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50th Anniversary of Independence

1968 ~ 2018

Published on behalf of

Government of the Republic of Mauritius

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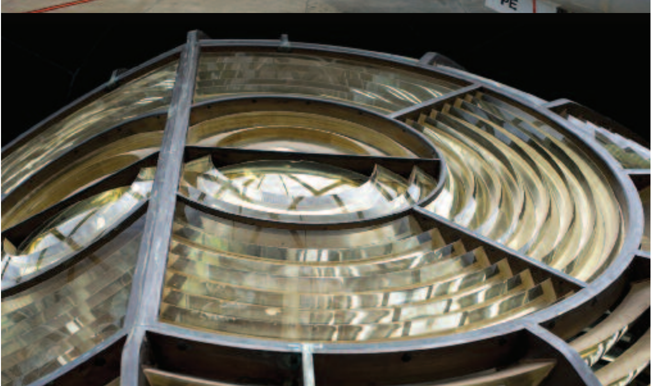


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Preface

The Honourable Pravind Kumar Jugnauth, Prime Minister, Minister of Home Affairs, External Communications and National Development Unit, Minister of Finance and Economic Development, Republic of Mauritius

When Mauritius acceded to its independence in 1968, the challenges that befell the country and its leaders were enormous. We can today, as Mauritians, be very proud of our post-independence history as we have as a nation showed tremendous resilience, adaptability and foresightedness over the years to create a true nation, a rainbow nation.

Over the last 50 years, the country and its people have gone through various stages of change and, essentially, a transformation which has been led by nothing short of an economic miracle. Our country has transitioned from a sugar-based economy to a diversified economy which can now aspire to become a high-income economy.

The change has been such that our capabilities as a nation has meant that economic activities such as tourism, textile, manufacturing, financial services, freeport, ICT/BPO and seafood are now the pillars of the development process of Mauritius.

If it is true to say that the appealing panoramic sceneries and warmth of my countrymen capture and characterise hospitality that is uniquely and proudly Mauritian, this special publication equally allows different stakeholders operating in various sectors of the economy to showcase our impressive socioeconomic trajectory and the various investment opportunities.

Mauritius stands out today as an epitome of economic success in Africa; the country exudes trust and stability and has an aura of confidence which allows us to be recognised among the international community. Our appeal and track-record as a country are impressive but these have not been bestowed upon us for free. It has been earned through the sheer effort of our people, the famed Mauritian genius.

We have developed and created a smooth but robust regulatory framework. We have benefitted from a transparent legal regime and developed a wide range of bilateral networks with a number of countries whether it is in investor protection or our treaty networks. Our engagement with our international partners has been translated in very strong support to our country especially as regards the end of our colonisation.

As a responsible member of the international community – and due to our country's attachment to the very core of human rights – we have adhered over the years to a number of treaties that preserve the rights of individuals. Our government and leadership have over

Mauritian flags in celebration of independence day. **© Gowtum / Shutterstock**

the years improved on the conditions of our people so much so that we are an indisputable leader in the African region in human development.

In the midst of several economic challenges which has beset the world since 2008, my Government is focusing on aligning our economic development strategies and transformation agenda to build a strong and dynamic economy. This is exemplified by the recent setting up of the Economic Development Board (EDB) which aims to ensure greater coherence and effectiveness in the implementation of the country's developmental policies and strategic actions. As a vital institution for economic planning and investment promotion, the EDB is set to act as an enabler to drive effectively and efficiently the visions and projects of the Government.

Our reform agenda is already well under way and seeks to fulfill the overarching objectives of consolidating our existing sectors of activities, as well as identifying and developing new economic avenues with high-growth potential sectors. We aim for a sustainable economic development centred around higher value-added services and products, driven by innovation and new technologies, in a conducive business environment.

We believe that fintech will allow our financial services industry to enhance its role as a key economic pillar as we pave the way for our second economic miracle. A lot of effort is being invested into the transformation of Mauritius into an International Financial Centre (IFC) of choice, notably for the region. In fact, the Mauritius IFC is committed to playing a key role by enhancing value of cross-border investments into Africa and emerging markets and offering sophisticated services and bespoke financial products to the international business community through a financial platform driven by good governance, international best practices and technology.

At the same time, we are leveraging on one of our largest asset base which is our Exclusive Economic Zone of 1.96 million square kilometres to develop our blue economy. We are confident that coordinated efforts from both the public and private sector will result in multiplied economic benefits.

Celebrating half a century of our independence gives us confidence to set our priorities and take the country's economic development to greater heights so as to propel the country to high-income nation status. We are building an inclusive society which addresses the needs of our citizens and to attain sustainable development goals through long term dynamic and equitable growth. We are equally creating greater opportunities for all, reducing inequalities, raising basic standards of living, as well as fostering equitable social development and inclusion. On top of our agenda are the measures to eradicate poverty fully. The introduction of a national minimum wage for both the public and private sector and the negative income tax are concrete examples of the Government's political will to narrow the income gap in practical ways. Just as important, the welfare state is the necessary enabler that contributes towards raising the incomes and living standards of the most vulnerable citizens of Mauritius; it is one of our clear priorities to continue providing free access to healthcare and education as well as providing income support through pensions and transfer payments.

Our cultural diversity has translated into a force of character of our people which has created a nation of tolerant and peace-loving people. As ever, we are consistently capitalising on training our human competencies and continuously embracing technological advances. In this context, the country is offering high standard training in a number of fields, namely ICT, construction, film industry, tourism and financial

Tower crane on a construction site. **© Usa Pakaranodom / Shutterstock**

services. As of now, more than 4,000 young people have benefitted from those training programmes. It is our pledge to put our people at the centre of the national development agenda.

With this new economic drive, Mauritius is undertaking a vast work of modernisation to provide world class infrastructure to its citizens and foreign investors. The country has embarked on various projects requiring massive investments, including the creation of smart cities to build stronger communities in which people can work, live and play across the Island.

Another flagship project is the construction of the light rail transit system, known as the 'Metro Express', which will eventually connect all the cities and towns of Mauritius. In addition, the Government is pioneering the Cote d'Or Smart City and a world class sports complex prior to Mauritius hosting the Indian Ocean Games in 2019.

Security is an essential aspect of our strategy, the 'Safe City' project involves the setting up of 4,000 surveillance cameras which will be installed on 2,000 sites, across the Island, to prevent criminality and to provide a safe and secure public space to everybody. The Government of Mauritius remains determined to fully engage all stakeholders in the next development phase to establish a modern Mauritius, whereby every citizen can live decently and happily.

This economic and social landscape transformation continues to attract businesses as well as investors and individuals to live and work in our midst. It also establishes Mauritius as the regional platform for trade, investment and services for business in Africa - making us the real gateway to the continent. Furthermore, as a member of different regional economic communities, including COMESA and SADC, Mauritius is able to take advantage of its strategic geographical location, at the crossroads of Africa and Asia, two continents characterised by booming businesses and economic activities.

Mauritius leads a number of rankings in Africa by international institutions including the 'African Index on Economic Transformation'; the 'Mo Ibrahim Index of African Governance'; the 'World Economic Forum Global Competitiveness Report'; and the 'Fraser Institute on Economic Freedom of the World Ranking', amongst others. Furthermore, in 2017, Mauritius has climbed from 49th to 25th place according to the 'World Bank's Ease of Doing Business Report' which shows that Mauritius received MUR15 billion in terms of foreign investments. Locally our stock market indices are reaching record heights and local business confidence is at its apex as evidenced by the Mauritius Chamber of Commerce and Industry's Business Confidence Index.

Despite all of these confidence boosters, we are determined to do better and lead the pack on the world stage. We will not rest on our laurels.

To end this preface, let me wish my countrymen all the best for the next 50 years; nothing could have been done without them. I am humbled to be the Prime Minister at this very historic moment of our nation.

To our international partners and friendly countries, we welcome you to join us in the celebration of our country's 50th Anniversary of Independence.


Mauritius

Foreword

The Right Honourable Sir Anerood Jugnauth, GCSK, KCMG, QC, Minister Mentor, Minister of Defence and Minister for Rodrigues, Republic of Mauritius

First and foremost, I wish to commend the initiative of the Economic Development Board (EDB) to entrust to the prestigious UK Times Group the task to produce a comprehensive report on the Republic of Mauritius on the 50th Anniversary of its Independence.

Having witnessed the evolution of Mauritius from a British colony towards an independent State and Republic which has now emerged as one of the leaders in Africa, I can proudly say that as a young nation we have achieved a lot.

When I first became Prime Minister in 1982, Mauritius was a third world poor country which many had condemned too hastily. Yet with strong leadership, appropriate policies, bold decisions and hard work put in by the population, we managed a turn things around. I was proud to help liberate my country from the shackles of underdevelopment and despair to usher an era of socioeconomic transformation which has been referred to as 'an economic miracle'.

With no other resources than its human capital and its determination to achieve success, Mauritius has, in a relatively short span, transformed itself into a dynamically diversified, competitive and innovation-driven nation. The economy has ascended a growth curve through multiple phases of diversification, showing its resilience and ability to brace itself against exogenous economic forces and challenges. In fact, its transition from predominantly sugar cane agriculture to a services-orientated economy has been rather phenomenal in the aftermath of the dismantling of various trade agreements and preference regimes.

Besides sugar, tourism and textile manufacturing that have fuelled economic growth over the years, in the last two decades, financial services, information and communications technology (ICT), seafood, hospitality and real estate, healthcare, renewable energy, education and training have emerged as important sectors, attracting substantial investment from both local and foreign investors. Although we have achieved a lot, we cannot rest on our laurels. As the former Prime Minister with the longest tenure of office and former President of the Republic, I believe Mauritius has many opportunities to tap into in order to embrace new heights of socioeconomic development that would propel the country towards the league of high income economies.

For this to happen, a series of strong economic fundamentals must be in place, encompassing a sustainable economic development model and wealth creation with a more equitable distribution of national income. These fundamentals are strongly reflected in VISION 2030 for Mauritius which I presented in August 2015.

Port Louis, Mauritius.
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The sustainable economic development model that the present Government is working on is one that is based on developing new economic poles such as the launching of a regional bunkering hub, the exploration of the ocean economy, the development of ICT enabled services with Mauritius making further inroads to become a cyber island; the consolidation of the existing and traditional sectors as well as expansion of business in Africa; revamping of investments and unlocking key investment projects by further improving our business climate; and finally developing an entrepreneurial and innovation driven culture.

It is clear that the financial services industry is going to play a key role to attain the next stage of socioeconomic progress. Our strategy is to position Mauritius as the regional platform for trade, investment and services to do business in Africa. We are developing capital markets to attract world class liquidity providers, international brokers, investment banks and fund managers. To accommodate those new players, we are transforming Mauritius into a smart island, by embarking on mega projects involving smart cities, together with new cyber cities, including techno parks.

I firmly believe that the future success of Mauritius is intrinsically linked to that of the rest of Africa. As such, Government has given a new thrust to our Africa Strategy, especially through the Mauritius Africa Fund, to spearhead infrastructure projects in partner African countries and in increasing our air and sea connectivity with the continent.

I am sure that together, the offshoots of the aforementioned factors, will build the momentum for Mauritius to achieve a second socioeconomic miracle.

I am also confident that with the professionals we bore on our Island and with the determination and vision of the present Government, that target is well within our reach.

I wish the very best to my Motherland and to the formidable people of the Republic of Mauritius.

Foreword

The Honourable Dharam Dev Manraj, GOSK, Financial Secretary, Ministry of Finance and Economic Development, Republic of Mauritius

Mauritius has, in the last 50 years, since independence in 1968, completely transformed its economy, significantly raised the standard of living of its people and increased per capita income by 50 fold to the current level of US$10,500. It has thus moved up from the status of a low income country to that of an upper middle income country. This achievement has been due mostly to successful industrialisation strategies aimed at diversifying from a sugar mono-crop economy.

In the early years following independence, Mauritius developed the manufacturing, tourism and financial services industries, which along with the sugar industry became known as the four economic pillars.

The diversification efforts continued in the late 1980s and 1990s with a focus on developing Mauritius as an International Financial Centre, a sea-food hub and promoting the ICT industry.

At the turn of the new century new industries have emerged, namely local renewable energy – which is a major import substitution endeavour with significant positive impact on the environment and on our Balance of Payments, while reducing our country's dependence on imported energy – a knowledge hub for the region and medical tourism.

Also, in recent years, Mauritius gained further impetus as it embarked on an endeavour to broaden its economic space, through the ocean economy and its Africa Strategy.

Today, there are around a dozen economic sectors contributing to growth and development.

Going forward, our goal is to put Mauritius in the league of high-income countries by 2023 as announced in the Budget Speech 2017/18, while at the same time ensuring greater inclusiveness and creating a living environment that will meet the higher aspirations of the population.

Every sector of the economy will have a role to play in realising this vision. In particular, the growth and development of the financial services industry will be crucial, for it is the highest productivity sector in the economy, with the potential to create more highly

Port Louis skyline, Mauritius.
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remunerated jobs for our youths and for increasing high value-added exports. The financial services industry will also be vital for Mauritius to further integrate the regional and global economy.

Furthermore, the fintech revolution opens new windows of opportunity for our financial services industry and economy that we must fully capitalise on.

It is manifest, that our capacity as a nation to harness new technologies and to build up knowledge and the human resources of the future will be determinant and decisive.

Indeed, to avoid the middle income trap and achieve high income status it is imperative for Mauritius to raise its productivity and to become an innovating economy.

Mauritius has a clear strategy to avoid the middle income trap. First, we are building the domestic productive capabilities by adapting our education and training systems. Second, we are modernising our infrastructure in an unprecedented way. Third, we are creating a business facilitation framework of international standards and fourth, Government is promoting domestic innovation capabilities across all sectors of the economy.

These core features of our strategy along with appropriate policies to fight poverty, reduce inequality and curb various social ills, will certainly lead to a more resilient economy and society and better quality of life for all citizens.

We can therefore look to the future with even greater confidence than we did when our country became an independent nation, inspired by our own impressive achievements as a nation during the past 50 years, by the ingenuity of our people and supported by the development experience that we have built over the years.

Introduction

Charles Cartier, Chairman, Economic Development Board (EDB), Mauritius

I wish above all to acknowledge the fruitful collaboration between the Economic Development Board (EDB), the Times Group (UK) and local stakeholders who believed in this laudable initiative and provided their support in its realisation. This commemorative publication comes at an opportune time when Mauritius is celebrating its 50th anniversary of independence against the backdrop of major economic challenges, as well as emerging technology breakthroughs. This book provides us with an excellent opportunity to showcase the economic resilience of the country and the impressive socioeconomic trajectory that has enhanced the strategic importance of Mauritius as a key player in the region.

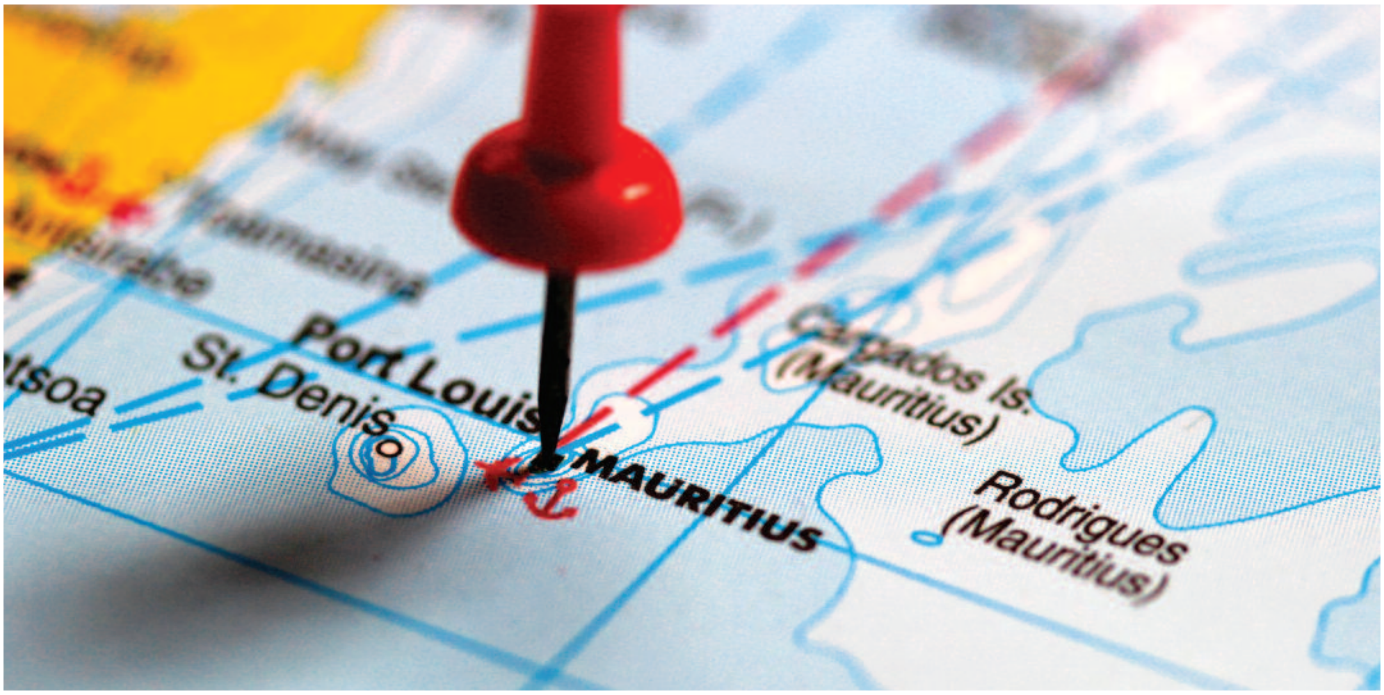
The Government of Mauritius is committed to take appropriate measures to ensure that the country enters into its next stage of development, to become a high-income economy. As such, the establishment of the EDB is one of the key measures announced by the Prime Minister and Minister of Finance, during the Budget Speech 2017/2018.

Mercurial global conditions have forced a rethink of our economic strategy and the need was felt to develop an even stronger – yet flexible – backbone, to ward off crises. One of the core initiatives of the EDB is the setting up of a new Strategic Planning Directorate to ensure greater coherence and effectiveness in economic policy formulation, for the next 15 years. The Strategic Planning Directorate will be instrumental in providing strong institutional support to strengthen domestic capacity to support economic growth.

