

La belle ÎLE

Known as one of the world's most popular tourist destinations, Mauritius has now also become a thriving economic hot spot. By KERRY DIMMER

Tamarind Falls, Mauritius



Mauritius is a major player in the textile industry

When Mauritius was welcomed as the first permanent arbitration office outside of The Hague this past December, it left many African legal arbitrators stunned. How was it possible that a tourist destination island could secure such an honour, and countries like South Africa could miss the boat?

It's not the first time that Mauritius has pipped others to the post. In the early 1990s it became the first international financial centre in Africa. Combined with its arbitration and financial centre 'firsts' it's clear that the country is focused on growth and has cleverly positioned itself as a vital link between Africa and the rest of the world.

But while Mauritius clearly seeks recognition, it's in no way desperate for it. It quietly identifies, refines and then uses its strengths and expertise to persuade the global community that it's a credible environment in which to conduct business. Of course this wouldn't be possible if its financial and judicial systems were not of the highest calibre.

Mauritius' fortunate geographic position is simply the proverbial cherry on the cake. Situated squarely between the continent and Asia, it almost cannot avoid the massive percentage of Chinese and Indian investment that flows across its borders.

In some ways Mauritius is torn between its present and its past. Its roots lie deep within Indian, French and European cultures and there are still beautiful Hindu temples that grace the island's sleepy towns. But that does not mean it's not African.

Vice Prime Minister Pravind Kumar Jugnauth explains: 'Mauritius is very much a part of Africa and is an active member of regional groups like SADC, Comesa, the Indian Ocean Commission and the Indian Ocean Rim Association.'

'We're also pursuing regional co-operation and integration at these levels, and we also invest significantly in Africa in terms of our textiles and financial services.'

Jugnauth is also minister of Finance and Economic Development and is very passionate about these matters. 'We're taking a regional approach to the development of our emerging sectors which include ICT and business process outsourcing, healthcare, renewable energy, environmental and knowledge excellence industries, real estate, marine and shopping.'

The Mauritian political scene is that of a stable democracy with a healthy parliament. Although its history is characterised by shifting alliances, opposition parties work together for the benefit of the island's economic welfare. Take for instance last year's general elections. Jugnauth's party, the Mauritian Militant Movement supported the second-term winner Prime Minister Navindchandra Ramgoolan of the Mauritius Labour Party.

Coalitions have been largely responsible for Mauritian growth. With such collective spirit it's no wonder Jugnauth believes the country is among the frontier economies. 'I believe we're very close to being an emerging economy – something that should happen in the next four to five years,' he says. 'This is the way Mauritius is being viewed by investors.'

The island is highly trade dependent with an export-oriented development strategy that includes its traditional exports of textiles, sugar and product manufacture. Trade in 2010 was US\$4.1 billion of the total US\$6.3 billion, which equates to an impressive 75% of GDP. If you throw tourism into the mix, the Mauritian economy takes on a very Eurocentric tone.

'We export mainly to the developed economies in Europe and the US but imports are mostly from South Africa, India, China and Europe,' explains Jugnauth. 'For future trade, our policy is to diversify into BRIC countries. In fact, the running theme of our budget is rebalancing growth along with rebalancing the global economy.'

In the first half of last year, Mauritius became aware of a major shift in terms of foreign direct investment (FDI) sources, with 51% generated from developing countries. 'This is in contrast to the 30% in 2009 and can be attributed to the FDI Africa is attracting from China and particularly India, whose FDI increased from 4% in 2009 to a hefty 33% last year,' says Jugnauth.

The Mauritian Financial Services Commission (FSC) reports an increase in investment holding companies and fund administrators operating from the island. Milan Meetarbhan, the FSC's CEO says there are four key reasons why investors are attracted to Mauritius.

'Firstly, they want an African domiciliation for their funds, one that has the proper regulatory framework with quality service providers at competitive rates.'

