



Mauritius: Road Map to the Future

One of the world's most exclusive tourism destinations, Mauritius has resisted the global financial crisis and established itself as a leading African economy.

Secure, open and a pioneer of public-private partnerships in the region, Mauritius has inspired trust around the world through its strong regulatory frameworks, sound competition and continuous investment in infrastructure.

Thanks to its forward-thinking, market-focused government and investment bodies, the island is positively brimming with opportunities in a range of sectors that include agro-industry, financial services, real estate, commercial marinas, seafood and aquaculture, manufacturing, ICT and business process outsourcing (BPO), as well as renewable energy.

Business Outlook, a London-based communications company, had the pleasure of hosting a roundtable forum there in the spring. Attended by keynote speakers that include government officials and prolific members of the business community, the Business Outlook Leadership Series fora are interactive, open-forum discussions led by experts in their field. The fora are designed to stimulate dialogue on the key issues affecting economic growth and long-term development today. In discussing Mauritius' "Roadmap to the Future," there was plenty of optimism.

The country of just over 1.2 million has been heralded as the best-governed nation on the African continent for the last five years. Prime



Charles Gaëtan Xavier-Luc Duval, Vice-PM & Min of Finance & Economic Devpt.



Rajeshwar Jeetah, Minister of Tertiary Education, Science, Research & Technology



Nick Leake, British High Commissioner for Mauritius

Minister Navinchandra Ramgoolam is famously dedicated to democracy because "it provides a stable platform for investment," he says. And with much of the world in recession or crisis, Mauritius remains ahead of the curve.

"When the subprime mortgage issue started in the U.S., we had no idea it would develop into full-blown difficulties for so many countries," Ramgoolam told *Business Outlook*. "However, when it started evolving, we could see we would not be vulnerable. First, our financial sector is well regulated, and second, we started to invest in infrastructure and

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accelerated the reforms we began implementing in 2005. We brought corporate and personal taxes down to 15%. We then opened up to foreign talent and expertise, so that investors could work and buy property here. We abolished exchange controls a long time ago and there are now no taxes on dividends to pay and no inheritance tax, which is attracting a lot of people.

“We are not pulling back on reforms, but continuing on.”

Navinchandra Ramgoolam, Prime Minister of Mauritius

“We are not pulling back on these reforms but continuing on. We have achieved more flexibility in the labor market, and we want to make Mauritius an international arbitration center. It’s important that people with a dispute can resolve it quickly. Our people are bilingual at the very least; they all speak English and French, and many speak Mandarin and Hindi. We have a huge exclusive economic zone in the Indian Ocean and believe that this represents our future growth sector.”

During the roundtable event, Xavier-Luc Duval, Vice-Prime Minister of Mauritius and Minister of Finance and Economic Development, spoke about the government’s vision of making Mauritius a hub for business, education and logistics. A new state-of-the-art airport is under construction that will provide aircraft maintenance and aeronautical services, while the main seaport is set to have a \$200 million overhaul within the next few years.

“Our port provides a very safe, quick and efficient transshipment



Front row of the Business Outlook leadership series forum

service at the moment: however, the extra investment will mean that we can take the largest types of container ships,” Duval says. “We have a major road decongestion program under way and are building a dam to improve the water supply.

“The demand for electricity continues to rise, and we plan to build a 100-megawatt electrical generating plant over the new few years. Mauritius is at the heart of what we call the Golden Triangle. We are linked to the Middle East in the north, Asia to the east and then Africa. We are ideally situated and aligned with global prosperity and wealth.”



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The minister also oversees the Board of Investment (BOI), which plays a key role in spearheading Mauritius' efforts in promoting foreign direct investment (FDI) and foreign trade. Whether it is information, site visits, business networking or interaction with government authorities, BOI, with its dedicated professional staff led by CEO Ken Poonoosamy, offers a wide range of solution-oriented investment and trade promotion, plus facilitation services to investors and entrepreneurs around the world.

“Mauritians are working hard to tell their success stories.”

