission)

○ The agreements signed by BOI with other IPAs in Africa certainly provide more comfort to investors with regard to

investment facilitation, investment protection and dispute resolution.

1. In relation to accessibility,

- Due to its strategic and geographical proximity with Africa, Mauritius remains one of the best investment and trading platforms for the region. Our membership to regional initiatives and trading blocks like SADC and COMESA allows Mauritian companies to benefit from preferential market access to an immediate market of more than 600 million people. Similarly, we could tap the large potential represented by the countries forming part of the IOR-ARC block.

2. Concerning flexibility,

- Mauritius is ready to discuss specific requirements of global firms in terms of foreign labour and talents. We already have in place a scheme that allows firms to recruit foreign talents, if needed.
- Moreover, a pool of highly educated and skilled labour is available that can easily adapt to specific work conditions as required by international firms.
- Our multilingualism also makes our labour force highly adaptable when it comes to dealing with Asian, African and European markets.

3. Efficiency & Ease of doing business

- With its wide network of Double Taxation Agreements (43 in total) out of which 18 are with key African countries, the Mauritian

financial platform offers unrivalled fiscal efficiencies and prevents double taxation of the same income of firms investing in Africa.

- As a result of the bold reforms adopted in 2006, companies can now be incorporated within 3 working days. Occupation Permits, the right to work and live in the country, are equally processed and delivered within a week. We are one of the very few countries in the world to have incorporated a silent agreement principle in its legislation as well.
- The country has the most business friendly environment in Africa. The 2013 World Bank Doing Business report ranked Mauritius first in Africa. Globally, we stand at the 19th position, 1st in Africa Mo Ibrahim Index on

Good Governance & Index of Economic Freedom.

Now turning to the ICT sector, a nascent industry a few years ago, is now emerging as the third pillar of the Mauritian economy with a GDP contribution nearing 6.8%, a turnover of \$1 billion and directly employing more than 16,000 people with flow-on benefits for many more.

Acknowledging the proven capacity of ICT to become an even more powerful tool to accelerate both social cohesion and economic development, while increasing efficiency, productivity across all sectors and enable a high standard of living, the Government believes that ICT, in general, deserves greater focus from all stakeholders and should, therefore, be

apprehended in a more holistic way. In this context, the Ministry of ICT has enunciated a combination of measures to:

- initiate some major steps to bridge the digital divide,
- charter out policy initiatives to lower the cost of telecommunications,
- establish the right eco-system that would permeate the use of ICT throughout the country and to make access to the internet a basic citizen's right.
- position the country as a safe and reliable ICT destination capitalising on our bilingual workforce, modern ICT infrastructure and good *governance*.

In addition, the Broadband Policy released on the 20th January 2012 is one of the milestones to create this momentum whereby advocating a comprehensive framework to create digital on-line technologies and associated services which are not only accessible but also affordable to the citizens. These are critical drivers, central for major ICT uptakes and economic multipliers in the making of the Intelligent Mauritius branded as i-Mauritius.

Also, Mauritius has been connected to the SAFE submarine fiber optic cable network which links Mauritius to Europe via South Africa and to Asia via India and Malaysia. Deregulation of the telecommunications sector has resulted in the expected reductions in tariffs coupled with enhanced quality of service.

Overview of the Tourism Sector

Chairperson,

I will now briefly speak on the tourism sector which is a key factor to the Mauritian economy.

It has contributed over the years to around 8 % of the GDP and accounts for 15 % of the labour force.

The Mauritius tourism sector is currently confronted with multiple challenges amidst growing competition for a shrinking market base, especially Europe. As such several measures have been taken by the Government to give a boost to the sector, mainly through diversification of our tourism markets by increasing visibility in new and emerging markets (such as China, India, Russia),

enhancing the attractiveness of the destination and improving its accessibility.

With a view to enhancing the attractiveness of the countries of the Indian Ocean Region as a tourist destination, the Vanilla Island Concept has been launched.

1. Since August 2010, the Indian Ocean islands of Seychelles, Madagascar, Réunion Island and Mauritius have embraced the 'Vanilla island concept' - a regional tourism strategy and supra-brand aimed at revitalizing the Indian Ocean island's tourism potential. The Vanilla Island has been crafted to reinforce the islands' attractiveness for penetrating and securing new tourist markets through each of the island's unique selling points and to put into place either

a culture of evaluation or a system of marketing research that will assist the islands.

2. The Vanilla Island concept is based on four pillars:

- first, visa-free travel within the islands,
- second, the transportation network between the islands extended and enhanced,
- third, closer cooperation between tour operators, hotels and authorities and
- fourth, a homogenous marketing strategy.

3. Though the islands have a natural and cultural heritage in common, they each have their own distinct identities and are focusing on accessibility, quality, uniqueness, and competitiveness, together with the local culture of each of the islands, to make happen this new positioning.

4. In order to start building this new image of the Indian Ocean, some priorities were first identified and included, inter alia, setting up of a website, running joint promotions to further develop the cruise ship business, and the establishment of a "regional academy" so as to have people specializing in products of the region.

The **Strategic Directions** that may pave the way can be as follows:

1. Ensure branding and promotion of the region via trade fairs and other related forum whereby the region is represented together
2. Address taxes and tax reforms within the region to facilitate travel within the region and reduce cost of travel within the region

3. Encourage and utilise regional press and media, social media, and online media in the promotion of regional tourism directly to the general public
4. Member states must identify unique products that increase the competitiveness of the destination
5. Diversify tourism offering across multiple countries, reflecting the diversity of the region: create historical tours, religious tours, promoting cultural tourism
6. Promoting and marketing intra-regional tourism, technical and financial support for Regional development.
7. Ensure buy-in from all member states to brand and promote the Indian Ocean region as a single destination

Conclusion

The three above mentioned sectors are crucial for Regional Development. However, to reap the benefits of any collaborative venture, we are all aware that a dire need for full commitment from all stakeholders remains the challenge of the day.

Thank you!