

Investment Opportunities in Mauritius

It is with much pleasure that I bring to you very warm and cordial greetings from the Republic of Mauritius.

I am deeply appreciative of the opportunity provided to me today to talk to you about investment possibilities in my country. During my stay in the United States, I have noticed that not many Americans know of the existence of this tiny island that Mauritius is. I should therefore like in the first instance to make a brief introduction of Mauritius.

Strategically located in the Indian Ocean at the crossroads of Africa and Asia, Mauritius is reputed for its beautiful countryside and its 150 kilometers of white sandy beaches and transparent lagoon. Mauritius enjoys a maritime sub-tropical climate and is therefore an all-year-round holiday destination. If I have chosen to make mention of this, right at the outset, it is because there are very few Americans among the 600,000 plus tourists visiting us every year. May I suggest that for your next holidays, you plan a trip to Mauritius?

The country is remarkable in its ethnic diversity. It forms a unique mosaic of immigrants from the Indian sub-continent, Africa, Europe and China. The cultural diversity and harmony of the island make Mauritius a unique place in the world. It is also known for its social peace, political stability and racial harmony. Its steady economic growth over the years coupled with its nation's social cohesion and prosperity ensure continuing development.

Mauritius enjoys a literacy rate over 80 percent. Skilled labour, graduates and qualified professional including lawyers, engineers, IT programmers, consultants, accountants and chartered secretaries are available to suit virtually all business needs in

two international languages, English and French. In addition to academic training at the University of Mauritius and the newly established University of Technology, a comprehensive system of vocational training through the Industrial and Vocational Training Board (IVTB) ensures a ready supply of skills in a number of fields such as tourism, engineering electronics, jewelry, ICT, printing and textiles.

In view of the importance of foreign investment as a source of sustenance to economic growth, the government of Mauritius has taken a series of policy measures to encourage its flows into manufacturing, offshore banking and financial services, information technology, communication and tourism. As far as foreign investors are concerned, Mauritius offers itself as an attractive destination because several positive features such as political stability, availability of skilled labour and investment-friendly rules and institutions.

After a sustained growth path over the last three decades based on sugar, textiles and tourism, Mauritius is now shifting gears to move towards a higher stage of economic development so as to consolidate its position as a premier international hub.

Foreign Direct Investment (FDI) has played an important role in the development of Mauritius and will again be decisive when the country embarks on high value-added, capital intensive and knowledge-based activities.

The government plays the role of a facilitator and has endeavored at all times to create the most conducive investment environment by enacting appropriate legislations, building state-of-the-art infrastructure, investing in human capital and introducing packages of investment incentives for the manufacturing, financial services and ICT sectors so as to enhance the image of Mauritius.

In this respect, the Board of Investment (BOI) is the first contact point for anyone investing in Mauritius. Operating under the aegis of the Ministry of Finance, the BOI was established in March 2001 under the Investment Promotion Act to give a new impetus to foreign direct investment.

The BOI is the apex organization for the promotion and facilitation of investment in Mauritius. The primary role of BOI is to stimulate the development, expansion and growth of the economy by promoting Mauritius as a competing business and service center. It aims at streamlining the legal framework and to make better provision for the promotion and facilitation of investments in Mauritius. It acts as a facilitator and provides a one-stop shop service to both local and foreign investors ensuring reliable and speedy processing of applications.

The BOI receives processes and approves all applications for investing in Mauritius. It also assists investors in obtaining the necessary secondary permits and clearances from relevant authorities, thus ensuring a speedy implementation project.

Mauritius pursues a liberal investment policy and actively encourages foreign direct investment in all sectors of the economy. Attractive packages of both fiscal and non-fiscal incentives, tailor-made to the needs of each priority area of development, are offered to investors.

Excellent opportunities for investment in Mauritius exist in various sectors of the economy including manufacturing, information technology, knowledge industry, regional headquarters, tourism and leisure, financial services, Freeport activities amongst other sectors.

Some of the priority areas are in Information and Communication Technology, which is set to play a lead role in the economic development of the country in the medium and long terms. The availability of high bandwidth connectivity (with SAFE Project and international Gateways) at near global parity in quality and tariff, on the one hand, and the setting up of dedicated IT habitats including the Cyber city at Ebéne, on the other hand, plus total Government support to this industry are testimony of the importance of this industry to Mauritius.

Others include the manufacturing sector, textiles and apparel, the spinning sector, electronics and light engineering, medicals and pharmaceuticals, agro-business, leather products, and jewelry and watches.

The export-oriented manufacturing sector has been the backbone of the Mauritian economy for the past three decades. This sector remains a major constituent of the Mauritian economy in terms of foreign exchange earnings, employment and contribution to GDP, and is called upon to continue to play an important role in the consolidation and diversification of the industrial base of the country.

With privileged market access, in terms of the quota-free and the duty-free entry into the European Union (Cotonou Agreement), to the Eastern and Southern African markets (SADC and COMESA) and to the US market, in the context of the AGOA, investment opportunities exist in the abovementioned areas.

In the last thirty years Mauritius has earned international recognition as a reliable supplier of high quality products. Today, “Made in Mauritius” wearing apparels are available in major department stores, fashion houses, designer’s boutiques in Europe, the

USA, Japan, Australia, and Africa. New opportunities exist for higher value-added products.

The Africa Growth and Opportunity Act (AGOA) opens up new avenues for vertical integration of the Mauritius textile industry. With a captive local market of around 45,000 tons of imported cotton yarns yearly, Mauritius welcomes projects for the setting up of cotton spinning mills on the island in the fulfillment of the rules of origin created under AGOA. This will further consolidate the lead position of Mauritius as the Fashion Center in the region.

A niche exists for the manufacture and assembly of high value added and high tech products for export markets.

The scope for exports of pharmaceutical products is particularly high in SADC and COMESA region. Opportunities also exist for the manufacture of medical and biomedical equipment.

The processing of raw materials and agricultural products is extensively encouraged for export markets. Opportunities especially exist for the production of yeast, cut flowers and off-season products. A fishing hub is in operation in the Free Port for the processing and export of tuna.

The leather industry is a priority area for investment and opportunities exist for the manufacture of leather and leather products, including footwear, travel goods and leather garments mainly for exports.

The craftsmanship of Mauritian workers is well known in the diamond cutting, watch making and jewelry industries world-wide. Mauritius wishes to further attract investment in these sectors.

To conclude, I should like to make mention of certain incentives provided by government to foreign investors. In the manufacturing sector, these include, among others:

- No customs or duty or sales tax on raw materials and equipment
- No tax on dividends
- No capital gains tax
- Free repatriation of profits, dividends and capital
- 50 % relief on personal income tax for expatriate staff

New incentives for the ICT Sector consist, *inter alia*, of:

- the availability of tax holiday up to year 2008 for specified pioneering high-skills ICT operators typically geared towards the export market, such as software development, multi-media; and to high-level ICT training institutions;
- customs duty-free import of ICT and similar equipment;
- 50 % relief of personal income tax for a specified number of foreign IT staff;
- duty-free import of personal belongings of foreign IT staff
- effective fast track procedure for procession of visa and work permits for foreign staff, including spouses;

I am sure our Embassy in Washington will be only too pleased to provide you with any query you may have on possibilities of investment in Mauritius.

Thank You.