Nick Leake, British High Commissioner

The country's financial services sector, known for its transparency, is also going from strength to strength. The Financial Services Commission (FSC) has reviewed its framework to be more efficient and service-oriented and has strengthened its regulatory oversight through prudential regulation. As FSC Chairman Marc Hein said at the event:

“We want to be an internationally recognized financial supervisor committed to the sustained development of Mauritius as a sound and competitive financial services center. A report undertaken by Professor Sharman, ‘Shell Companies—Launderers Anonymous,’ found that ‘in terms of following international Know Your Customer standards on company formation, Mauritius applies the rules more effectively than the average IFC and far more effectively than the average OECD country...As such, Mauritius’ score of 28 compares very favorably with

countries like the United States, which got 10.9.”

The go-getting country is also positioning itself to become an international higher-education hub. At the roundtable event, Rajeshwar Jee-tah, Minister of Tertiary Education, Science, Research and Technology, explained how the talent pool of Mauritius gives it a competitive edge.

“Leveraging its tradition of excellence, stability and pleasant living environment, Mauritius holds the trump card to becoming the new regional base for world-class educational services,” he said.

The country has an excellent record on education in general; free education was introduced in 1976 up to the tertiary level, and that has allowed the country the competitive edge it has now. The literacy rate of those between 15 and 24 is 95.4%. Universities from the U.S., India and the U.K. are setting up campuses in the country, and it is certainly something that can be built on.

Nick Leake, the British High Commissioner in Mauritius, adds: “Mauritius is a great place to do business, and the Mauritians are working hard to tell their success stories. The reputation as a tourist paradise can make serious businesspeople hesitate before coming here, but of those that do take a look, many stay to trade with or invest in Mauritius. If the country can succeed in telling a parallel narrative about business opportunity, it could make its ambition as a services hub a reality.”

Connecting Entrepreneurs

The information and communications technology (ICT) sector has made giant strides in recent years. As Tassarajen Pillay Chedumbrum, Minister of ICT, explains, the sector became the third pillar of the Mauritian economy two years ago—in 2010, it contributed 4.8% to the GDP; today it contributes nearly 7%—and a new strategic plan will see



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the country become a communications hub in a matter of years.

“We want to make Mauritius the best-connected country in the world,” Minister Chedumbrum says. “We are already starting to see free Internet in schools for our children and have introduced Internet into the post offices so that those without home access can use it. We have set up Wi-Fi zones in various district councils and municipalities and have reduced the tariffs significantly so that Internet costs are 1.3% of the average income of citizens. That is significantly less than the international goal of 5%.

“When people come to Mauritius, they know that they can mix business with pleasure. We challenge the concept that this is not possible. We have been declared better-connected than China, India or Russia, and we are the first in Africa, even ahead of South Africa. We have been promoting our BPO capacities internationally and have received a lot of interest.”

The excellent connectivity is all the more impressive given Mauritius' location in the middle of the Indian Ocean. An underground cable connecting the country to Africa that went live last year has been largely responsible for this. One of the main proponents of this million-dollar revolution was Mauritius Telecom.

“We invested \$79 million in the submarine cable system and are expecting to invest \$40 million more in the system over the next three years,” CEO Sarat Dutt Lallah said at the forum. “We see more demand for bandwidth because of the sheer scale of data consumption. Today, everything depends on the Internet, for both the business community and everyday users.

“Our forecast for 2015 is already being consumed. Our investment in the cable system has proved to be crucial because usage and demand are growing and we have to provide more capacity.”

Currimjee Jeewanjee & Co. Ltd. (CJ) is another active player in the field of ICT. Its entry into the sector in the 1980s, with the setting up of Emtel Ltd., marked a clear shift from traditional trading activities but was very much in line with CJ's innovative and entrepreneurial culture. CJ continues to strengthen its position, and today the company is a key private-sector operator in the telecommunications field and is contributing to the drive to position Mauritius as regional leader in the technology field, in line with the government strategy for the sector.