Furthermore, it has become increasingly clear that the country needed coordinated actions to consolidate its brand image. Accordingly, three government organisations, namely, the Board of Investment (BOI), Enterprise Mauritius (EM) and the Financial Services Promotion Agency (FSPA), have ceased to exist as separate entities with the establishment of the EDB as a flagship institution.

In fact, the separate mandates of these bodies formerly encompassed investment promotion; encouraging local enterprises to invest in Africa; expanding export markets; as well as, promoting Mauritius as an International Financial Centre (IFC). It was rightly decided that with the available resources these activities could be combined and optimised within a more coherent framework to create greater synergies.

The EDB is starting on solid ground as it will benefit from the acquis of these organisations. A common strategy will certainly yield an output that is greater than the sum of its parts. Hence, the EDB shall be adopting a proactive approach to shaping our future by undertaking actions that will focus on sectoral development, by capitalising on our competitive advantages and most importantly,



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identify opportunities in new economic sectors, to further diversify our economy.

One area in which we are directing our efforts is innovation. We are standing on the edge of the fourth industrial revolution where technology breakthroughs – such as distributed ledgers technologies, artificial intelligence, robotics and the Internet of Things (IoT) – are disrupting almost all the traditional aspects of doing things and the way we are connecting with each other as well as with machines. For instance, the agro-industry is becoming increasingly technologically intensive, after having gone through mechanisation. The same is occurring in financial services, where blockchain is revolutionising the way banks and financial institutions interact with each other and the public.

As we are paving our path towards the future, a paradigm shift is required to adapt to changes and espouse the new technologies, while focusing on the creation of higher quality jobs and income opportunities by empowering our people to embrace new types of jobs, requiring new skill sets. To maintain and develop our competitive edge, the EDB has the vital role to optimise human competencies and expertise.

In this new dynamic global economic context, we are bound to embrace challenges and seize every opportunity to enhance the standard of living of our citizens and to build an economy at par with the highly performing nations. One of the core objectives of the EDB is to implement strong economic measures that will foster inclusive growth and productivity for the lasting benefits of our people.

It is therefore primordial to engage our people into this next phase of economic development because the future progress and development of our great country does not lie solely on economic growth but on how we build social cohesion and trust between our nation and its people.

As we celebrate our nation's independence, I wish all Mauritians the best the nation has to offer. This golden jubilee gives us a great opportunity to contemplate our achievements, as well as formulate a new vision for Mauritius.

I also welcome all our foreign partners whose support to our development efforts over the past 50 years remained unstinted, to join us in the celebration of our country's 50th Anniversary of Independence.

Charles Cartier

Joseph E. Charles Cartier, Chairman, Economic Development Board (EDB), Mauritius.

Mr Cartier is currently the Delivery Centre Director at Accenture Mauritius and has over 20 years of professional experience in the ICT/BPO sector. Prior to his current position, he was the Managing Director and Country General Manager of TNT Business Solutions.

During his tenure as the President of the Outsourcing and Telecommunications Association of Mauritius (OTAM) from 2014 to 2017, he won an African Leadership Award for his contribution to the ICT/BPO industry. He was appointed on the Board of the Bank of Mauritius in March 2015.

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Mauritius: addressing strategic priorities

By Seetanah Lutchmeenaraidoo

Mauritius is at the crossroads. In light of this, the Government of Mauritius has put in place a visionary plan to break away from the mid-income trap in which the economy has been caught for some years now.

We are living in uncertain times with fierce headwinds in the global economy. The world economic order is being dictated by unpredictable events. We are yet to fully comprehend and assess the impact of Brexit and other recent major developments in Europe and the United States on the world economic and trade order. We will remain for some considerable time to come in an 'expect the unexpected' mode.

The Government of Mauritius is committed to jump-start the economic apparatus in the face of such challenges. Our three National Budgets and our strategic blueprint Vision 2030 have set out a new economic architecture for Mauritius in view to bringing more energy and vibrancy in our growth model and delivering greater prosperity and opportunities to the people.

This new architecture rests on three main pillars namely, the Ocean Economy, the Regional Maritime Hub and the Africa Strategy. We have chosen the least travelled road to reach our destination. This new paradigm calls for a vibrant economic diplomacy to underpin economic growth in an era of heightened volatility on many fronts.

Cargo ships in Port Louis, Mauritius.
© The Visual Explorer / Shutterstock

This has been the priority focus of my Ministry. We are redesigning our foreign policy to make it more responsive to the imperatives of economic development and jobs creation in line with the new architecture of the economy.

The new Economic Diplomacy rests on the premises of openness and broadening of our development perspectives. It envisions Mauritius as an Ocean State with substantial possibilities of wealth creation from our vast Exclusive Economic Zone which extends over an area of about 2.3 million square kilometres.

In articulating its commitment to expanding the Blue Economy, Government has adopted a cluster approach, whereby selected sub-sectors have been identified as having the highest potential to achieve and contribute to overall growth. These include existing activities like fishing and seafood processing but also new streams such as sea bed explorations and ocean based energy.

In line with its aspirations as an Ocean State, Mauritius also endeavours to become a Maritime Hub for trade in the region. Some 35,000 vessels pass through our Exclusive Economic Zone every year. We want our ports to capture a significant portion of this vast amount of traffic and have embarked on an unprecedented port redevelopment programme. The Maritime Hub project comprises the following major infrastructure developments: modern fishing ports with seafood processing facilities; ship bunkering services; a cruise terminal; upgraded cargo-handling operations; and a new world-class Freeport zone.

Mauritius has the ambition to become an economic powerhouse in the region and is therefore integrating more and more with the region and with Continental Africa. We have a bold plan to enlarge our footprint across the Continent through trade, investments, export of services and movement of people. In the face of rising protectionism and nationalism in the Western world, Africa, as the next frontier of global growth, has a significant South-South cooperation card to play.

In March 2017, Mauritius hosted the first African Economic Platform which is a ground-breaking initiative of the African Union to bring businesses and governments together and find ways to move the continent development agenda forward with a shared vision. Mauritius, which has a long tradition of public sector – private sector dialogue, is actively supporting this new movement across the Continent.

We shall host the second edition of the African Economic Platform next year too, thus showing our commitment to encourage entrepreneurs' engagement in policymaking issues which are important to them.

The African Economic Platform also provided ample evidence that there are plenty of opportunities for partnerships and that there is a mutual commitment from government and business across the Continent, to address challenges that prevent our economies realising their full potential.

Mauritius is joining hands with like-minded countries on the Continent to forge new partnerships based on mutual respect, sharing and a deep commitment to win-win outcomes across all areas of cooperation which are being pursued.

To make such partnerships happen and contribute to the region's economic integration goals, it is vital that trade conditions are significantly improved. On 9 October 2017, I signed off Mauritius' accession to the Tripartite Free Trade Area that brings together three major regional economic blocs in the eastern and southern parts of Africa, namely the Common Market for Eastern and Southern Africa (COMESA), the Southern African Development Community (SADC) and the East African Community (EAC).

The main benefit of the Tripartite FTA is the establishment of a larger market, with a single economic space. It encompasses an integrated market of 26 countries with a combined population of 632 million people and a total GDP approaching US$1 trillion.

African Union Headquarters, Addis Ababa.
© Nick Fox / Shutterstock

Anchor Monument, Tamarin Bay Beach, Black River District, Mauritius.

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The new free trade zone will facilitate the movement of goods, services and people across the region. This will benefit Member States, foreign investors and African citizens, by harnessing the potential of the region's labour force and provide consumers with cheaper and better quality products. The Tripartite FTA will also generate more opportunities for business through an improved and harmonised trade regime, allowing the region to benefit from an inflow of international investments and business initiatives.

Besides tapping into new market openings, Mauritius is pursuing an ambitious programme of establishing Special Economic Zones (SEZ) in selected countries as part of our agenda to expand our African footprint. In Ghana, we are seeing significant progress on what is set to become an illustrious showcase of regional economic integration.

We have on our agenda the ongoing implementation of two major projects: the setting up of a Cyber Tower in the R&D campus of the University of Ghana in central Accra; and the establishment of a Technology & Business Park in Dawa, where the Government of Ghana proposes to build a Smart City. We are also looking at the opportunity of building a Technology Park in Kumasi, in the Ashanti region of Ghana.

The Prime Minister of Mauritius, Mr Pravind Jugnauth, officially launched a new SEZ in the region of Grand Bassam in Ivory Coast in November last year.

Similarly, in Senegal, a SEZ project is taking shape with the setting up and management of an industrial park dedicated to export manufacturing activities in the region of Diamniadio.

Our Africa Strategy is working. We have identified a few more countries that we are already working with, as part of our plan to broaden and deepen our African footprint. These include Ghana, Cote d'Ivoire, Senegal, Kenya, Tanzania, Comoros Islands, Seychelles, Reunion Island and Madagascar. We have set up Joint Commissions with some of them to facilitate business ties and address obstacles to cooperation.

Joint Commissions are a powerful tool at the disposal of our new economic diplomacy to make bilateral cooperation more meaningful. We are putting in place the right instruments – such as tax agreements, government to government agreements and special purpose vehicles (SPVs) – to that effect. These are innovative tools that will allow for more certainty and predictability in cross-border business transactions amidst an otherwise uncertain and unpredictable environment.

The financial SPVs, which are the ideal instruments to mobilise international funds to invest into African projects through Mauritius, will incorporate risk mitigating features that will make them unique and thereby increase their effectiveness.

Mauritius has a great opportunity to reinforce its position as a trade, financial and business services hub in the region and in the Asia – Africa corridor. In recent years Mauritius has positioned itself as a credible financial centre for the continent, with around 25% of private equity flow into the continent structured through the Mauritian jurisdiction. I would urge the private sector from African countries to take full advantage of the capabilities built by Mauritius already.

There are plenty of opportunities for business operators to take on the low-hanging fruits, whilst we continue to work on the longer-term projects. Governments will continue to act as enablers of partnerships and cooperation. It is up to business groups and entrepreneurs to take up the challenge and move integration forward.

Seetanah Lutchmeenaraidoo

The Honourable Seetanah Lutchmeenaraidoo, GCSK, is Minister of Foreign Affairs, Regional Integration and International Trade, Republic of Mauritius.

Prior to this, he was Minister of Finance and Economic Development (Dec 2014 – March 2016), Chairman of the State Bank of Mauritius (SBM) and Executive Chairman of Net Mauritius (1998-2001).

From 1983 to 1990 he was Deputy Prime Minister and Minister of Finance.

He has a Master in Business Administration (MBA) gained at Aix-Marseilles University and holds a Post Graduate degree in Export Marketing from the Ecole Supérieure de Commerce, Marseille, France.

Mauritius: Indian Ocean powerhouse

By Alain Law Min

Since its independence back in 1968, Mauritius has, without any doubt, come a long way in furthering its socioeconomic development, at odds with the pessimistic overtone of some observers, including those having prophesied that the Island would fail to achieve peace and economic prosperity. On the contrary, the 2,040 kilometre square Island has, in spite of its relative lack of natural resources, undergone a remarkable transformation from a mono-crop economy dependent on sugarcane, to a multi-pillar economy which is increasingly open to international and regional trade and investment.

Indeed, after spearheading the take-off of its textile and tourism sectors in the mid-to-late 1980s and early 1990s, the country has, over time, been active in further diversifying its industry base and broadening its involvement in the services sector, with a key axis relating to the expansion of its multi-pronged business and financial services industry.

Overall, the country's economic transformation enabled it to graduate to the upper-middle-income country status as per the World Bank classification, while underpinning its social development. Notably – reflecting the continued rise in average living standards – GDP per capita increased nearly six times in US dollar terms during the past three decades to hover around the US$10,000 mark in 2017. Also, as per the United Nations Development Programme (UNDP), the Human Development Index value for Mauritius increased by 26% from 1990 to 2015, with the country being positioned in the high human development category.

Mauritius has essentially anchored its economic success and progressive incursion on global markets on its history of sociopolitical stability, while capitalising on an ambitious and proactive economic liberalisation agenda that has helped to

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markedly improve the ease of doing business and attractiveness of the country as an investment destination of substance and good standing.

The World Bank's Doing Business Report 2018 ranks Mauritius 25th out of 190 countries worldwide with regard to the ease of doing business, with the country being first in Africa. Besides that, the country ranks eighth in EY's Africa Attractiveness Index 2017, which measures the Foreign Direct Investment (FDI) attractiveness of 46 African countries, constructed on the basis of six broad pillars, namely macroeconomic resilience, market size, business enablement, investment in infrastructure and logistics, economic diversification, governance and human development.

Table Mountain, Cape Town, South Africa.
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Mauritius has attracted notable foreign direct investment over the past decade, alongside widening and diversifying its export market base. While leading markets such as the euro area, UK, South Africa and the US have continued to be a top priority for operators, the country has progressively increased its involvement vis-à-vis emerging nations such as China and India. In respect of the latter, Mauritius continues, through its global business industry, to be the largest conduit for FDI into the region.

City of London. **© Sue Martin / Shutterstock**

The broadening of the country's footprint and visibility beyond its shores can specifically be attributable to several factors. They notably include inroads made in (i) fostering a low, simplified and predictable fiscal regime; (ii) providing dedicated incentives to attract foreign investors and talents; (iii) continuously upgrading the physical infrastructure set-up; (iv) harnessing an educated and bilingual labour force; and (v) anchoring preferential trade and investment agreements on bilateral and multilateral fronts, with a key case in point relating to the wide network of Investment Promotion and Protection Agreements signed globally. In addition, Mauritius embraced regional integration as a key axis of its economic development agenda.

Mauritius has stepped up its involvement as an active member within the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA) and the Indian Ocean Commission (IOC) trading blocs. Moreover, the institutional and legal environ- ment is not only viewed as sound but is also in compliance with international standards, which represents a major competitive advantage for the financial services sector. Markedly, Mauritius is the first African country to have signed an Intergovernmental Agreement with the US to implement the Foreign Account Tax Compliance Act (FATCA). It forms part of the only five African countries which have implemented part of Basel III.

Recently, Mauritius has been acclaimed for its continued commitment to implement the international standards of transparency and exchange of information for tax purposes. The country was rated as an Organisation for Economic Cooperation and Development (OECD) Compliant jurisdiction by the Global Forum on Transparency and Exchange of Information for Tax Purposes. The country also signed the OECD's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS). The Island is also assigned an investment grade rating by Moody's Investors Service, whilst being one of the only three countries in Africa to be found in this category.

As a key accomplishment, the aforementioned enablers have set the stage for the financial services industry to be positioned as a conspicuous pillar of the Mauritian economy. The industry, whose share of GDP is estimated at above 12% in 2017, has registered an average annual real growth of some 5.5% in its value added over the past five years.

Looking ahead, it is comforting to see the efforts being made by public and private stakeholders towards spearheading Mauritius into the next stage of its economic transformation and modernisation process. Hopefully, this will be an era when our regional and global involvement will be meaningfully broadened and the adoption of high-end technologies and digitalisation practices will take centre stage in assisting to create sustainable value across sectors, whilst the services industry should play an increasingly prominent role in enhancing the country's visibility abroad.

Capitalising on its competent skills base and the harnessing of its know how across various sectors, the country is well poised to expand its exports to and enhance the quality of its involvement with businesses in the African region and beyond, notably spanning fields such as tourism, ICT, agro-industry, niche export oriented manufacturing segments, as well as specific areas of the financial and banking industry, such as private banking, trade finance, treasury and cash management and structured project finance.

On a wider scale, the country is resolutely set to position itself as a competitive regional hub for finance and business and an ideal springboard and gateway for channelling trade and investment flows between Africa and Asia. As a stepping stone for further economic development, the Island is making good progress in developing and nurturing its reputation as a well-regulated, credible and transparent International Financial Centre (IFC) geared towards the offer of appealing services and investment structures that will enable international companies and investors to move up the value chain, including those wishing to leverage the Mauritian jurisdiction to channel investments into and out of Africa.

By means of thoughtful policies and incentives, Mauritius can stand as an active regional hub providing a host of value-added solutions, especially in fields such as wealth management, asset management, captive insurance, debt and capital raising, law and accountancy, as well as health and education. In this way, the country will be able to attract a broadening range of businesses and multinationals with economic interests in Africa, to use Mauritius as a dependable platform for setting up their regional headquarters or back office activities.

It can be asserted that – notwithstanding its challenging operating landscape – the African continent can be viewed as a conspicuous source of growth for our economic sectors (most notably the banking and financial services industry) on the back of its generally appealing macroeconomic foundations and medium to long term market potential. Similarly, other emerging regions can be seen in a favourable light but call for disciplined market penetration owing to their market realities.

All in all, the future bodes well for Mauritius and its financial services industry but, given impending challenges, there is no room for complacency in our quest to further embed our global involvement. This calls for measures to (i) further modernise the country's production apparatus, backed by recourse to cutting-edge technologies; (ii) boost private investment across productive sectors; and (iii) enhance external competitiveness levels, while further diversifying towards more value-added products and under-tapped markets. Along the way, the country stands to benefit from strengthened investor confidence in our jurisdiction, as it continues keeping pace with evolving trade realities and compliance standards internationally.

Alain Law Min

Alain Law Min is Chief Executive Officer of MCB Ltd.

Alain is a Chartered Accountant with a BA (Honours) in Economics and an MBA (UK).

Prior to becoming the CEO of MCB Ltd (effective 28 April 2017), Alain was the Head of the Retail SBU, responsible for the Affluent, Individual and Business customer segments, the multichannel distribution, including the branch network, as well as the 'Retail Product' and 'Operations and Service' units. He previously launched the leasing, factoring and private banking services of MCB Ltd and acted as Project Director for the Business Process Re-engineering exercise initiated with Accenture in 2001. Before joining the Bank, he was Senior Manager at De Chazal Du Mée's Consulting division. He is currently a director of Finlease Co. Ltd and MCB Forward Foundation, both subsidiaries of MCB Group Ltd.

Banking for progress

Ravin Dajee, Managing Director and Executive Director of the Board of Barclays Bank Mauritius Limited

"We have been serving our customers and clients in Mauritius for nearly 100 years and we contemplate the future with a lot of optimism"

The banking sector has been an important partner of economic progress in Mauritius since the pre-Independence era. With a banking landscape that today defines Mauritius as a sound financial jurisdiction, one can only imagine what the context was like less than half a century ago. Indeed, like many parts of Africa, Mauritius still had a low banking penetration rate back then, with many locals reluctant to entrust banks with their savings. It took considerable efforts, investments and even some imagination – with commercial banks having to resort to specially equipped vehicles to serve as mobile banking units – to attract a larger crowd of savers, especially in rural areas. And these initiatives, of which Barclays Mauritius was a strong proponent, helped shape the current financial climate of trust that characterises the Mauritian economy.