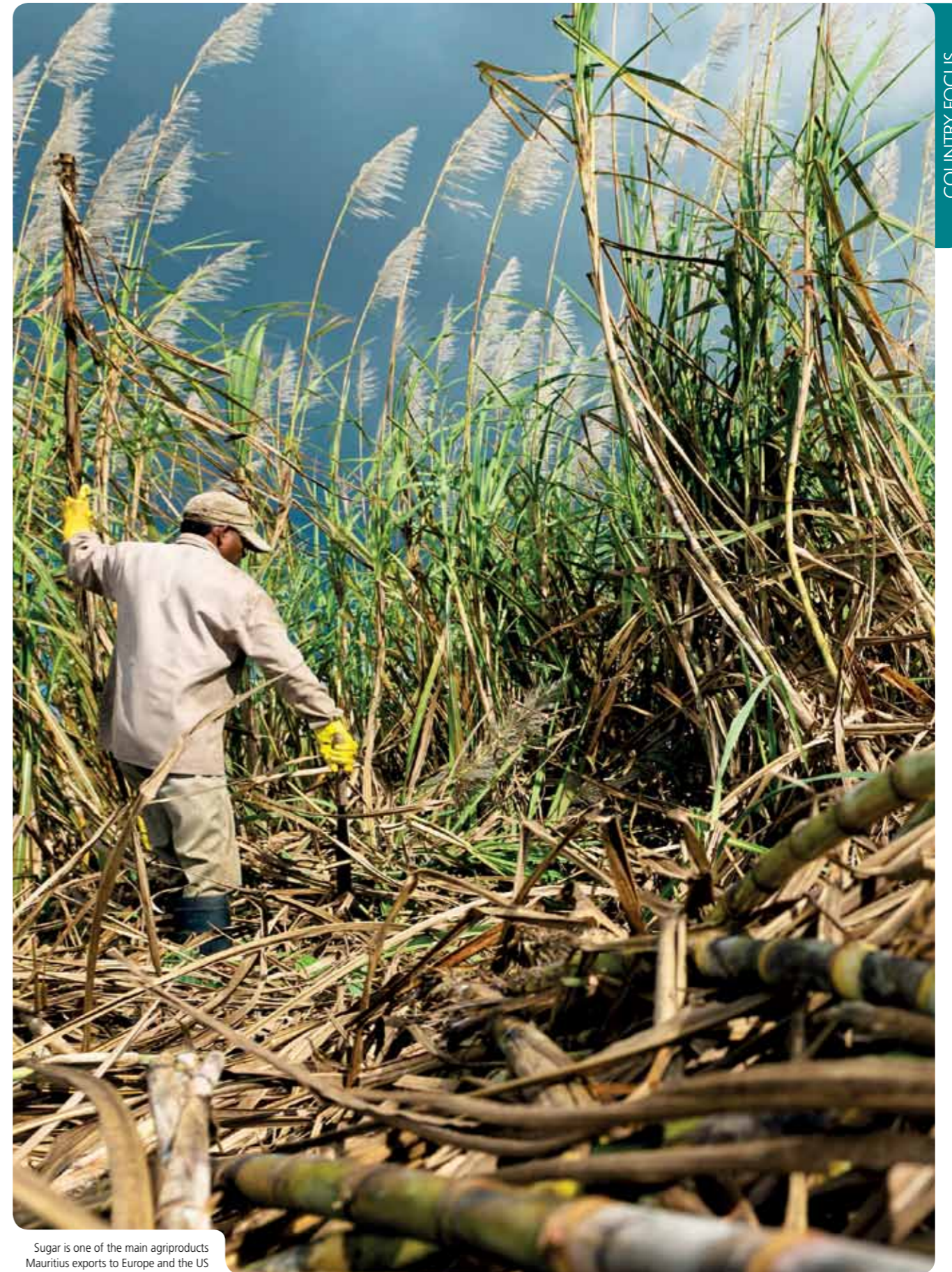
'Secondly, Mauritius is bilingual, speaking two of the leading languages in Africa. Thirdly, we have a mixed legal system based on French and English law, both of which are the two leading legal systems in Africa.'

'Finally, it has to be noted that Mauritian professionals have been dealing with Africa for a long time, particularly in the provision of auditing and accounting services.'

What makes Mauritius even more attractive is the number of investment protection and double taxation agreements that are in place with a number of countries across the world.

'Several of those agreements are with African countries and we're looking forward to increasing the number of treaties we have with other regional countries in the coming years,' explains Meetarbhan.

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Sugar is one of the main agriproducts Mauritius exports to Europe and the US



Business tourism is a growth industry on the island

Mauritius has notched up a number of excellent ratings in recent years. The Board of Investment (BOI) points out that the island is among the top three in Africa in all socio-economic indices. For instance, placed 17th out of 183 countries surveyed, Mauritius is the first-ranked African country in the World Bank *Doing Business Survey 2010*.

Last year, the country lead Africa in the Indices of Knowledge Economy's *Global Enabling Trade Report*, the Mo Ibrahim Index of African Governance, and the Democracy Index.

It would be a mistake to go to Mauritius solely for business and not take advantage of the island's incredible hospitality. It's considered one of the best island destinations in the world and it oozes colour and calm, from the marketplace to the picture-perfect beaches of white and blue, accessed from innumerable high-quality hotels.

Mauritius is not a seasonal destination given its tropical climate, and BOI attributes its successful tourism growth to a mixture of 'private-sector genius and government vision'. You'd think with tourism expertise that borders on the sublime, there would be little more to do to grow this sector, but that is not the case.

According to BOI, business tourism or MICE (meetings, incentives, conferences and exhibitions) is a growth area in tourism that's

been underexploited. Given the development of Mauritius as a regional business centre, it's obvious that there is an increased need for business hotels to cater for MICE requirements, and traditional hotels are coming to the party.

Promoting MICE is evidence that Mauritius has a sound and well-developed infrastructure with the roads and airports well maintained. In fact, the World Economic Forum's Global Enabling Trade Index, in 2010, reported that Mauritian infrastructure was ranked as the best in sub-Saharan Africa – and that's something not to be sniffed at.

The development of a 'green' Mauritius is also under way with the introduction of '*Maurice Ile Durable*', translated as 'Mauritius – Sustainable Island'. This project is tapping into multiple sources of renewable energy, including solar, wind and hydropower as well as waste-to-energy.

Introducing, for example, solar heating systems will aid in raising the current local renewable energy consumption of 22–40% by 2018 and 65% by 2028. Other such projects include wind farms, a 20 MW waste-to-energy plant, grants for domestic solar water heating and two hydropower plants.

The public and private sectors have also joined forces in pioneering global technologies, such as using seawater for air conditioning.

For this the country is developing a 56 ha site called the Mauritius Land Based Oceanic Park, the first phase of which will be operational in July. There are many lessons yet to be learnt from Mauritius, not least of which is the relentless pursuit of excellence across all sectors. **AD**

FACT FILE

CAPITAL	Port Louis
POLITICAL STATUS	Democracy
HEAD OF STATE	President Sir Anerood Jugnauth
OFFICIAL LANGUAGES	English and French
INFLATION RATE	2.5%
GDP PER CAPITA	US\$13 500 (2010 est)
CURRENCY	Mauritian rupee (MUR)
TOTAL AREA	2 040 km ²
POPULATION	1.3 million
POPULATION GROWTH RATE	0.75%
LITERACY	84.4%