Business Parks of Mauritius Ltd. (BPML), a government-owned infrastructure development company, was incorporated in March 2001 to spearhead the development of intelligent buildings and business parks in Mauritius. The creation of BPML was a key initiative of the government's vision to transform the Mauritian economy into an



Tassarajen Pillay Chedumbrum
Minister of ICT



Mohamad Ameen H. Rawat
Group Chairman and CEO
HM Rawat Group

innovation-driven one based on knowledge. The mission of BPML is to position Mauritius as a regional center of excellence for ICT outsourcing.

It is this innovative and entrepreneurial culture that sets Mauritius apart from other African countries. One of Mauritius' most endearing commercial success stories is HM Rawat Group, an offshoot of a family business that has been trading in Mauritius for 120 years. Group Chairman and CEO Mohamad Ameen H. Rawat explains:

“My father, Hassam Moussa Rawat, pursuing the family tradition in commerce and trade, set up his own business back in 1959 and is the founder of what is today referred to as HM Rawat Group. It is his off-of-the-mainstream approach, his untraditional way of thinking and his vision of bringing the world to Mauritius that has led the HM Rawat Group, which is 100% self-financed and now owned by my brother M. Ali and myself, to what it is today.

“We have always strived in actively participating in the advancement of the Mauritian economy and society. We do our best to make our beloved country, Mauritius, which is one of the few and rare places on earth nowadays where harmony between human beings is a reality and where people evolve in ‘peace, justice and liberty,’ to live by its national anthem and motto, ‘The Star and Key of the Indian Ocean.’”

The company is proud to be the authorized distributor and official importer of approved dealers of leading brands in both Mauritius and the region, bringing some of the world's most prestigious names to customers, including Aston Martin, Asus, Berloni, Ferrari, Miele, Nokia, Puma and Stressless, among others.

As Rawat says: “We have always tried to meet the changing demands of the market over the years, but we cherish that we have always been in advance of the game. Pure economics require that there is an adequate supply for the demand. But at the same time, we have the vision to create the demand by putting at the disposal of consumers the ability to safely buy high-quality goods and commodities that were unavailable. We are now a major player in modern Mauritius: we allow people to keep in touch using Nokia phones and by providing businesses with the Asus IT equipment to operate the smart way.”

Improving Air Travel

During the roundtable event, Air Mauritius CEO Andre Viljoen, outlined his views on the country's potential as a regional business hub with a rousing speech that demonstrated the company's astute business acumen and dramatic turnaround over the past two years:

“This statement made by the esteemed Judge Cecil Margo—‘A mile of road leads to nowhere, but a mile of runway leads to every-

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Andre Viljoen, CEO of Air Mauritius at the Business Outlook Leadership series forum

where’—emphasizes the strategic importance of aviation. This is even more true for an island like Mauritius. Aviation is the most rapid means of transport connecting our island state to people, societies, cultures, businesses and markets around the world. To better explain the role Air Mauritius will play in the future, it is important to relate it to our seven-step recovery program.

“In January 2012, Air Mauritius, like many airlines, found itself at a crossroads and had to make some fundamental choices as a result of an operating environment that had radically deteriorated. Fuel prices

had spiraled and remained persistently high, while the euro/U.S. exchange rate had weakened by more than 15% and travel demand from Europe remained under pressure. To explain the magnitude of the fuel challenge for us: Because we are predominantly a long-haul operator (our main market, Europe, is 9,000 kilometers away), fuel soared to 40% of our total costs, comparable with the national health budget. These factors resulted in our reporting a net loss of €30 million for the last financial year.

“Realizing that a do-nothing strategy was not an option, we realigned our network to better address the realities of the market and concentrated on new and existing gateways, including Paris, London, Mumbai and Delhi, Kuala Lumpur, Shanghai, Hong Kong and Beijing, Perth, Dubai, Johannesburg, Cape Town, Durban, Nairobi, Antananarivo, Réunion and Rodrigues. During the last year, we have increased the number of seats by more than 32,000, despite having suspended single-frequency flights to Frankfurt, Geneva and Milan.