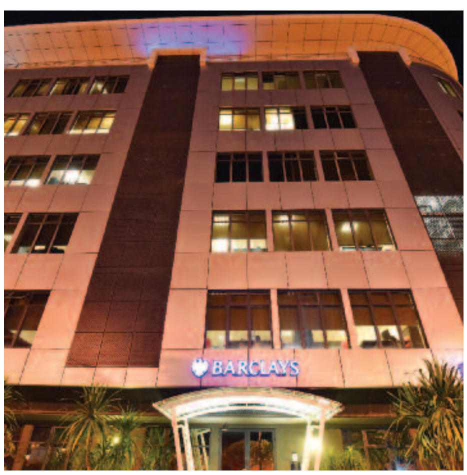
The banking landscape in Mauritius today is considered one of the most dynamic in Sub-Saharan Africa, with a diversity of banking institutions, including homegrown banks that now have a global outreach, offering a wide array of services to all market segments. Thanks to its longstanding experience in the country, having been in constant operation for almost a century, Barclays Bank Mauritius Ltd has significantly contributed to the success of the country's economy, with a vision based on shared growth, which implies benefits for each and every stakeholder, from shareholders to employees to the community.

This philosophy has driven Barclays Mauritius to always keep pace with trends and anticipate growing needs from both individuals and businesses as the Mauritian society and economy evolved during the years following Independence to embrace new growth paths and comply with increasing global regulations. The growth of Barclays, from its humble beginnings with 80 employees to one of the country's leading banks with over 800 employees, is a perfect illustration of the evolution the banking landscape in Mauritius has witnessed.

Barclays Bank Mauritius Ltd has, indeed, been able to adapt to the changes brought about by the country's independence and the evolving world economic landscape. Keeping up with new trends meant investing in both human resources and technological tools to stay ahead of the game, while ensuring that our commitment towards stakeholders never faltered.

It is the same drive and ambition that characterises our operations in Mauritius today. While the local and regional economies are thriving, new opportunities are opening up to the financial services sector and banks, having been the architects of much of these changes that helped shape the current socioeconomic conjuncture, we have a front seat to take advantage of these new opportunities. In other words, Barclays aims to grow in direct proportion to the economic growth that the region is currently experiencing.

As one of the leading banking institutions in both Mauritius and Sub-Saharan Africa, with an increasing number of new services and products tailored to help businesses and individuals grow and prosper, Barclays Mauritius is fully equipped to scale its offers to meet new and specific demands. Though the market is highly competitive, our strong performance over the past five decades is a clear testimony of our business momentum and resilience.



We have been serving our customers and clients in Mauritius for nearly 100 years and we contemplate the future with a lot of optimism. We are proud to be part of the Barclays Africa Group Limited, a great pan-African group with a solid balance sheet, well capitalised and funded, and deeply rooted in Africa. With our group's extensive reach across the continent and a workforce of 42,000 people across the markets we operate in, we have a great network of which we can take advantage to reinforce and complement our local resources, knowledge and competencies to build an even stronger bank with real local and regional focus and identity.

Our journey as a pan-African financial services group started in June 2017 following the reduction of shareholding of Barclays PLC in Barclays Africa Group. We have embarked on this transition with great optimism as it creates a number of opportunities for Barclays Mauritius and Barclays Africa Group. We remain committed to developing our internal capabilities as this keeps us relevant in our continuously evolving environment, consolidates our foundation and supports us in realising our sustained growth ambition.

Our stakeholders fully understand that our commitment to Mauritius remains intact. Through the good understanding of the customers it serves, Barclays Africa Group is well positioned to shape a promising future in Africa and make the right decisions for stakeholders across the continent.
Barclays Bank Mauritius Ltd has the necessary will and strength, resources and know-how to be among the most trusted banking partners for Mauritius and for the region.

These are fully entrenched in our DNA. The strategic plans we have developed over time, have been robust enough to tackle challenges and also to help the institution, as well as economies in which we are directly involved, to face unforeseen events. We have proved it over the years following the world financial crisis of 2007-2008. We are all set to sustain the Mauritian economy again should such issues arise in the future.

As the people of Mauritius prepare to celebrate the Golden Jubilee of the nation's independence in March, Barclays Bank Mauritius Ltd continues to work on developing new products, strategies and services to guarantee a sustainable partnership with its customers.

All it takes is finding the right equation, as the bank has been doing for the past century in the Island State.

BARCLAYS

Mauritius' seamless integration into the global economy

By Paul Baker

Fifty years after securing its independence from the UK, Mauritius has emerged, according to the World Bank, World Economic Forum and others, as the most competitive African economy. Like many islands and small-scale economies, trade has been at the centre of Mauritius' economic success.

Since the 1990s, Mauritius has taken great strides to successfully expand its economy, making concerted efforts to take advantage of market preferences to move up the value chain and diversify away from commodity-based trading. Upon transitioning first from an economy reliant upon raw sugar cane into export-oriented manufacturing focused on activities within its export processing zones (clothing and apparel, as well as fishery products), the country is moving into high value-added global value chains (GVCs), such as jewellery and medical instruments. Mauritius recently ratified the WTO Trade Facilitation Agreement, which aims to further boost transparency, predictability and fairness in the application of border measures.

Sugar cane, Mauritius.
© Karl Ahnee / Shutterstock

Its success in integrating into the global economy for goods, also extended to trade in services, in particular tourism and financial services, which now represents the main driver of the Mauritian economy. It is the only African country engaged in the negotiations of the Trade in Services Agreement, which promises to unlock services exports at the multilateral level.

Today, the Island has successfully emerged as an upper middle-income country with aspirations to become a high-income economy by 2030. An environment of political stability and favourable regulations is reflected in the Island retaining its status as the best business environment in Africa, with annual GDP growth ranging between 3.5% and 4% from 2010 to 2016, which is expected to continue until 2022, according to the IMF. A rising level of public debt, the reversal of the double taxation avoidance agreement with India, policy uncertainty and stricter OECD rules on the offshore financial sector – together with improved information disclosures from Mauritius – have slightly dampened growth prospects.

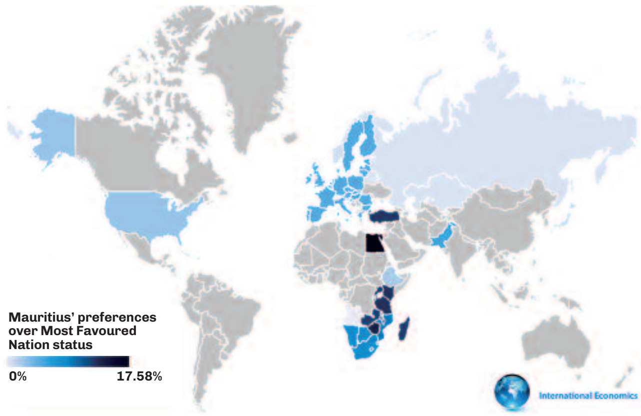
REDEFINING MAURITIUS' TRADE AND INVESTMENT STRATEGY

Despite the favourable trajectory of Mauritian development, exports remain concentrated around three main sectors, namely textiles, fish and sugar, which together account for three fifths of Mauritius' exports. At the same time, Mauritius has begun facing a number of challenges, including rising unemployment, particularly amongst the youth; rising labour costs; weak innovation and low productivity; shortages of skilled labour; exposure to macroeconomic risks; and a significant erosion of the margins of trade preferences it formerly enjoyed against its competitors. Therefore, Mauritius needs to redefine its trade strategy, exploit new innovations in international trade and move from a model based upon preferential treatment, with guaranteed access to the EU, US and South African markets, to one of global competitiveness, based upon knowledge, innovation and higher value addition.

Mauritius has long-benefitted from trade preference. Its most notable achievements are the concluded economic partnership with the EU which gives it free market access to the EU in all products; and being a member of both the Common Market for Southern and Eastern Africa (COMESA)

Port Louis, Mauritius. **© byvalet / Shutterstock**

MAURITIUS' TRADE PREFERENCE IN THE WORLD



Free Trade Area; and the Southern African Development Community (SADC) Free Trade Area. The country can also look forward to the realisation of the Continental Free Trade Area (CFTA) which is expected by 2018 and will create a single Africa-wide market for goods and services, capturing a population of more than a billion people and a GDP of more than $3.4 trillion.

Looking forward and outward toward Asia, Mauritius is exploring a free trade agreement with India, the Comprehensive Economic Cooperation and Partnership Agreement (CECPA), which aims to build on a common heritage and increase trade between the two. Mauritius is also in discussions with China over a Free Trade Agreement.

These agreements, together with those it already enjoys with developed countries and the African continent, will establish successful conditions for Mauritius to develop trade support services, headquartering and business management operations, IT, R&D, venture capital and niche high value-added production. Maintaining an open environment for globalised capital, skills and knowledge will be critical to drive results.

INVESTMENT AND TRADE CORRIDOR

Transparency, a predictable and low-cost trade environment and the ability to attract investment, are the channels for creating a paradigm shift to successful entry in GVCs and Mauritius has certainly adopted many of these enablers.

Mauritius' approach to trade, with over 94% of its tariff lines duty-free (only 371 of 6,400 products pay tariffs upon being imported into Mauritius, regardless of their origin), tax incentives, subsidies and relaxed labour regulations, along with openness to inward FDI – which in Mauritius has increased exponentially in recent years from an annual average of around $28 million in the 1990s to an average of $371 million annually between 2009 and 2016 – have fostered a conducive environment for global competitiveness.

However, further policy measures could be taken, particularly as regards protection of intellectual property rights (IPRs), improving innovation policies, negotiating mutual recognition agreements, revising the rules of origin to benefit local

United States Capitol Building, Washington DC, USA.
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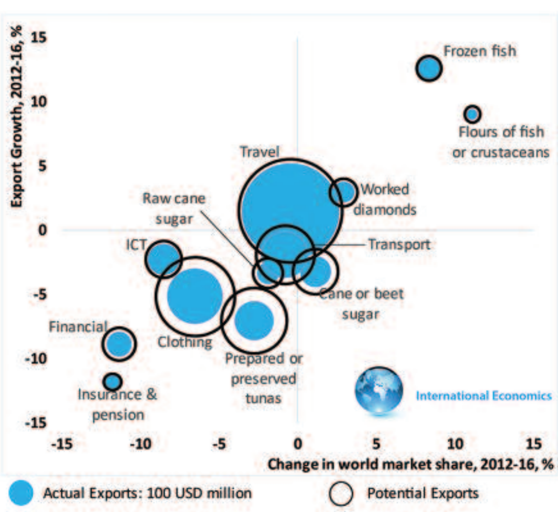
production and creating a more conducive environment for investments outside of the construction sector, all of which would unlock the potential for Mauritius to better participate in GVCs.

OUTLOOK FOR MAURITIUS

Mauritius enjoys preferential access to almost two billion consumers around the world, adding up to a combined GDP of $40 trillion, with privileged margins of preference in some of the fastest emerging consumer markets in the world. It is poised to further extend its access to markets such as China and India in the near future.

Whilst nearly half of Mauritian exports are absorbed by the EU, the country has managed to diversify its exports towards the US, Asia and South Africa in the past decade. The current fabric of Mauritian industry, as well as developed support services (financial, legal, accounting and business advisory services), have made Mauritius a sophisticated and complex economy given its level of development and small island status. The depth of its economy will be an important enabler, given the right policy framework, for it to move into new product lines and services.

MAURITIUS' POTENTIAL TRADE



According to our estimates, Mauritius should be performing better in terms of transforming its economy, engaging in GVCs and moving into new product spaces, particularly as it diversifies away from traditional markets.

A number of disruptive forces could influence the trajectory Mauritius takes. Brexit is one such event, which is likely to have an impact on global trade. Due to the strong economic, social and legislative interconnection of the UK with the EU, Brexit will alter the existing landscape of trade agreements between the UK and the EU's existing trading partners, including Mauritius.

Other threats and opportunities come from the US, including the US withdrawal from the Trans-Pacific Partnership (TPP), the renegotiation of the North American Free Trade Agreement (NAFTA), the proposed revision of the African Growth and Opportunity Act (AGOA) – that allows Mauritius to export under favourable conditions into the US – and the Trump administration's ongoing criticism of the WTO.

These events, as well as other global political risks, pose threats that, according to our economic modelling, would best be addressed by investing in innovation, skills and productivity improvements, as well as better capitalisation of the markets the Island enjoys comparatively easy access to. Sectoral results show that almost all services sectors would benefit from an improvement in either labour or capital productivity.

Going forward, we would expect, with the right mix of policies and strategies to attract investment in the productive sectors and fostering in particular the services and manufacturing sectors, for Mauritius to consolidate its place within GVCs and build upon the success it has enjoyed over the last 50 years, continuing to secure its position as a gateway between Asia, Europe and Africa.

Paul Baker

Paul Baker is the CEO and founder of the Mauritian-based firm International Economics Consulting Ltd.

The firm works across Asia and Africa, offering a range of analytics and advisory services by its team of economists, big data experts and legal analysts, to support business growth and risk mitigation in global supply chains and offers strategic advice on investment and export potential in Africa and Asia.

Paul is also Advisor to the UN Economic and Social Commission of the Asia Pacific, Senior Consultant at the International Trade Centre UNCTAD/WTO and Lecturer in trade impact modelling at the University of Barcelona and Vietnam's Foreign Trade University.

Waiting for the next economic miracle

Port Louis, Mauritius
© Benny Marty / Shutterstock

By Terry Smith

If you have never been to Mauritius, or have only been on vacation, you may have the impression that it is simply a tropical paradise. Apart from the word 'simply', you would be correct. After visiting Mauritius, Mark Twain wrote in his book *Following the Equator*: "You gather the idea that Mauritius was made first, and then heaven; and that heaven was copied after Mauritius." Mauritius has a unique combination of a tropical climate, the second longest coral reef in the world, it is surrounded by the Indian Ocean and has mountains. Add in a peaceful and genuinely multicultural society with Chinese, Creoles, Indians (Hindus, Moslems and Tamils), French, British and South Africans and you can begin to see what Mark Twain was suggesting.

However, you may get a clue to another Mauritius if you drive on the motorway which runs from the airport to the north of the Island via the capital Port Louis. A few miles before the capital, you are sure to notice a modernistic elliptical building which is the Mauritius Commercial Bank headquarters beside the road, flanked by other office towers. This is CyberCity, the Mauritian financial district.

If you venture off the motorway between Curepipe and Port Louis, you will find yourself in one of the 10 most densely populated areas on Earth. This may seem hard to visualise if all you have ever seen of Mauritius from your hotel beach is the lagoon with the surf breaking over the reef but unlike many holiday destinations, Mauritius has a 'real' economy.

Take a step back for moment to Mauritian independence in 1968. As Mauritius approached independence from Britain, economists did not believe the small Island nation would become an economic success story. In 1961 James Meade, the Nobel Prize-winning economist, said he believed that the country would have serious problems. He pointed to its

Port Louis, Mauritius. **© Sapsiwai / Shutterstock**

dependence on the sugar industry, the lack of natural resources and a small domestic market. Yet Mr Meade was not the first and certainly won't be the last Nobel Prize-winning economist to be proven wrong.

In the decades following independence, Mauritius experienced an 'economic miracle'. It developed export industries such as textiles and other foreign currency earners, such as tourism. As a result, GDP grew at about 5% annually for almost three decades, while GDP per capita increased from approximately $400 in 1968 to just under $10,000 in 2016 (about $14,000 in Purchasing Power Parity), making it a middle-income country. In the 1990s, an additional boost to this development started to come from the development of the financial services centre.

You might well ask why anyone would establish a financial services business in Mauritius. What are its advantages?

TIME ZONE: Mauritius is four hours ahead of GMT, or UTC as we must now call it. This makes it much easier to conduct business in the financial markets of Asia from Mauritius than from London and affords the luxury of being ahead of London when it opens for trading but not so far ahead, like Singapore, that you would need to work antisocial hours in order to deal with Wall Street.

LAW: Mauritius is an unusual combination of the French Civil Code, having been a French colony until 1810 and English common law. More importantly, it has a fiercely independent judiciary and a right of appeal to the Privy Council.

Mauritius corals. **© Urtimud Production / Shutterstock**

Sir Seewoosagur Ramgoolam International Airport.
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DEMOCRACY: Democracy can bring its problems. Recent events in the UK and USA have demonstrated that those pesky voters cannot always be relied upon to do as they are told. However a working democracy is a safeguard which you should not underestimate and Mauritius has had a fully functioning democracy since independence.

TAX: Possibly the greatest misconception about Mauritius is that it is purely a tax haven. Mauritian corporation tax at 15% is too close to the UK rate of 19% or the average international rate of 22.5% to make it worthwhile shifting a business to capture this differential with all the frictional costs involved.

The irony is that if it is low tax you seek, you would be better off moving to Portugal, to which individuals can move and enjoy tax-free income under its Non-Habitual Residence Scheme and companies can be established in Madeira where it is possible to pay as little as 2.5% corporation tax. The EU published its latest list of 'non-cooperative jurisdictions for tax purposes' in December 2017. Mauritius was not listed amongst them but it was listed amongst those who had committed to amend or abolish so-called 'harmful tax regimes'. However, in August 2017, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes announced that that the peer review process placed Mauritius amongst the 10 jurisdictions viewed as 'compliant'. In contrast, Australia, Canada and Germany were only rated as 'largely compliant'.

Mauritius has also signed up to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS). The fact is that the EU simply does not like competition. Instead of bullying others over tax, the EU should perhaps put its own house in order. Madeira has been described as 'A Tax Haven Approved by the European Commission' (https://web.dr.de/madeira/English) which has approved low tax rates there for the past 30 years and has just renewed them for another 10. All Mauritius wants is to be competitive in terms of tax and to exercise the right which every sovereign territory has to set its own tax rates.

CONNECTIVITY: Many people assume that you have to be in London in order to run a financial services business in the UK. In the hedge fund sector they seem to need satnav to get outside a W1 postcode and seem to assume that they must be close to the action to achieve results, despite substantial evidence to the contrary. Investors from Sir John Templeton to Warren Buffett and through to Neil Woodford seem to have demonstrated the merits of being away from the noise.

In fact, there are some highly successful UK financial services businesses such as Hargreaves Lansdown, an FTSE 100 member, already outside London. Once the decision has been taken to locate outside London it is evident that the main route to client contact will be broadband. At this point, distance becomes largely irrelevant unless you operate in the rarefied atmosphere of low latency, high frequency trading with co-location of servers which trade faster than the human eye can react to a price movement. So if Bristol is okay why not Mauritius? Mauritius is connected via the Lower Indian Ocean (LION) and South Africa Far East (SAFE) cable systems.

All of these facets might be summarised in The Heritage Foundation's Index of Economic Freedom, a model which ranks 180 countries based on factors such as ease of doing business, tax, property rights, size of government and freedom of trade. In 2017, Mauritius ranked 21st, ahead of Austria, Finland and Germany. The United States was 17th.

Is Mauritius heaven? No, every place has its problems and the British gave Mauritius a healthy bureaucracy. However, if Mauritius is to experience a second 'economic miracle' to lift it above being a middle-income country, financial services will be a large part of it, given its advantages and at least the weather is good whilst you wait to see.

Terry Smith

Terry Smith is Chief Executive and CIO of Fundsmith LLP.

He is also Manager of the Fundsmith Equity Fund, one of the UK's top performing global equity funds with over £14 billion assets under management.

He is author of the bestseller Accounting for Growth and a former number one rated bank analyst. Prior to Fundsmith, Terry led two FTSE 250 companies, Collins Stewart and Tullett Prebon.

In 2012, he was appointed a Member of the New Zealand Order of Merit for services to New Zealand-UK relations.

Main Post Office Port Louis, Mauritius.
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Underpinning economic development

By Raju Jaddoo

A private sector institution with a national dimension has not only to defend and promote the interests of members of the business community but it also has an important role to play in the economic development of the country in which it functions. The Mauritius Chamber of Commerce and Industry (MCCI), originally known as the 'Chamber of Commerce' before adopting its present name in 1965 – when the country was moving towards independence and was contemplating the diversification of its economy through industrialisation – takes pride in having done just that throughout its long and illustrious history.

Established in 1850, it is the oldest non-for-profit institution representing the private sector in Mauritius and living up to its motto – *Non Nobis Sed Patriae* – has been a relentless battle. Also the challenges now being faced today are more daunting. The diversification of the economy and the complexity of issues make it harder to develop new initiatives and policy proposals which meet the twin objectives of advancing the cause of the entire business community and taking the country to higher levels of development. The vagaries of a globalised world make responses from a small economy like ours more challenging than ever.

Through colonialism, independence, early economic diversification and globalisation, the MCCI has always strived to reinvent itself to remain relevant and consistent in its mandate, which is working for the benefits of members of the business community, whilst significantly contributing to the economic

Port Louis skyline, Mauritius, May 2017. **© The Visual Explorer / Shutterstock**

development of the country. Proudly shouldering this responsibility against the new challenges that have cropped up over the past 50 years since independence, the MCCI has matured into the only private institution capable of consistently fulfilling such requirements in Mauritius' history. Such a perennial dimension is a clear sign that for more than one and half centuries, members, council members and presidents have been astute enough to constantly adapt to their evolving context and changing times. Today, as in the past, we remain concerned to maintain our credibility, our independence and our sovereignty.

Reading through the history of the country and through the records of the MCCI, there is much evidence which prove that the institution has played – since 1850 – a significant role in the major progressions that have taken place in the country. That is why our constant source of inspiration and the motto on our Coat of Arms – *Non Nobis Sed Patriae* (Not for ourselves but for our country) – is a dictum through which one can easily grasp the high level of responsibility and trust placed in our institution.

From the introduction of steamers and the telegraph in the nineteenth century, to the latest ICT applications to facilitate business development and international trade, its pioneering role has been a constant feature in the economic landscape. With the country diversifying its main sectors, our rules have been reviewed to pertinently be on point with the changing environment by representing the interests of our members in these sectors: industry, commerce, financial services, tourism logistics, ICT, property development and other business services group.

Our long-standing presence is also an illustration of the fact that there has been a considerable amount of stability within Mauritius throughout its history and this has allowed both the country and its institutions to function without major hindrances and to develop in a peaceful manner for the benefit of all Mauritians. Such stability has also constituted a major factor in the enhancement of our economic set-up.

Most importantly, our identity and mission have survived and have grown stronger over the years because we have had the privilege, during practically all our history, to deal with public authorities who have understood the necessity to allow free enterprise and the spirit of entrepreneurship to thrive and who have kept a relationship with private sector institutions based on due recognition of their role, on trust and mutual respect and on dialogue. This dialogue has also intensified over the years.

At the level of the MCCI, we are proud to have maintained a strong and cordial collaboration with the policy makers. As a matter of fact, our point of views and our inputs are invaluable assets that matter during policymaking decisions. The MCCI is represented on various committees and negotiating panels and we have never wavered at any time to put forth the best interests of our members, be it on the national, regional or international level.

Our strength over the years has been the capacity to look beyond the present and to prepare ourselves for future challenges. We know that the country will require a sustained

Salt farm, Tamarin, Mauritius. **© Cao Luning / Shutterstock** effort on behalf of everyone if we are to maintain the forward momentum that the country is presently witnessing.

At the heart of the country's economic development, the MCCI produces a number of quarterly and annual economic publications which gives an assessment of the state of the Mauritian economy, its challenges and opportunities. The MCCI thus provides insights to economic operators on the present state of the economy and its future evolution. Through its assessment of the economy, the MCCI is in a position to conduct evidence-based advocacy with the Government to improve the business and legislative environment for the benefit of the business community.

The MCCI conducts the largest business tendency survey in Mauritius – the MCCI Business Confidence Indicator (BCI) – a quarterly business intelligence survey based on an OECD methodology. This allows for an instant estimation of the business confidence of the country's entrepreneurs. For the first time since the launch of this economic tool, in June 2010, the BCI registered four consecutive increases in the confidence index and is at its highest level ever attained, at 113.3 points. At the sectoral level, we notice a general increase in confidence indices in the third quarter of 2017. Similar to the global index, we notice four consecutive increases in all sectoral indices since the fourth quarter of 2016. The services sector recorded the largest increase in the sectoral indicator, at 8.5%. For the commerce and industry sectors, the confidence indexes increased by 6.7% and 7.3% respectively. The MCCI also publishes annualised and quarterly GDP growth forecasts to accompany its BCI.

On its econometric publications – reported in the annual 'MCCI Economic Outlook' and based on the MCCI's econometric modelling – economic growth in Mauritius (as measured by an increase in the GDP) is expected to be 4% in 2017 and 4.4% in 2018. The potential growth of the economy is at 4.1%, indicating an expected inflation rate of 3.8% in 2018, as compared to 3.5% in 2017. On employment, the MCCI expects further decreases in the unemployment rate to reach 7% in 2017 and 6.8% in 2018.

On the main macro-economic indicators, the institution's econometric model shows higher growths in 2018 in the three main components, be it consumption, investment or exports.

Indeed, after a period of contraction of about 15% between 2012 and 2015, the Mauritian economy experienced a recovery in investment in 2016 with a growth rate of 3.7%, accelerating to 4.5% in 2017. In 2018, the MCCI expects investment to grow by 5% given higher levels of business confidence combined with the launch of several public sector projects such as the Metro Express in 2018.

On consumption, the MCCI's econometric model shows that a single percentage point increase in consumption would increase the economic growth rate by 0.56 percentage points. After eight years of modest growth in consumption, we experienced an improvement in consumption growth in 2017. This improvement is expected to intensify in 2018, given policy decisions to boost demand.

On exports, after two difficult years in 2015 and 2016, the level of exports of goods and services has improved in 2017. For 2018, given the improvement in global demand which will have a positive effect on global trade flows, we estimate a growth rate of 2.7% in exports of goods and services.

Our institution is determined to keep supporting both the business community and the Government in the pursuit of the development process and is always keen to bring about improvements, new facilities and innovative changes in the way it operates. The organisation is geared towards a constant watch for fresh opportunities which may arise and for adding supplementary dimensions to its role and functions.

Working with our members and other stakeholders, our ambition is to enhance our role as a thinking organisation, capable of devising innovative proposals to address the challenges of tomorrow. Our institution today remains well position to continue to live up to its motto for years to come.

Raju Jaddoo

Raju Jaddoo is the Secretary General of the Mauritius Chamber of Commerce and Industry (MCCI).

A Fellow of the Institute of Chartered Accountants in England & Wales, he was a former partner of De Chazal Du Mee, a regional firm operating in eight African countries. He served the firm for 15 years prior to becoming the CEO of the Board of Investment in 2005, where he helped improve the ease of doing business and establish a robust FDI policy towards sustained inflows into new pillars of the economy. He was responsible for domestic policies enhancing the country's economic performance and for marketing Mauritius worldwide. He has led several investment promotion missions across the world's major business capitals.

Raju served on the Board of Directors for several mission-critical national public agencies and has participated extensively in regional integration efforts through SADC and COMESA. He also served as CFO for five years and subsequently as independent director of Titanium Resources Group Ltd (TRG) and as an independent on several international boards.

He was elected in 2016 to serve on the International Chamber of Commerce/World Chambers Federation (ICC/WCF) General Council for a three-year mandate.

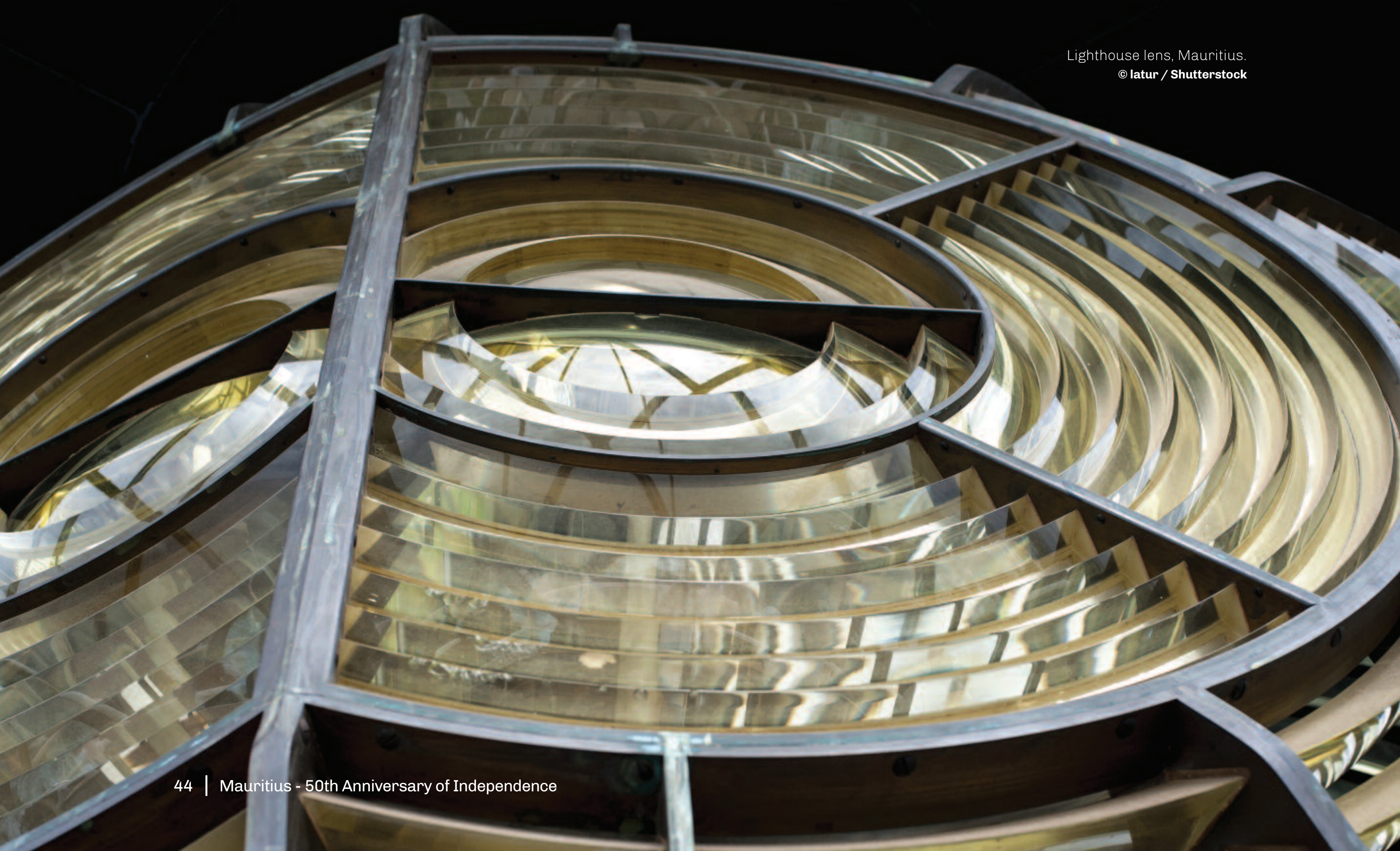
Mauritius IFC: a jurisdiction of substance

By Dharmendar Sesungkur

The Island state of Mauritius has an incredible economic track-record since its independence in 1968. Once an agriculturally based economy, Mauritius has successfully diversified its economy especially with the rise of the financial services sector.

The development of Mauritius as a financial centre started back in the late 1980s where legislation was amended to facilitate the emergence of financial services in Mauritius. Building upon this, the country has evolved into a global financial centre of good repute. The financial services industry is now a key pillar of the Mauritian economy and currently contributes more than 12% to the Gross Domestic Product. It is estimated that the sector, including banking intermediation, directly employs more than 15,000 professionals.

Within a relatively short period of time, Mauritius has established itself as a robust, transparent and credible financial services centre in the region. Today, Mauritius counts over three decades of experience as a centre facilitating cross border investments and the foundation of the financial services centre of Mauritius



Lighthouse lens, Mauritius.
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Ebene CyberCity, Mauritius. © **Sapsiwai / Shutterstock**

was mostly built on tax-treaty agreements and strong diplomatic partnerships with Asian and African countries.

All in all there has been a series of positive and significant developments for the financial services in the last three decades. However, the launch of the Mauritius International Financial Centre (IFC) which aims at branding Mauritius as a jurisdiction of choice where transparency, good governance and adherence to internationally agreed standards and best practices are the order of the day.

THE MAURITIUS IFC – A DESTINATION OF CHOICE

There are many reasons why investors are attracted to the Mauritius IFC other than its tax factors. Historically, Mauritius has always been well located but over the years, the evolving development of the Island, such as its political, social and economic stability and credibility, sound legal and regulatory framework, pool of professionals, state-of-the-art infrastructure, as well as ease of doing business, all contribute to attract investors to use Mauritius as a platform for outward investment.

This Government and my ministry are committed to taking the Mauritius IFC to further heights. A number of financial services initiatives have been announced in the budget 2017/18 to address the challenges from the international community, not least from the OECD and the European Union. The new measures aim to tap into the opportunities arising from the new global economic order, to consolidate the financial services sector, geared to face emerging challenges,

The Taj Mahal, India.
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Kenya sunrise. **© MicheleB / Shutterstock**

World Bank Headquarters, Washington DC, USA.
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to ensure that international norms, standards and compliance are respected.

To do so we have put a series of measures and strategies in place in order to safeguard Mauritius as an international financial centre and to open the economy further for prospective investors, which we are confident will pave the way for our jurisdiction to flourish as an IFC.

MORE TRANSPARENCY – BETTER REGULATION

Mauritius has always been at the forefront when it comes to regulating guidelines, as a result of which, Mauritius has vowed to maintain a transparent IFC and benefit from memberships in several major collaborations such as IOSCO and FATF, to name a few.

Mauritius is recognised by international organisations for continuous improvement in its regime for conducting business. The country is today acclaimed as a leading investment destination. Mauritius is a credible and trusted IFC of choice which has constantly and consistently implemented significant steps to enhance its legal and regulatory frameworks for exchange of information as per international norms and standards.

Considered as a highly compliant jurisdiction according to international best practices, the Mauritius IFC offers a platform of substance for investments. The jurisdiction is ranked first in Africa in numerous international accolades. Mauritius tops a number of rankings in Africa by international institutions including the World Bank's Ease of Doing Business Index; the African Index on Economic Transformation; the Mo Ibrahim Index of African Governance; the World Economic Forum Global Competitiveness Report and the Fraser Institute on Economic Freedom of the World report, amongst others.

A new milestone achieved by Mauritius is the OECD report which labelled Mauritius as a Tax Compliant jurisdiction – Mauritius got a rating which equals that obtained by developed economies. This bears testimony to the good standing of our jurisdiction in so far as transparency and exchange of information is concerned. The Mauritius IFC also has the required exchange of information mechanisms in place through its bilateral treaties and Tax Information and Exchange Agreements (TIEAs) that it has signed.

COLLABORATION WITH REGULATORS, AGENCIES AND INDUSTRY PLAYERS

Becoming a competitive IFC is one thing, maintaining it is another. Therefore it is paramount that all players including the regulators – the Bank of Mauritius (BoM) and the Financial Services Commission (FSC) , Mauritius – the Economic Development Board (EDB), the Government, the global business industry and all stakeholders, work together to ensure the financial stability and security of the sector. So, we have to pool our effort. We have to put our heads together.

Accordingly, we have been rethinking our strategy and I have been engaging in discussion with the entire sector, with the private operators, to adopt what is more appropriate for our sector.

Therefore, in line with the strategy of the Government put forward for our financial sector, we are working in collaboration with the regulators such as the FSC and the BoM and stakeholders, to introduce a number of new segments for the Mauritius IFC towards greater sophistication, higher value addition and competitive offerings.

KEY MEASURES ANNOUNCED IN THE BUDGET 2017/18:

- ***Blueprint***
  A blueprint elaborating the vision for the financial services sector for the next 10 years is being produced in collaboration with the EDB, BoM, FSC and all the stakeholders in the financial services sector. This blueprint will take into consideration the forthcoming international requirements with regards to taxation, without compromising the competitiveness of the Mauritius jurisdiction.