“For the financial year 2012-2013, we increased seat capacity by 69,000 seats, thanks to a 44% increase on East Asia, a 48% increase on Australia, a 5% increase on Madagascar and a 10% increase on Nairobi. The 8% slump in tourism arrivals from Europe in 2012 was compensated by the new network, and with new flights to China, Air Mauritius is expected to record double- or even triple-digit growth figures this year. We provide 2,800 Mauritian jobs and produce around 19 billion rupees in goods and services, most of which are from local suppliers,” Viljoen says. “Of the 2.5 million passengers that travel to and from Mauritius each year, 1.3 million—that is slightly more than half—choose to travel with us. Air Mauritius has shown resilience to some of the most hostile years the airline industry has known. Almost 50 airlines have collapsed, but we are still here, still standing

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and serving the nation. We have managed to get back on the path toward recovery and sustained profitability without any bailout.”

Sir Seewoosagur Ramgoolam International Airport is a critical component of the Mauritian transport system, ensuring the movement of people, goods and services and serving as a vital link between Mauritius and the rest of the world. Serge Petit, CEO of Airports of Mauritius, explained the company’s expansion plans:

“Physical infrastructure is an essential requirement for any economic development. The government’s vision has always been to make our airport not only a gateway for the country but also opening up the country to world opportunities,” he said. “Over the years, our airport, which dates as far back as 1945 as a military airport, now stands among the five best airports in Africa and is a leader in the world airport category of 2 to 5 million passengers, according to the latest results of Airports Council International. The annual contribution of the airport to the national economy was estimated at about 15% of the national GDP for 2012, which amounts to about 92 billion rupees.”

Airport Master Plan

The rapid growth of the tourism sector in Mauritius over the past 30 years has only been possible through enhanced air access and increased passenger handling capacity. As Petit explained, the existing terminal has been extended and renovated three times since 1990, and it endeavors to provide as much comfort as possible to passengers despite space constraints. With a record number of 2.69 million passengers last year, the existing infrastructure is being used beyond its designed capacity, although a new master plan aims to alleviate this.

Salient features of the plan include terminal extensions to cater to up to 10 million passengers, the construction of a second runway, a

freeport and cargo zone with a dedicated air cargo terminal and light industrial processing facilities all spread over an area of 71 hectares, and more facilities for general aviation and helicopter services to meet the projected increase in demand. An area of 250 hectares has also been earmarked for long-term development and probably a second terminal, and last but not least, an airport city covering an area of 50 hectares comprising dedicated spaces for commercial and industrial development, and a business and science park, among others.

Joël Bruneau, head of property development at Omnicane, explained how his company will be developing the airport: “At the moment, when you arrive in Mauritius, you see nothing but the runway: we want to change this and create a good impression.” He is delighted to be partnering InterContinental Hotels Group in the building of a Holiday Inn at the airport. “IHG’s consideration for the local environment and the unique qualities of the site such as its mature botanical diversity has impressed us,” he says.

The island as a whole is certainly unique, too. Louis Amédée Darga, chairman of Enterprise Mauritius, the body that helps the private sector progress within the country, explained in a book he contributed to why he believes that to be true: “When you have no valuable resource endowment except land and people, when you have a very small domestic market which cannot be a lead driver in growth, when you are very far away from developed markets and are a tiny speck in the ocean, when you are no longer an important geopolitical pawn, particularly after the opening of the Suez Canal, you can either despair, or you can rise to the challenge. This has been the psyche of the Mauritian people since independence. Political leaders still repeat the leitmotif ‘Nobody owes us a living.’” ●

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A place to nurture your business



Social harmony



Environment



Business efficiency



Quality of life

“ In Mauritius there is TIME for business, TIME for people, TIME for family and TIME to appreciate life. ”

Mauritius ranks:

- 8th globally and 1st in Africa – Heritage Foundation Index of Economic Freedom 2013
- 19th globally and 1st in Africa – World Bank Ease of Doing Business Report 2013
- 1st in Africa – Mo Ibrahim Index of African Governance 2012
- 18th globally and 1st in Africa – Democracy Index 2012
- 20th globally – The FutureBrand Country Brand Index 2012-2013
- 2nd globally – WHO Air Quality Index 2011