- ***Substance requirements for the global business sector***
  To further enhance the global business sector, the criteria for incorporation of the Global Business Licence Category One Company will be assessed on at least two out of six criteria set by the FSC to further demonstrate substance.

- ***Special Purpose Fund***
  The legal obligations on special purpose funds will be aligned with those of GBC1 companies.

- ***Islamic Finance***

1. Accounting standard:
   The Companies Act 2001 is being amended to allow Islamic financial institutions and Islamic banks to adopt accounting standards issued by the accounting and auditing organisations for Islamic financial institutions.
2. Shariah Compliant Instruments:
   Issuance of Shariah Compliant Instruments will be determined by the Bank of Mauritius.

- ***Linking the SEM with the Euroclear***
  The Stock Exchange of Mauritius (SEM) will engage with Euroclear to transform the local debt market and set up an international capital market which would attract governments and corporates from Africa and other regions to issue multi-currency bonds in Mauritius.

- ***Growing financial technology activities in Mauritius***
  Key measures have been announced to support the evolution of Mauritius as a regional fintech hub:

1. Positioning Mauritius as a hub for financial technologies in Africa.
2. Creation of a regional fintech association under the umbrella of the EDB.
3. New rules will be issued by the FSC for regulating fintech activities such as peer-to-peer lending and funding, as well as mobile wallets, amongst others.

- ***Banking***

1. Capital Requirements:
   The minimum capital requirements to set up a bank will be increased from MUR200 million to MUR400 million, with a two-year transition period for existing banks.
2. Issuance of commercial papers:
   Commercial papers will be available for short term financing purposes for corporate borrowers.

- ***Securities Act***
  Companies holding a GBC1 licence, including those listed in another jurisdiction, will no longer be subject to prospectus requirements under the securities legislation. Going forward, only the requirements under the SEM listing rules will apply.

We are confident that the number of initiatives announced for the financial services sector will consolidate and further enhance the position of Mauritius as an IFC of repute and substance. The Mauritius IFC will have a crucial role in the overall African Strategy of the Mauritian Government.

MAURITIUS' AFRICA STRATEGY

Africa is increasingly becoming a preferred investment destination. Over the last few years, in spite of the development challenges, many African countries have embarked on a process of transformation, experiencing unprecedented rates of growth, a rise in trade and investment, plus structural transformation. According to the IMF, for developing countries across Africa, foreign direct investment is a critical driver of future growth and development, thereby presenting an opportunity for the Mauritius IFC. For instance, in 2014, total inbound investments in Africa stood at US$54 billion, out of which 36% went through Mauritius, which equals to US$19.4 billion.

Furthermore, over the years Mauritius has developed very good bilateral relations with many emerging markets in the African continent. For instance, if you look at the number of bilateral investment treaties with Africa, Mauritius has signed 21 double taxation agreements as well as 23 investment promotion and protection agreements.

These cooperative activities translate into the good relationship that Mauritius shares with its affiliates in the African continent. As a matter of fact, investors are in search of ecosystems with stable financial centres, politically well supported, having an affinity with Africa and offering world-class infrastructures.

Mauritius has strengthened its partnerships with many African countries and financial centres, through correlative and complementary solutions, rather than competitive ones. Our main focus is to leverage on our established relationship with Africa through cultural, political and business horizons. Mauritius as a natural strategic choice stands ready to spur business growth on the African continent through strategic alliances and cross border initiatives.

We are confident that Mauritius ticks all the right boxes to service the African region, given that the country has grown into an experienced IFC, contributing towards the flows of FDI into Africa, from the rest of the world. As an African country, Mauritius has – and continues to be – a strategic development partner, in and for the continent.

AN OPTIMISTIC FUTURE

I am very optimistic about the financial services sector and its future development, especially in terms of the role which the Mauritius international financial sector can play in the development of the African continent. We are all hopeful that, with growing development on the African continent, Mauritius will benefit considerably in terms of inflows and outflows of FDI and in terms of the critical mass of business of financial transaction which it will create for the country.

Dharmendar Sesungkur

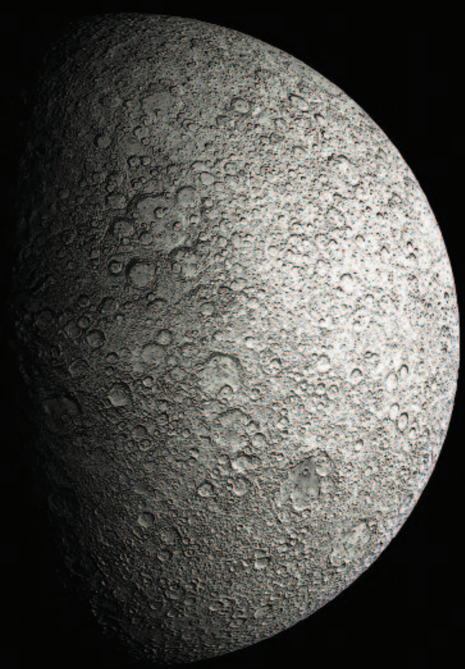
The Honourable Dharmendar Sesungkur is Minister of Financial Services and Good Governance, Republic of Mauritius.

He is a Fellow member of the Association of Chartered Certified Accountants, UK and a licensed auditor of the Financial Reporting Council and a registered insolvency practitioner.

A Fellow of the Mauritius Institute of Directors, he is also a Member of the Mauritius Institute of Public Accountants.

At the international level, he has led various key assignments for multinational groups and projects across Africa financed by international funding institutions such as the World Bank, International Monetary Fund, USAID, UNDP and the Global Fund.

IFC of choice for Africa



By K.C. Li

Mauritius is already playing a pivotal role in drawing the capital and investment required to underpin growth in countries in several regions right across the vast African continent. With its stable business climate and well-established corporate governance culture, favourable time zone, excellent connectivity and highly-educated and professional workforce, a facilitating business environment and a range of investment protection and promotion agreements, Mauritius serves as a safe conduit between source jurisdictions and recipient African nations, mitigating the higher-risk profile held by certain countries in Africa.

On its 50th anniversary of independence this year, Mauritius has come a long way to make its mark as the International Financial Centre (IFC) of choice for Africa. It also has the track record, credibility and capabilities to grow further into the premier business hub for the African continent.

STAGES OF GROWTH

From a fragile mono-crop economy characterised by no natural resources, poor infrastructure, high unemployment, low literacy rate and high dependence on imports, Mauritius has been able to give a lie to Meade's prophecy of being a doomed economy. With a successful industrialisation process underpinned by a well-thought export-oriented strategy, effective public-private partnerships, preferential market access in the 1970s and 1980s, the country attracted significant Foreign Direct Investment and export performance rocketed, leading to a period of strong and sustained growth. As a result, the unemployment rate improved drastically from more than 20% in 1983 to a situation of quasi-full employment in 1988, while female participation in the labour force shot up, fostering women empowerment. Literacy rates and skills also improved, alongside an upgrade in infrastructure and higher financial penetration.

All went relatively well until the loss of trade preferences following the end of the Sugar Protocol and the Multi-Fibre Agreement, plus heightened competition with improved access to key markets by competitor countries due to the World Trade Organisation.

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The apparel and textile sector, which had become the backbone of economic activity and employment, was significantly affected. In response to these challenges, the country proactively undertook strategic initiatives to broaden its economic base, with emphasis on tourism, the financial services, ICT and real estate. Hence, over the last five decades, Mauritius has gone through three main phases of development and witnessed transformation from the primary to the secondary and now to the tertiary sector.

DEVELOPMENT OF THE FINANCIAL SERVICES SECTOR IN MAURITIUS

The development of the financial services, since the late 1980s, has been successful due to shrewd policy-making and wise bets, supported by appropriate legal, regulatory and institutional infrastructure. Notable initiatives include financial liberalisation, suspension of exchange controls and double taxation avoidance strategies implemented by the Mauritian Government, which led to the setting up of an offshore financial centre to cater for global businesses. The Stock Exchange of Mauritius also expanded to offer a well-capitalised platform for local and international issuers.
The expansion of the Mauritian financial sector was sustained by the various advantages that the country offers. Strategically well-positioned in the Africa-Asia corridor, Mauritius benefits from a favourable time zone which enhances its ability to emerge as a bridge between these two fast growing continents. Moreover, the emergence of Mauritius as a prosperous IFC for Africa has been backed by strong financial institutions, robust legal framework, good governance, a well-educated, bilingual and professional workforce and a sustained stable business climate, as well as political, economic and social stability.

The Mauritian cultural and historical ties with countries of the Asian and African continents, also reinforce its status as the connector between the two continents.

On the back of these developments, professional and financial services gained prominence in the economy, growing from around 8% in early 2000 to an estimated 12.3% in 2017.

However, the financial sector success was not without challenges. In particular, the Global Business sector was hit by the renegotiation of the double taxation agreement with India. Even prior to the treaty change, the protracted negotiations were generating uncertainty in the investor community, thereby impacting adversely on investment flows between the two countries.

Commendably, the country is again reinventing itself to address this situation. Reducing our dependence on India by diversifying and turning towards new horizons like Africa has become important for a prosperous financial sector. This has come in a timely manner as, on the one hand, Africa's development seems to be on the right track and, on the other, a large financing gap is present on the continent as a result of the retrenchment of several Western banks from the continent. We believe we are in the right position to fill that gap and, in the process, further develop our competencies, with regard to not only finance but also education, technology and other business services.

Moreover, in the short term, the financial services sector will have to adapt to the shift in the global fiscal environment, characterised by initiatives such as the Base Erosion and Profit Shifting (BEPS) regulations and the Common Reporting Standard (CRS). The key is to build a jurisdiction of substance by focusing on higher value-added services and serving the growing needs of the financial hinterland in Africa and emerging regions in the world.

The sector needs to deepen its expertise base with a view to providing a complete range of financing solutions as well as innovation within the industry to sustain continuous growth and attract more international players.

To buttress this strategy of transforming the financial sector, the private and public stakeholders in Mauritius are actively working on a new blueprint for the development of the financial sector over the next 10 to 15 years.

MAURITIUS AFRICA STRATEGY

One of the main growth and competitiveness constraints for Mauritius is the small size of its economy and domestic market. This holds true for the financial services sector as well as for other sectors of the economy. With its Africa strategy and its position and unique role in the Africa-Asia corridor, Mauritius sees great opportunities in deploying its resources beyond frontiers to enhance economic growth and achieve sustainable development.

This expansion towards new horizons would also entail accompanying and supporting the Mauritian Government's Africa strategy with the development of Special Economic Zones and industrial parks in partnership with several states including Ivory Coast, Senegal, Madagascar and Ghana.

Moreover, Mauritian firms will continue to be supported in their endeavour to expand into new markets. Firms in the sugar, textile, tourism and banking industries are already present in the region and there is a potential to expand further in other areas where the country has developed specific expertise.

Furthermore, the Africa strategy aims to position Mauritius as a 'gateway' to Africa, allowing investors to benefit from Mauritius' duty-free market access to COMESA and SADC countries and tax avoidance and investment protection treaties with African countries, whilst also taking advantage of the business friendly environment that Mauritius offers. The growth momentum in Africa will attract many global investors towards the continent and Mauritius can play on its strengths to be the financial centre of choice for channelling these investments.

For example, Mauritius could be the pivot for an African dollar market. Already, our banking sector is harnessing offshore deposits to the tune of more than 100% of GDP and we are using the excess dollar liquidity to fund African trade and other projects. There is an opportunity for Mauritian and home grown African banks to fill the financing gap caused by the exit of large international banks from Africa.

In the same vein, the internationalisation of the renminbi represents a big opportunity for Mauritius to set up and be a renminbi clearing centre for Africa.

Moreover, Mauritius aims to be a wealth management centre for African high net worth individuals and families who could use Mauritius as a holding base for their investments, taking advantage of the stable political and business friendly environment and good quality of life.

Finally, Mauritius could become the fintech and blockchain centre for Africa. As the country embarks on a journey to digitalise the economy, with its strong IT ecosystem, coupled with an innovative culture, it would go a long way towards attracting new businesses, especially in the field of fintech and finnovation. Cryptocurrencies such as Bitcoin and other fintech initiatives relating to high frequency trading and blockchain technology can be fully exploited.

K.C. Li

Kee Chong Li Kwong Wing, GOSK (K.C. Li) is the independent non-executive Chairman of SBM Holdings Ltd (SBM Group).

Mr K.C. Li, Economist, has held different prominent positions in the public sector, including Advisor to the Minister of Finance and Chairman of the Stock Exchange Commission. He launched the first Unit Trust and the first Property Fund in Mauritius in 1989.

He was also Board member of the State Trading Corporation, the National Remuneration Board, the National Economic and Social Council and the University of Mauritius.

In 1992, Mr Li started his own private consulting firm and served as Consultant to the United Nations Economic Commission for Africa (UNECA) and the UN Industrial Development Organisation (UNIDO). In 1993, he founded the Mauritius International Trust Co. Ltd (MITCO), one of the first professional firms licensed to provide international tax and investment advisory services in Mauritius.

He was also a Member of the Parliament of Mauritius (2010-2014) and sat on the Public Accounts Committee.

He sits on the Board of Directors of several emerging markets funds and Asia hedge funds, including private equity, infrastructure and real estate funds in Africa & Asia. He also sits on the Board of the State Insurance Company of Mauritius (SICOM) and Afreximbank.

Mauritius: a jurisdiction of choice serving Asian markets

By Sanjiv Bhasin

Some say it all started on the back of the Double Taxation Agreement (DTA) that was signed between India and Mauritius in the mid-1980s. Since then, Mauritius has emerged as an international financial centre of choice for facilitating cross-border investments into Asia.

A January 2018 census report from the Reserve Bank of India (covering 2016-17) stated that Mauritius was the largest source of foreign investment in India (21.8% market share at market value), followed by the USA and the UK. Also, this is in spite of the revamping of the India DTA and some 70 countries signing the Multilateral Instrument with respect to Base Erosion Profits Shifting (BEPS), initiated by the OECD.

However it is not only about India. The Island has cultural and economic ties with other Asian countries including China. Seven years ago, Mauritius was not only the largest African investor in China but ranked 15th among all investors in China. China has also officially sponsored the construction of five special economic zones in African countries to attract public and private investors. The Mauritius Jinfei zone was one of them.

TAXATION IN MAURITIUS

Mauritius also has DTAs signed with other Asian countries too – Malaysia, Singapore, Bangladesh, Sri Lanka, Nepal, Pakistan and Thailand. Yet is it only about taxes?

Cross border investments involve three types of risks mainly – taxation, investment and legal.

Mauritius is party to some 50 investment promotion and protection agreements, which protect international investors against expropriation and guarantees the return of capital and income from investee countries.

With a hybrid legal system based on Common Law and Civil Law, there are various types of investment vehicles that can be established in Mauritius for making, holding and exiting international investments.

In a statement made last year the Mauritian Minister of Foreign Affairs, Regional Integration and International Trade

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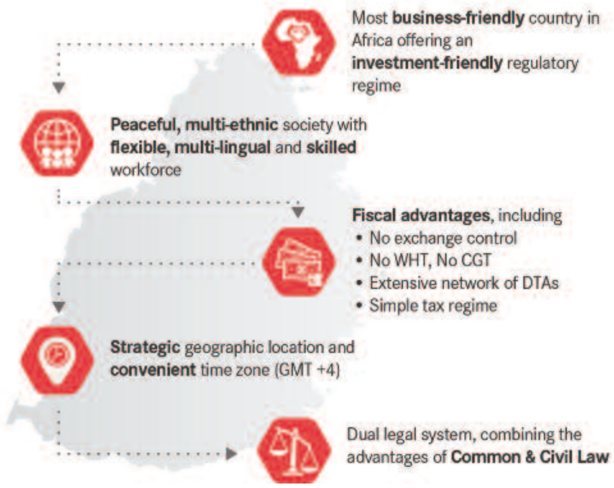
A SAFE IFC FOR CROSSBORDER & INBOUND INVESTMENTS

Mauritius is recognized by international organizations for the continuous improvement in its doing business regime and ranks 1st in Africa.



	AFRICA RANK	GLOBAL RANK
World Bank Doing Business 2017	1ST	25/190
Global Competitiveness Index 2016 - 2017	1ST	45/138
Forbes Survey of Best for Business 2017	1ST	39/144
MO Ibrahim Index of African Governance 2016	1ST	

said: "Mauritius has become a hub for inbound investments into Africa. Mauritius is all geared to be the connecting dot between Asia and Africa, and India is well positioned to use our Island as a stepping stone to set up trades and other business in the continent. Mauritius is a financial corridor par excellence to African countries, offering exceptional advantages at several levels."

Today, there are a lot of clients channelling international capital towards development projects in Asia and Africa. There has also been a good deal of assistance given to large multinationals with setting up of different types of bank accounts for global business companies, international business companies registered in other jurisdictions other than Mauritius, or trusts, LLPs and foundations.

Listening to clients and providing salient solutions, has contributed a lot to the success of financial services providers in Mauritius over the past decade. From seamless transactional banking, efficient cash and treasury management to debt financing, including masala loans, the Island's finance industry has continuously re-engineered itself to adapt to the changing needs and client requirements. These capabilities are also complemented by a wide range of corporate banking and private banking products and services.

THE MAURITIUS DIFFERENCE

Mauritius has been – and remains – a preferred investment platform for transacting funds in the Africa-Asia corridor for multiple reasons: a politically stable economy, a well-regulated banking system, robust legal framework which prompts Mauritius to be often referred to as the Singapore of Africa. The opportunities lying ahead are considerable and the Island nation continues to draw on its long-established historical and cultural links with Asia and Africa to cement its position as a thriving hub.

Here in Mauritius, we continue to play a key role in capturing the trade and investment inflows to and from Africa and Asia, supplemented by direct flows to each of the regions from elsewhere.

Classified as 'Compliant' with international standards and norms regarding transparency and exchange of information for tax purposes, Mauritius is positioned as a robust and well reputed financial hub for cross-border investments. So far Mauritius has concluded 43 tax treaties of which 25% are from the African continent and is party to a series of treaties under negotiation.

Sanjiv Bhasin

Sanjiv Bhasin is the Chief Executive Officer of AfrAsia Bank.

Sanjiv started his career with HSBC in 1979 and over the years, worked in various capacities mainly in the Corporate Banking, Investment Banking and Credit & Risk Management divisions in India, UK & Mauritius until 2004. His last role at HSBC was Chief Operating Officer HSBC India.

From 2004 to 2008 he was the Managing Director & CEO of Rabobank in India and thereafter he joined DBS India, making that the fourth largest foreign bank in India. He has now been appointed CEO of AfrAsia Bank.

Sanjiv holds an MBA in Finance from XLRI Jamshedpur, a B.Com (Hons) degree in Accounting and Finance from Shri Ram College of Commerce, Delhi University.

Investing in Mauritius' sophisticated infrastructure

Main Street, Port Louis, Mauritius.
© Phuong D. Nguyen / Shutterstock

By Nando Bodha

The Economic Mission Statement of the Government of Mauritius – Vision 2030 – sets a very high objective. The Government wants to achieve the second economic miracle. We will team up with the private sector, the public service and the population at large to confidently embrace and own the economic agenda.

The Public Sector Investment Programme amounts to some MUR75 billion. These heavy investments in the water sector, electricity, waste management, wastewater management, roads, port, airport and communications, amongst others, have already been announced and are being accelerated.

STATE-OF-THE-ART URBAN ROAD SYSTEM

Different budgets of this Government have paved the way for a modern, sophisticated, state-of-the-art urban road system and facilities. Efficient transport systems provide economic and social opportunities and benefits as well as better accessibility to markets, employment and additional investments.

The Government is now geared towards the modernisation of our public infrastructure to world class standards, yet the challenge here is enormous.

A new National Transport Network involving the new Road Decongestion Programme (RDP) is being implemented. Government will be investing some MUR4.9 billion to increase the road network by 25 km and an additional 25 km of road is expected to be constructed by 2030. Two of the major components of the RDP, namely the A1-M1 Bridge and the

Maconde view point, Mauritius. **© Khoroshunova Olga / Shutterstock**

Grade Separator at Phoenix roundabout (to the tune of MUR5 billion) are already under way at evaluation level. Both will significantly relieve the traffic flow from the south to Port Louis. In addition to this, works have already started at Decaen Street for the construction of a new flyover on Motorway M1 for traffic entering and exiting Port Louis at Place D'Armes, which is a source of severe congestion, with conflicting flow from the northbound and southbound traffic.

AIR AND SEA CONNECTIVITY

The next strategy is focused on sea and air connectivity. Government will transform the harbour into a transhipment hub as outlined in the new Port Master Plan elaborated by the Mauritius Ports Authority (MPA). The Mauritius Container Terminal (MCT) is now a leading container port in the region with the completion of the extension of the quay to a length of 800 metres.

Another important development project is the construction of an Island Container Terminal opposite the Mauritius Container Terminal. This new facility will be the most important container port in the region with a capacity of over 1.5 million TEUs (Twenty-foot Equivalent Units). The MPA is undertaking a Techno Economic Feasibility study for the Island Container Terminal project which is being financed through a grant from the African Development Bank and is expected to start soon.

TRANSFORMING THE PORT

Work in the port area is making good progress with the investment of some MUR3 billion this year and a further MUR1.6 billion in the coming financial year. The extended Mauritius

Courtesy EDB

Port Louis, Mauritius.
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Container Terminal berth is now (since October 2017) fully operational, with an increased capacity to handle up to 750,000 TEUs. The aim is to further increase the capacity to 1.5 million TEUs by 2030 through the Island Terminal project. Moreover, the MPA has finalised its Port Master Plan and will be preparing a Master Plan for the development of a quay for leisure crafts and fishing boats at Vieux Grand Port.

The MPA is also proceeding with the construction of a second breakwater. Works are planned to start in early 2018 and to be completed by mid-2019. It will also invest around MUR500 million in a new Passenger Terminal Building at Les Salines to accommodate both Cruise and inter-island passenger traffic.

Around MUR770 million are projected to be invested in a new Integrated Government Clearance Centre in the Cargo Village and a modern Control Tower, while some MUR425 million will be invested by the Central Electricity Board (CEB) in a sub-station in the airport vicinity to cater for cargo and freeport power requirements.

Some MUR6 billion will be invested in the sea port over the next five years to enhance port infrastructure. The Cargo Handling Corporation Ltd will acquire two additional ship-to-shore cranes and other equipment to service container vessels more efficiently.

AIRPORT: NEW MASTER PLAN

Due to more rapid growth in passenger traffic and aircraft movements, the airport master plan will be reviewed to bring forward the construction of a second passenger terminal. In the same vein, the Old Passenger Terminal will be renovated and refurbished.

RAIL PENETRATION AND ROAD CONNECTIVITY

The introduction of a high-capacity public transport system, the Metro Express, will potentially improve the efficiency of the economy by reducing travel costs and travel time, whilst also increasing the level of economic activities in the various sub stations.

With the implementation of the New National Transport Network Project, around the Metro express as its main pillar, the public transport system will undergo a major transformation, involving (among other things) reengineering of bus routes and schedules. The public transport system will be more cost effective, reliable and comfortable. We want a perfect integration of the bus service and the Metro Project.

The new mass transit system will have its own network of Urban Terminals. As such the Metro Express will totally redesign towns, create new growth areas around the terminals, drastically reduce the commuting time for citizens, raise productivity, eliminate the inconvenience of traffic congestion, save on petroleum import bills and significantly cut down pollution. The construction of the Victoria Terminal will kick-start the project which will be based under a lease agreement, so as to fast track the project. These terminals will be a public-private partnership with private sector investment.

As far as the Metro Express project is concerned, works are now progressing full swing. Larsen and Toubro Ltd, an Indian company, has started the mapping of utilities plus main physical works, which are being conducted at various locations along the route between Rose Hill and Port Louis. These preliminary surveys are expected to be completed by December 2017 and heavy works are scheduled to start in January 2018 as provided in the Action Plan.

The transformation of Mauritius has reached a new stage. James Meade, a Nobel Prize winner had predicted a bleak future for Mauritius and the people of Mauritius have proved him wrong.

We want Mauritius to be a vibrant global island city with world class road infrastructure, no congestion, a sophisticated modern light rail system, sustainable public transport, efficient services, vibrant enterprises and safe integrated communities in a green environment where quality of life is a priority.

Nando Bodha

The Honourable Nando Bodha, GCSK, is Minister of Public Infrastructure and Land Transport, Republic of Mauritius.

Having been educated at the Royal College, Port Louis, Mauritius (1966-1973), he obtained a Diploma in Human Sciences from the University of Reunion Island, plus a Masters in Geography and Planning, followed by degrees in communications from the Union for Radio and Television Networks for Africa (URTNA) and from the Alfred Adler Institute in Paris (1985-86). He then went on to study at the Cranfield School of Management in the UK (1991), subsequently gaining a Bachelor of Laws (LLB) degree in 1997, joining the Bar Council in 1999 and becoming an Advocate in 2000.

A Professor at the Lycée La Bourdonnais (LLB) in Curepipe, Mauritius, he was a journalist at the Mauritius Broadcasting Corporation (1982-85) and went on to become Press Advisor to the Prime Minister (1985-1990) and then Director General of the Mauritius Broadcasting Corporation (1991-95).

In September 2000 he was appointed Minister of Tourism, a post he held again in 2010-11. From 2003-05 he was Minister of Agriculture, before becoming Leader of the Opposition 2006-07. He has been Minister of Public Infrastructure and Land Transport since 2014.

The establishment of stable foundations

Port Louis, Mauritius.
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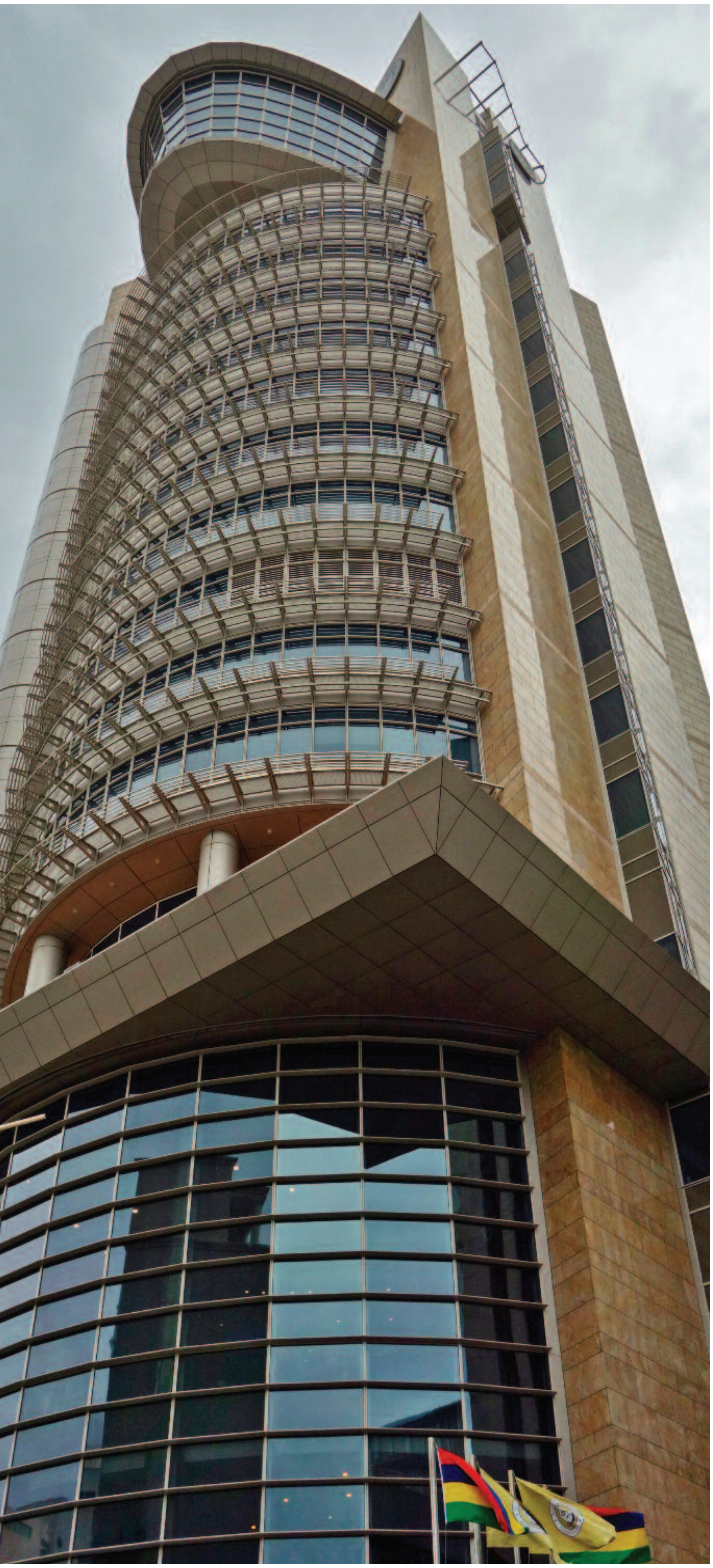
By Yandraduth Googoolye

The establishment of the Bank of Mauritius (BoM) over fifty years ago – on 1st September 1967 – has to be viewed against the background of a number of key developments.

The Board of Currency Commissioners had been responsible for the management of the currency of Mauritius from 1849 to 1967. Although the Currency Board functioned well, its area of operations had been severely restricted by the narrowness of the existing legislation, so much so that it could not adequately deal with the growing needs of a developing economy. Simultaneously, other institutional developments such as the establishment of the Development Bank and the Economic Planning Unit were proceeding and the establishment of a central bank with wider powers than the Board of Currency Commissioners was the next logical step.

On the 5th of April 1966, the Sessional Paper on the establishment of the Bank of Mauritius was circulated in the Mauritius Legislative Council. This marked the beginning of a new phase in the monetary history of Mauritius. With the setting up of the central bank, the monetary system moved forward from the stage of 'sterling exchange standard' – under which currency was issued in exchange for sterling at a fixed rate of exchange – to that of 'managed currency' in which the discretionary role of the monetary authority became important. This structural change in the monetary system was of extreme significance to the Government and to commercial banks.



Bank of Mauritius Tower, Port Louis. **© EQRoy / Shutterstock**

The newly-voted Bank of Mauritius Ordinance 1966 enabled the Minister of Finance to take certain decisions on behalf of the BoM before its establishment; these included the issue of a new series of bank notes and the acquisition of a site for the new building. Under the Ordinance, the BoM had the sole right to issue legal tender currency in the country and was mandated to maintain the internal and external value of the currency and its international convertibility.

The first Governor of the Bank of Mauritius (BoM), Mr Aunauth Beejadhur, assumed office on the 1st of July 1967. Five Directors were also appointed to the Board. A number of meetings were held by the Board to ratify decisions taken earlier and to make other arrangements required for commencing operations on the 14th of August 1967.

The BoM was officially opened by His Excellency Sir John Shaw Rennie, KCMG, OBE, Governor General of Mauritius, at a ceremony held on the 1st of September 1967 in Anglo-Mauritius House, Port Louis. To ensure that the newly-founded BoM started operations properly, assistance was provided by the Bank of England. Mr Donald George Herbert Cook, one of its Senior Officers, was deputed and appointed as Managing Director (designate) of the BoM at its inception in September 1967. In June 1968, Mr David Chaloner Keys, also seconded by the Bank of England, succeeded Mr Cook.

The BoM can thus trace back the origins of the current administrative banking processes, as well as its organisational culture, to those early years when bankers from the Bank of England implemented rigorous procedures based on the operating model of the prestigious British central banking institution.

BoM RESPONSIBILITIES FOR PRICE AND FINANCIAL STABILITY

The BoM is responsible for maintaining price stability and promoting the orderly and balanced economic development of Mauritius. The Monetary Policy Committee (MPC) was established in April 2007 and has been tasked the objective of maintaining price stability, taking into account the orderly and balanced economic development of Mauritius. The MPC generally meets once every quarter under the chairmanship of the Governor.

The mandate of the BoM also encompasses the stability and soundness of the financial system of Mauritius. The Governor sits on the Financial Stability Committee chaired by the Minister of Finance and Economic Development. With a view to enhancing the financial stability framework at the BoM, a Financial Stability Division was established within the Supervision Department in December 2016, replacing the erstwhile Financial Stability Unit.

Through regulation and supervision, the Bank safeguards the rights and interests of depositors and creditors of financial institutions and it promotes fair and competitive practices in the banking industry.

The amendments made to the Banking Act in September 2016 empower the BoM to supervise and regulate the ultimate and intermediate financial holding companies that have at least one subsidiary that is a bank or a non-bank deposit-taking institution. These would allow the BoM to better assess the risks emanating from intra-group transactions.

The development of a risk-based approach to supervision is also in the

Bank of England. **© Claudio Divizia / Shutterstock**

pipeline. This will enable the BoM to dedicate more resources to areas carrying higher risks to financial institutions.

EVOLUTION OF REGULATORY AND SUPERVISORY FRAMEWORK

Banks in Mauritius were initially operating under the remit of the Banking Ordinance of 1958 which was the legal framework covering the business of banking. The first Banking Act was enacted in 1971. Since then, the regulatory and supervisory landscape has witnessed several developments. In January 1989, the Banking Act 1971 was replaced by the Banking Act 1988 to provide a more comprehensive and modern framework for a sound domestic banking system and the basis for the development of a reputable offshore banking sector in Mauritius.

During the same year, the BoM became a member of the Offshore Group of Banking Supervisors, while being closely involved with the Basel Committee on Banking Supervision. The BoM took a significant step in November 1993 by introducing the risk-weighted capital adequacy ratio to be maintained by commercial banks along the lines of the Basel Capital Accord. An important amendment was made in 1994 to the Banking Act 1988 by authorising non-bank financial institutions to accept deposits from the public with a view to financing specific business activities. In June 1995, the Foreign Exchange Dealers Act 1995 was introduced. Since then, the BoM has been responsible for the regulation and supervision of all money changers and foreign exchange dealers in Mauritius.

A milestone in the regulatory and supervisory framework has been the enactment of the Banking Act 2004 and the Bank of Mauritius Act 2004 in October 2004. The Banking Act 2004 consolidated the laws relating to the business of banking and other financial institutions.

The new Banking Act 2004 also eliminated the previous distinction of two categories of Banking Licenses, namely a Category 1 Banking License and a Category 2 Banking License. Banks started operating under a Single Banking License Regime. The Bank of Mauritius Act 2004 enhanced the independence of the central bank, moved towards the adoption of its primary objective, which is to maintain price stability and to promote orderly and balanced economic development.

In 2005, with the objective of ensuring the development of an overall sound credit environment, the BoM established the Mauritius Credit Information Bureau (MCIB) which collects, stores and provides information on total credit exposure of borrowers to all participants. It currently has 44 participants comprising banks, leasing companies, insurance companies, non-bank financial companies and utility companies. It is mandatory for all banks to make the necessary enquiry from the MCIB before appraising or renewing any credit facility.

The minimum capital required by banks has also seen successive changes over the years from an initial amount of MUR25 million to MUR50 million in 1997, to MUR100 million in 1999 and to MUR200 million in 2006. The minimum capital

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required by banks was recently raised to MUR400 million and existing banks were given two years to adjust their capital to the new level, following an announcement in the Budget 2017-18.

To date, the Bank has 38 operational guidelines covering different areas including corporate governance, risk management, credit concentration, credit impairment, control of advertisement, internet and mobile banking. These guidelines – which are legally enforceable – are regularly subject to updates considering the latest modifications in local and international norms.

The BoM adopted the Basel II framework in 2007 and Basel III as from July 2014. The capital conservation buffer within the capital framework of Basel III is designed to ensure that banks build up capital buffers outside periods of stress and which can be drawn down as losses are incurred. A Guideline on Domestic-Systemically Important Banks (D-SIBs) was also introduced in 2014. Liquidity requirements under Basel III are being applied in Mauritius. The Guideline on Liquidity Risk Management has been revised and includes Liquidity Coverage Ratio.

Considering the large volume of data being reported by financial institutions and the undeniable need for data analytics as a supervisory tool, the BoM has implemented an information system referred to as 'XBRL' for the automated filing of returns by financial institutions.

Stress tests have also become an important supervisory toolkit due to the importance for regulators to gauge how the materialisation of macro shocks may impinge on a bank or on the banking industry as a whole. The BoM has reinforced its capacity to assess risks to the banking system through the development of a macro-based stress-testing model which covers 14 banks and is extended to nine sectors.

The BAI Group saga has underlined the need for the Bank to adopt consolidated/conglomerate supervision. The Bank of Mauritius Act 2004 and the Banking Act 2004 were amended in September 2016 to facilitate conglomerate supervision and improve consolidated supervision. Several MoUs have been signed with local and international organisations to enhance regulation and information-sharing.

DEVELOPMENTS IN THE PAYMENT SYSTEMS

At the time of independence in 1968, transactions in Mauritius were predominantly cash-based with cheques being the only other alternative to cash. The Bank has since adopted a phased approach to modernise the payment infrastructure of the country. The modernisation project started in 1995 and prescribed in the first phase, the implementation of an interbank fund transfer system in real time and in the second phase, the automation of cheque clearing processes. The first phase started with the implementation of the Mauritius Automated Clearing and Settlement System (MACSS) on 15 December 2000. The MACSS is fully automated and is the Mauritian Real Time Gross Settlement (RTGS) System which allows inter-bank transfer of funds.

The automation of the Port Louis Clearing House constituted the second phase. The last leg of the second phase consisted of carrying out the clearing of cheques based on the electronic images of cheques, as opposed to clearing based on the physical exchange of cheques (i.e. truncation). The Cheque Truncation System was launched in September 2011.

The BoM is already working on the next phase of payments innovation which will open the way for interoperable digital banking systems through the National Payment Switch (NPS). The NPS is expected to simplify the current card payment system. It will route all transactions made with locally issued cards to a central point (i.e. the Switch), for settlement at the Bank. The NPS is expected to go live by April 2018.

DEVELOPMENT OF A LEGISLATIVE FRAMEWORK THAT ENSURES MAURITIUS IS RECOGNISED AS A WELL-REGULATED IFC

The financial services sector, one of the main pillars of the Mauritian economy, is regulated and supervised by two regulators. The Bank is responsible for the supervision and regulation of the banking sector while the Financial Services Commission (FSC) – set up in 2001 – is the regulator for non-banking financial institutions and global business. Both the BoM and the FSC have adopted international best practices in order to prevent any potential abuse of the Mauritius jurisdiction. The Joint Bank of Mauritius/Financial Services Commission Coordination Committee is an effort to promote a more structured and active collaboration and coordination between the two regulatory and supervisory authorities to consolidate the overall supervision of the financial sector.

The Banking Act and Bank of Mauritius Act enacted in October 2004 are currently being reviewed in order to align them with international best practices. A new National Payment Systems Bill and Deposit Insurance Scheme Bill are currently being finalised. Legislation to combat money laundering, terrorist financing and corruption is in place since the early 2000s. In recent years, new legislations and regulations to expand the scope and depth of services that may be offered have been adopted. In the banking sector, in addition to conventional banking, banks may also conduct Islamic banking and private banking services.

HOW DOES MAURITIUS MAKE ITSELF ATTRACTIVE TO INSTITUTIONAL CLIENTS AND INVESTORS?

Mauritius has emerged as a major global investment destination due to its political stability, tax structure, strong communications network and robust regulatory system in the Indian Ocean.

The Island has an efficient regulatory regime, well-established banking institutions and a stock exchange which is one of the leading exchanges in Africa. The OECD places Mauritius on its white list of financial services centres. The latest OECD report released in August 2017, confirms once again that Mauritius is largely compliant with global requirements and that it is broadly at par with countries such as the UK, US and Singapore.

Mauritius is also a member of various organisations which promote and facilitate trade and regional integration, namely: Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Rim Association (IORA) and Commission de l'Océan Indien (COI). Mauritius also benefits from the US Africa Growth and

Opportunities Act (AGOA) in terms of preferential access to US markets. A number of world reputed organisations – such as the World Bank and the World Economic Forum – rank Mauritius first in Africa in a number of indices. The country has so far signed around 45 tax treaties and 40 Investment Promotion and Protection Agreements (IPPAs) which provide extra assurance and security for the country's potential investors. Further, there are no exchange controls that inhibit the flow of capital. No approval is required for the repatriation of profits, dividends, or capital gains earned by a foreign investor in Mauritius.

The open and business-friendly economy of Mauritius, combined with its modern infrastructure, makes it an attractive place for investors. The country's investment regulations are in line with the WTO's agreement on trade-related investment measures. The depth of skills and knowledge of local professionals and firms actively engaged in the provision of investment fund services and structuring is among the best in the global fund sector.

Mauritius aspires to be an International Arbitration Centre for the region. It embraced this new model of dispute settlement as it offers investors a tailor-made option for a cheaper and faster out-of-court alternative to settle commercial disputes, while safeguarding confidentiality.

HOW DOES BoM COOPERATE WITH OTHER ORGANISATIONS ON MAINTAINING A ROBUST YET ADAPTABLE REGULATORY INFRASTRUCTURE AND STRENGTHENING AML/CFT?

In ensuring the safety and soundness of the financial sector, the BoM is required to manage – in collaboration with other relevant supervisory and regulatory bodies – the clearing, payment and settlement systems of Mauritius.

On the domestic front, the Bank has entered into seven MoUs with the FSC, Statistics Mauritius, the Financial Intelligence Unit, the Mauritius Revenue Authority, the Competition Commission of Mauritius, the Registrar of Cooperative Societies and the Independent Commission Against Corruption for sharing of information. During the past two years, the Bank has enhanced its collaboration with the Financial Intelligence Unit (FIU). Tripartite meetings with the banks are arranged whenever required to provide an opportunity for the BoM, the FIU and banks to share their views on how to improve on the existing system.

On the international front, the Bank has entered into MoUs on cross-border supervision and information sharing with 16 of its foreign counterparts. The MoUs set forth a statement of intent between the BoM and its counterparts to establish a framework for mutual assistance, cooperation and the exchange of information in the fulfilment of the institutions' respective supervisory responsibilities.

Apart from collaboration with the Financial Intelligence Unit, the BoM has taken several measures to strengthen AML/CFT initiatives and has been working closely with international authorities such as the Basel Committee on Banking Supervision (BCBS), the Financial Action Task Force (FATF), the International Monetary Fund (IMF) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) to develop comprehensive anti-money laundering strategies and check the laundering of illicit proceeds.

Yandraduth Googoolye

Mr Yandraduth Googoolye is the Governor of the Bank of Mauritius.

He was appointed Governor Designate on 12 December 2017 and Governor of the Bank on 15 January 2018. Governor Googoolye is the Chairman of the Board of Directors of the Bank and chairs the Monetary Policy Committee.

Prior to his appointment (and since July 2006), Mr Googoolye was the First Deputy Governor of the Bank of Mauritius. He has also acted as Governor of the Bank from 1 January to 13 February 2007 and from 16 February to 20 May 2010, by virtue of the provisions of the Bank of Mauritius Act 2004.

Mr Googoolye joined the Bank of Mauritius in 1985 as Accountant, then became Assistant Inspector of Banks. He was appointed Director-Banking Supervision in 1991 before moving as Director to the Operations Department in 1997. Following a reorganisation of the Department, he became Director-Accounting, Budgeting and Payments System in early 2001. He was the Project Coordinator for the establishment of a Real Time Gross Settlement System for the banking system in Mauritius and was also responsible for the automation of the clearing house.

He also served as a member of the Technical Committee of the Mauritius Offshore Business Activities Authority and of the Board of the National Investment Trust. He was the Country Leader for the SADC Payment System Project and member of the SADC Payment System Steering Committee. He was equally a member of the Committee of International Payment Experts on the COMESA Payment System Project.

Mr Googoolye was the former Vice Chairperson of the Financial Services Commission. He is actively involved in several key regional and international organisations. He is the current Chairman of the Eastern Africa sub-region Committee of Central Bank Governors of the Association of African Central Banks. He is also a Council Member of the Islamic Financial Services Board and is the current Chairman of the Governing Board Member of the International Islamic Liquidity Management Corporation (IILM), of which the Bank of Mauritius is a founding member. Mr Googoolye is a regular speaker at international conferences on central banking.


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Mauritius: a forward looking IFC

By Harvesh Seegolam

Historically, portrayed as a trading hub connecting the East to the West, Mauritius has today become a platform of choice for trade as well as cross border finance and investments, amongst others.

As a resilient nation, Mauritius has consistently strived to diversify its economy and uses its assets in the most productive way possible. The strategic geographical location; sophisticated legal system – where the highest court of appeal is the Privy Council in the UK; the regulatory architecture in line with international standards; business-friendly ecosystem and a well-educated dynamic workforce, have indeed been invaluable assets for the country, especially in the development of the financial services sector.

Mauritius has established itself as a leading platform for trade and investment, owing to the highly competitive ecosystem which it offers to investors and the business community. In addition, building on the strength of its cultural and economic ties with both Africa and Asia, the Mauritius IFC is heralded as one of the major investment platforms into the emerging world.

Our plethora of financial services offered by the Mauritius IFC has equally broadened and deepened over time to include administration and management of companies, fund and asset management, structuring of cross-border investments, wealth planning, listings and capital raising, as well as insurance and pensions amongst others.

The contribution to GDP by the financial services sector reached 12.1% in 2017 and the sector generates substantial employment with a direct workforce of more than 15,000 professionals.

The Mauritius IFC remains a fully collaborative and transparent financial centre. To promote effective cooperation and exchange of information, the Financial Services Commission (FSC), Mauritius, as the integrated regulator for the non-bank financial services sector and global business, has built a robust network of 64 Memorandum of Understanding and Multilateral Memorandum of Understanding with both local and international counterparts. Also placing Mauritius in the league of some of the best financial centres globally is our rating by the OECD global forum as a fully 'compliant' jurisdiction.

Mauritius adheres to a number of international standard setting organisations, including the International Association of Insurance Supervisors (IAIS), the International Organisation of Securities Commissions (IOSCO) and the International Organisation of Pension Supervisors (IOPS). Mauritius is also a member of several regional regulatory organisations including the Committee of Insurance, Securities and Non-banking financial Authorities (CISNA) initiative under the Southern African Development Community (SADC); the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) initiative under the Financial Action Task Force (FATF); and the Financial Stability Board Regional Consultative Group for Sub-Saharan Africa, amongst others.

The financial services sector remains a crucial component of the economic engine of Mauritius. To bolster our position as a resilient IFC of sound repute, we are consolidating and enhancing the quality of our financial products and services to achieve greater efficiency and competiveness. This will enable us to further diversify the range of our financial products and services with the creation and development of niche markets.

To this end, Mauritius is gearing up to achieve the next phase of development of its financial sector by moving up the value chain and positioning itself as a leading regional capital raising venue with high-end market infrastructure, whilst at the same time providing a modern and competitive commodities and derivatives trading platform in the region. In line with the need to finance projects in the region, Mauritius as a trusted financial platform will also have a key role to play in facilitating corporate finance by bringing complex financial engineering solutions and investment banking services.

Another key area of focus is to reinforce the position of Mauritius as a private wealth services centre, as well as a jurisdiction with efficient fund management and investment analytics services.

In addition, as an innovative jurisdiction, Mauritius stands ready to embrace the use of digital and technologically enabled financial services. In this respect, 2018 began with the setting up of the Fintech and Innovation-driven Financial Services Regulatory Committee (the 'Committee') consisting of two Lords from the United Kingdom House of Lords with extensive knowledge and experience in Smart Technology, as well as other eminent experts in this pioneering arena. This high level Committee will guide all stakeholders in further developing Mauritius as a regional hub for fintech, financial services innovation and artificial intelligence in financial services.

All the initiatives being undertaken form part of the eco-system we are building for the advancement of the financial services sector and to facilitate further growth and investment in key regional markets.

As we celebrate the 50th anniversary of our independence, we are optimistic that the financial services sector of Mauritius will remain an important pillar of the country's future success.

Harvesh Seegolam

Harvesh Seegolam is Chief Executive of the Financial Services Commission (FSC), Mauritius.

He is an active member of the Executive Committees of a number of strategic international regulatory bodies and instances; including the International Organisation of Pension Supervisors (IOPS) and the Regulatory Committee on Fintech and Innovation-driven Financial Services.

Prior to joining the Commission, he set up and ran the Financial Services Promotion Agency (now part of the EDB), an institution which operated under the aegis of the Ministry of Finance and Economic Development, with the mandate of promoting Mauritius as an International Financial Centre. In the past, he has equally been part of the strategic team leading the Board of Investment of Mauritius, thereby successfully advising a number of global operators in setting up operations in Mauritius.

Harvesh holds a BSc (Hon) in Economics and an MSc in International Finance, in addition to several other qualifications in accountancy and finance. He is an alumni of the London School of Economics & Political Science, the University College London, Durham University, as well as, the SKEMA 'Grande Ecole de Commerce' in France.

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Banking on Mauritius: meeting the economy's new challenges & needs

By Ravin Dajee

Powerful forces are reshaping the banking industry. As Mauritius enters its 50th year as an independent state, it seems only convenient to look back on the contribution of the banking sector to both the economic growth and socioeconomic progress the country has accomplished over the past five decades.

The nation's Golden Jubilee will also serve as an excellent opportunity for banks to rethink their current strategies so as to remain the perfect economic partners in an era where threats and risks are ever increasing, with growing competition at local, regional and international levels.

While Mauritius can be considered still young as a political nation, as an economy, its development started under colonial rule more than 300 years ago with the successive European settlements. Over those three centuries, Mauritius has undergone a vibrant and remarkable economic transformation that has put the country on the map of small

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island developing states in numerous fields, the most prominent one in the last lustrum being financial services. Many of the country's banking institutions are over a century old and have played a crucial role in the Island's development over the decades.

Established 50 years ago, while Mauritius was still under British rule, the Mauritius Bankers Association (MBA) originally served as an industry alliance for commercial banks. Nowadays, with the diversification that the banking sector has witnessed over the years, the MBA represents all banks operating in Mauritius, working in cooperation with other organisations and supporting enhancements to the development of the industry through a variety of initiatives, including efforts to enhance the skills of the resident workforce via appropriate training programmes.

Over and above these, the MBA has also had a crucial role in helping local banks stay true to their purpose of helping the country achieve sustainable economic growth by constantly guiding institutions in their quest to adapt to several changes that have occurred over the years.

Many have predicted the fall of the traditional bank, as disruptive new entrants win market share by offering a better customer experience through new products and channels. Yet, despite the emergence of new competitors and models, we believe the traditional bank has a bright future – the fundamental concept of a trusted institution acting as a store of value, a source of finance and as a facilitator of transactions is not about to change. However, much of the landscape will change significantly in response to the evolving forces of customer expectations, regulatory requirements,

Port Louis, Mauritius. **© Anton Ivanov / Shutterstock** technology, demographics, new competitors and shifting economics.

Noteworthy changes in our market are the constantly evolving banking needs of local businesses and individuals, which have compelled local banks to diversify their portfolio of products and services, and the necessity to cater to the expectations of a significant number of foreign investors.

Banks need to choose what posture to adopt against this change – whether to be a shaper of the future, a fast follower, or to manage defensively, putting off change. Staying the same is not an option. Today, the banking sector in Mauritius is not only able to provide a complete suite of solutions to respond to particular demands but can also anticipate clients' needs in the face of economic changes to offer customised products and services. This strategy has enabled banks to foresee future economic trends, which is one of the reasons that the banking sector and, by extension, the country's economy, were able to withstand the 2008 global financial crisis.

We believe that the winners in 2020 will not only execute relentlessly against today's imperatives but will also innovate and transform themselves to prepare for the future. Customer expectations, technological capabilities, regulatory requirements, demographics and economics are together creating an imperative to change.

These events also serve as a warning sign that failure for major economic players to adapt can have serious adverse consequences which can sometimes be irreversible. As an industry association, the MBA also has the task to provide useful insights to banking institutions by advising on the best practices and norms to adopt to be able to cope with recurrent and foreseeable uncertainties.

As Mauritius is currently paving its way to becoming a high-income economy, banks will once again need to adapt their strategies and portfolio to reflect the change that will occur in the years to come. Simultaneously, the finance industry as a whole, that is to say banking and non-banking financial institutions, will need to provide a set of products and services that respond to the expectations of new demographics, like the millennials, who will represent over the next decades the highest proportion of active individuals in any given country.

Regulation is impacting business models and economics. Technology is rapidly morphing from an expensive challenge into a potent enabler of both customer experience and effective operations. Non-traditional players are challenging the established order, leading with customer-centric innovation. New service providers are emerging. Millennials are more concerned with financial transparency, as well as self-guided and convenient banking services. Customers are demanding ever higher levels of service and value.

Banks need to get ahead of these challenges and retool to win in the next era. Banks must not only execute on today's imperatives but also radically innovate and transform themselves for the future.

This can only be achieved by reinventing the banking business to get rid of the practices that nearly caused the downfall of the world economy less than a decade ago. In Mauritius, the MBA is bound to be always wary of the changes that are affecting the financial services industry around the world and also remain vigilant as to which actors we are attracting in the Mauritian jurisdiction, especially with the country's ambition of becoming a fintech hub for Africa. In this respect, training and technology remain two essential elements which will help the banking sector flourish and be more in line with the current and future requirements of the economy. This future will, therefore, require institutions to be agile and open, ready to explore different options in an uncertain world.

As it reaches its 50th anniversary as an independent state, Mauritius has embarked on a path to innovation in various fields, driven by Government's long-time ambition to turn the country into a cyber-island and the corporate vision of automating industry processes where the workforce is less readily available that in previous years.

The banking sector has been at the forefront of innovation over the decades and the economy will definitely expect new technology-powered solutions. This is the landscape that is busy shaping itself within which all economic players will now have to operate and which will see the survival of only the fittest. Once again, we can rely on banks to lead the way and ensure resilience.

Ravin Dajee

Ravin Dajee is Chairman of the Mauritius Bankers Association (MBA).

He is also Managing Director and Executive Director of the Board of Barclays Bank Mauritius Limited: www.barclays.mu

Prior to joining Barclays Mauritius, Ravin held several leadership positions, including the role of General Manager of the State Trading Corporation from 2002 to 2004 and General Manager of the Central Electricity Board from 2004 to 2006.

Ravin graduated from the University of Oxford with a post graduate diploma in Strategy and Innovation. He is an Associate of the Chartered Institute of Bankers and holds a Masters Degree in Finance from the University of Leicester. He is currently completing a Senior Executive Leadership Program at the Harvard Business School.

Transforming a tried and tested IFC

By Dr Rama Sithanen

Mauritius is recognised as a leading International Financial Centre (IFC) and regional hub for the setting up, administration and compliance of funds investing in the emerging markets of India, Asia, Middle East and Africa.

Typically, it is a scenario where investors look for a safe, efficient and competitive jurisdiction to hold their African and Asian assets, one where there is ease of doing business and proven expertise in fund structuring and administration. The country offers a good range of flexible legal structures to meet the diverse and multiple requirements of investors. The vehicles that are structured, domiciled and administered are varied and include private equity funds, collective investment schemes, hedge, venture capital and real estate funds. The centre has attracted considerable capital from developed financial institutions, global corporates, institutional investors and HNWIs.

Leveraging on its strategic time zone (GMT+ 4) and location, Mauritius has developed a strong brand as a sound, transparent and stable financial centre. It has created its conducive climate with a hybrid legal system based on English common law and French civil code and a robust and independent judicial system, with the Privy Council of the UK as the highest court of appeal.

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Its competitive tax regime, its excellent network of Double Taxation Avoidance Agreements that provides tax certainty, its Investment, Promotion and Protection Treaties that mitigate risks and the free repatriation of profit and capital, are highly prized by fund managers when implementing their international investment strategies.

To service its global client base, Mauritius has built a large bilingual – English and French – pool of professional, legal, accounting, audit, administration and fiduciary expertise. To ensure quality deliverables, the industry is well supported by good ICT infrastructure, best of the breed technology, reliable banking and insurance services and a modern stock exchange where capital can be raised and global funds listed.

Mauritius has been able to strike the right balance between regulation and business development. It promotes fund activities while ensuring the soundness and transparency of the financial system. The country is a well-regulated centre that is on the OECD 'White List' and is supportive of implementing internationally agreed standards. Its trusted legal, regulatory and institutional framework is being constantly updated to ensure it is in line with global best practices.

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To meet the emerging challenges of the fast changing global regulatory environment, the greater need for transparency and openness, the dramatic modifications in the tax landscape and the growing competition from other jurisdictions, Mauritius has embarked on a triple strategy of diversifying its products and services, broadening the geographical footprint of its fund business and moving up the value chain through a more focused substance-based approach.

Firms are being encouraged to provide enhanced services such as advisory, tax and legal to existing clients, while the country is supporting the setting up of fund and asset management and advisory companies with local presence and commercial activities.

Regional headquarters and new products are being developed, such as treasury management, fund and asset management, investment banking, family offices, private wealth management, international legal services, Shariah-compliant instruments, captive insurance and fintech, enabling Mauritius to emerge as a financial centre with both critical mass and a variety of products and services. Also, as fund managers face margin pressures, Mauritius is offering a unique value proposition to global companies that are considering outsourcing their accounting, administration and investor reporting functions to a competitive platform. The jurisdiction is also shaping up as an International Arbitration Centre for dispute resolution.

Building on its experience as a fund jurisdiction for investment from the USA and Europe into India, Asia and Africa, Mauritius is positioning itself to become a key intermediary and facilitator in the China-Africa trade and investment corridor, in the outward foreign direct investment from India into Africa, in cross border capital flows between South Africa and the rest of Africa and between African countries.

The aim is for the country to become the trade and investment hub for Africa. Crucially, the requirement for substantial economic activities will ensure that Mauritius moves up the revenue chain to capture more added value with the provision of more activities and the presence of new service providers. To burnish its diversification appeal, new incentives have been granted to companies doing business in Africa and Asia to set up regional headquarters and for multinationals to centralise their treasury management, sales and marketing, procurement and shared services in Mauritius.

The country is also developing strategies to capitalise on its time zone advantage, the rising costs in competing jurisdictions and its membership of the two important regional economic communities of SADC and COMESA that offer duty free and quota free access to a sizeable market in Eastern and Southern Africa. For instance, the withdrawal of some European banks from Africa represents an opportunity for Mauritius-based banks to capture African clients. Also, the time zone advantage of Mauritius helps managers based in London and New York to have reports on their desk before their morning coffee. There is also the strategy to have greater integration between the global business industry that has historically served the international market and the domestic economy, so as to create greater synergies and generate more added value.

The objective is to emerge as a midshore centre that combines features of global business with traits of the onshore sector. To run the next development lap in the fund business, the country is investing in capacity building especially in new skills – such as fund and asset management – modernising its infrastructure with technology and innovation and strengthening its institutions with stronger regulations and supervision.

Mauritius is an open, market-driven and tax neutral financial centre, in addition to being a great place to work, live and do business. The combination of incentives, a conducive business eco system, the availability of skills, infrastructure, technology and strong institutions, have made Mauritius home to some leading funds from around the world. With changes in the regulatory and tax landscape and fierce competition, Mauritius is adapting by consolidating its achievements, deepening its service offering, diversifying into new products and regions, whilst transforming itself into a centre of economic substance and higher value added services.

The goal is to remain a jurisdiction of choice and to drive cross border investment and growth in emerging economies in Asia and Africa, with stability, security and substance.

Dr Rama Sithanen

Dr Rama Sithanen is Chairman and Director of IFS/Sanne.

A London School of Economics (LSE) trained economist, he was Minister of Finance of Mauritius between 1991 and 1995 and Deputy Prime Minister and Minister of Finance between 2005 and 2010.

He has held several senior positions in the private sector and is currently also the Chairperson of the Rwanda Economic Development Board.

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The transformational evolution of the Stock Exchange of Mauritius

By Sunil Benimadhu

As Mauritius celebrates the 50th anniversary of its independence, it is an opportune time to reflect on some of the transformational initiatives taken post-independence to set the country firmly on the path of modernisation and innovation. One such initiative concerns the setting up of a Stock Exchange in 1989.

Setting up a Stock Exchange in a country with a GDP of only MUR33 billion and an initial market capitalisation of only MUR1.4 billion, required more than just a visionary drive. It required an act of faith in the country's future.

The transformational journey of the Stock Exchange of Mauritius (SEM) since 1989 and how the SEM has, in spite of the structural constraints and limitations of an island economy, successfully positioned itself as one of the leading Exchanges in Africa – and as an attractive capital-raising and listing platform for niche international issuers – is a quite remarkable story.

OVERCOMING THE STRUCTURAL CONSTRAINTS OF AN ISLAND ECONOMY AND REDEFINING THE CAPITAL MARKETS' SPACE

There is no better way of appraising the SEM's transformational journey than by looking at the evolution of a few key statistics of stock market development and performance since 1989. The SEM started business on the 5th of July 1989 with five listed securities and a market capitalisation of only MUR1.4 billion, representing a market capitalisation to GDP ratio of only 4.2%. Over the years – thanks to the implementation of a number of ground-breaking initiatives coupled with the introduction of a number

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of defining changes to its regulatory and operational framework – the SEM has redefined the capital markets' landscape in Mauritius, boosted its market capitalisation in a meaningful way, diversified its product offerings and succeeded in its transition from an equity-centric domestic stock exchange to a multi-asset class international stock exchange. Currently, there are 182 securities listed on SEM, cutting across different asset-classes and issued by a diverse group of local, African and international issuers. Total market capitalisation has crossed the MUR400 billion mark and currently represents a market capitalisation to GDP ratio of 91% which is the highest in Africa (excluding South Africa). A total of MUR219 billion rupees have been raised by SEM's listed companies to fund their expansion or restructure their capital base.

Since its creation in 1989, the SEM has emerged as a powerful value creation platform for investors, generating an annualised price return of 11.5% and an annualised total return of 16.6%.

At the heart of the SEM's transformational journey lies the successful pursuit of an internationalisation strategy which rests on the following three important pillars:

- A thorough review of the listing rules to enhance the SEM's attractiveness as a listing and trading platform for a wider spectrum of products.
- The establishment of synergistic links between the capital markets and the global business sector in Mauritius to promote the delivery of higher value added services from Mauritius.
- The introduction of a multi-currency platform on SEM which allows an issuer to raise capital, list, trade and settle transactions in its underlying securities in USD, EURO, GBP and ZAR.

ESTABLISHMENT OF SEM AS A COMPELLING CAPITAL-RAISING PLATFORM FOR AFRICAN ISSUERS

The pursuit of SEM's internationalisation strategy since 2009 has generated commendable results which can only inspire the SEM to accelerate the process of establishing itself as a compelling capital-raising platform for niche international issuers, including African issuers. Since 2009, the SEM has listed 76 international products on its platform and MUR160.2 billion has been raised by these international issuers. Our focus in the coming years is to leverage on SEM's strengths and competitive advantages to firmly establish its footprint as a leading capital-raising and listing platform for African issuers. African issuers wishing to raise capital in international currencies from international investors have so far turned to markets outside of Africa. The SEM now offers them an attractive and viable alternative on an African Exchange at much more competitive costs. In addition to the current attractive listing framework which makes listing on SEM relatively simple and the multi-currency platform which facilitates capital-raising from international investors, the SEM is also working on attracting more global order flows to its platform through the promotion of remote brokers as members of SEM. In essence, we are actively working on the promotion of a financial ecosystem which will transform the financial landscape in Mauritius and set the stage for the emergence of a whole range of high value added services, including international capital-raising, investment, banking, high level corporate advisory services and risk management services.

CONCLUSION

This article has summarised a few of the ground-breaking initiatives implemented by the SEM during its relatively short 29-year history, which have set the scene for the gradual transformation of the capital markets framework in Mauritius from its historical domestic focus to an internationalised focus and created the space for the provision of high value-added services from Mauritius.

The key to unlocking the huge potential of Mauritius' capital markets lies in the ability to leverage off the international flows of funds converging into the global business sector in Mauritius, to raise capital for the entities using Mauritius as a service platform to invest in the emerging regions of the world. It also lies in our ability to attract international players and regional/global order flows to our platform. This can provide the much needed breakthrough to overcome the structural constraints of a small internal economy and help Mauritius consolidate in a meaningful way its role as a premier international financial centre in Africa and the SEM emerge as the capital-raising and listing platform of choice for African issuers.

Sunil Benimadhu

Sunil Benimadhu is Chief Executive of the Stock Exchange of Mauritius (SEM).

He joined the SEM as Chief Executive in May 1998 and has played an instrumental role in enhancing the operational, technological and regulatory infrastructure of the SEM and contributed to its emergence as one of the leading Exchanges in Africa.

He is also the Chairman of Global Finance Mauritius, the apex body of private sector operators in the financial services industry.

Sunil is a Board member of the World Federation of Exchanges (WFE), a key standards-setter in the Exchange industry at the global level.

Port Louis, Mauritius.
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An innovative trust and estate planning jurisdiction

By Amal Autar

As our beloved country celebrates its landmark 50th anniversary, it is opportune to look back at the evolution and growth of our trust industry over the past two decades or so. Indeed, as distant as it may seem, it has been 26 years since the enactment of the Offshore Trusts Act back in 1992 amongst the introduction of an array of other legislations in 1992, such as the Mauritius Offshore Business Activities (MOBA) Act which paved the route for Mauritius to become an International Financial Centre (IFC).

From humble beginnings, we have come a long way and no doubt, the reputation of Mauritius as a leading IFC in the region is already well established. Be it as the most efficient tax route to India, preferred Gateway for investment into (and out of) Africa and last but not least, as a Trust and Estate Planning and Private Wealth Management Centre for Africa.

Mauritius has consistently earned international accolades and number one ranking in Sub Saharan Africa in major international indices such as World Bank's Ease of Doing Business, Global Competitiveness Report, Mo Ibrahim Index of African Governance and Transparency International, just to name a few.

Undoubtedly, the main factors which have contributed to the success of Mauritius as an IFC of substance have been a robust regulatory framework, political stability, good governance, attractive fiscal regime coupled with the network of Double Tax Treaties, large pool of qualified professionals and to some extent, lower costs of doing business.

However, undeniably the global environment has changed dramatically over the last five years and this has led to a paradigm shift in the trust industry. We are evolving in a new era with increasing challenges – such as FATCA, CRS, BEPS, increased transparency, public register of trusts – which will definitely have an impact on the future of IFCs and Mauritius will be no exception.

Against such challenges, entirely new ways of trust, estate and succession planning solutions will therefore emerge and fresh opportunities will certainly present themselves. Therefore, Mauritius must be geared to wave on those opportunities through the right policies and strategies so that it remains on par with – or even more competitive than – other IFCs. In short, we have to re-imagine and shape our future.

The trust and estate planning industry has been dynamic and innovative since its creation in 1992 with the enactment of the Offshore Trusts Act 1992 which has since been replaced by The Trusts Act 2001. Our trust legislation which allows for the setting up of Private Trust Companies. In fact, for more sophisticated individuals and possibly those who would feel more comfortable retaining a degree of control over the trust assets (of whatever type), a Private Trust Company (PTC) may be appropriate.

Over the last decade professional trustees in IFCs have become far more cautious in the way they exercise their powers. This is for two reasons. First, as trusts mature,

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there have been a number of actions against trustees by creditors, beneficiaries and settlors, which have highlighted the trustees' duties to these parties and the consequences of following the settlors' instructions blindly without considering the other interested parties. Second, there have been a number of mandatory guidelines issued by regulatory authorities detailing how the responsibilities of trustees should be fulfilled.

The result of these developments is that where a trust has been set up to hold assets other than a simple investment portfolio – for example the family business or the family home – the simplest transactions become complicated as the trustee seeks legal advice and/or indemnities from beneficiaries and potential beneficiaries. Trustees are reluctant to make new investments in non standard assets.

Furthermore, another trend is for wealthy families to take more control over the management of their wealth by establishing family offices which look at all aspects of wealth management and inheritance planning for the family.

Basically, a Private Trust Company (PTC) is a company formed to act as trustee to a limited number of trusts, either for the benefit of a single family, or for the benefit of different branches of a family or for distinct (but related) family groups. The administration of the PTC is outsourced to licensed service providers. It is the Directors of the PTC that carry out their duties on behalf of the company which will be the trustee of the trust(s). The Board of Directors may be drawn from the Settlor's own family, his close advisers or others. Usually, at least one Director is provided by the chosen licensed trust company in order that he may fulfill his duties under the law but also provide practical and technical advice to the Board.

A trust company owned by the 'family' can afford to be more flexible in its decision taking compared to a third party trustee which might need to seek indemnities from all beneficiaries before major decisions. The involvement of the settlor or a close family member or close personal advisors on the board of the trust company will allow the actions of the trustee to be closely monitored by the family.

There is no public register of Directors or Shareholders of the PTC. The confidentiality of information provided to the Financial Services Commission for the purposes of licensing is specifically protected by law. There is no registration of the individual underlying trusts.

The family owned PTC will be more comfortable for underlying trusts to hold higher risk assets such as trading companies than a third party trustee would be.

However, it is worth noting that the Financial Services Commission (FSC) is very clear that the responsibility for ensuring compliance with the terms of the licence rests with the appointed Licensed Management Company. The PTC has to provide a list to the FSC annually of the trusts for which it acts.

With a view to further diversifying our product spectrum, the Financial Services Act has been amended in 2015 to provide for the Overseas Family Office which caters for the domiciliation of High Net Worth single family and multifamily offices. Fuelled by the wealth boom, cross border investments and population growth in Africa, Middle East, India and China, the number of high net worth and ultra high net worth families, has skyrocketed. Built on traditional and cultural values, most businesses in those regions tend to be family run. The number is growing fast at an estimated 8% per annum. One can see the importance of family businesses to the stability and growth of those economies.

This offers an opportunity to Mauritius to attract the family wealth management business as it already has a well established reputation as an IFC of repute and substance, a high-end tourism destination, a successful Integrated Resort Scheme (IRS), political stability, a pool of qualified professionals and last but not least, cost efficiency.

There are a number of classic location options available including New York, London, Monaco, Geneva and Hong Kong. The new international financial centres of the Middle East are now gearing up by introducing family office legislation to fill the geographical void between Geneva and Hong Kong.

This is where Mauritius can step in. When looking to decide where to set up the private office, families in India, China and the Middle East will inevitably look at Mauritius given its strategic geographical location and acting as a Gateway between Asia and Africa. Mauritius is just four hours behind Hong Kong and the same number of hours ahead of GMT. Accordingly, for a family based largely in Africa, Asia or the Middle East, we are very much at the centre of their world.

Professional Trustees in Mauritius have all the expertise needed to provide a complete range of trust, tax and wealth management services to high net worth families. In one central office, dedicated to serving the family, all the financial affairs can be managed and all the 'concierge type' travel, hotel and other arrangements taken care of. Mauritian Trust companies have built up considerable expertise in advising clients on global trust and estate planning, business succession and administration of trust (including PTCs) and Family Office.

Finally, Mauritius has also promulgated a Foundations Act since 2012 to cater for the setting-up of Private Foundations in Mauritius.

CONCLUSION

Undoubtedly, the strategy for the future growth of Mauritius will be geared towards Africa. The recent amendment to the Indo-Mauritius DTA has been the wake up call and has prompted the industry to re-engineer their business model and marketing strategy with focus on the African continent.

It is estimated that Africa is home to around 165,000 high net worth individuals (HNWIs) with a combined wealth holding of US$860 billion and this number is set to increase at a rate of 7% as a result of continuous economic development and urbanisation. The wealth of these families is often intrinsically linked to the underlying family businesses and professionals assigned to manage this wealth need to not only maximise investment profitability but to also meet the estate and succession planning needs of the patriarchs of those families, while ensuring sustainability and growth of the family enterprise.

Mauritius would therefore have to maintain its leverage on its fiscal and non fiscal inherent advantages and reposition itself into a high value jurisdiction to tap into the tremendous opportunities that the increase in wealth across the continent will create. The future of Mauritius as the 'Shining Star in the Indian Ocean' is promising.

Footnote:

The contents of this article are intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

Amal Autar

Amal Autar is the Executive Director of Mauritius International Trust Company Limited (MITCO).

He has been with MITCO – part of the Ciel Group – since 1995, which is one of the management companies licensed by the Financial Services Commission of Mauritius.

Amal, who graduated from the University of Witwatersrand South Africa, is an associate member of the UK Institute of Chartered Secretaries and Administrators and an associate member of the Society of Trust and Estate Practitioners (STEP). He acted as Chairman of the Society of Trust and Estate Practitioners (Mauritius) Limited, the Mauritius branch of STEP Worldwide from 2015 to 2017.

With a career in corporate, tax, trust and estate planning spanning over more than 20 years in the global business sector, he has extensive experience in the structuring and administration of global business companies, trusts and funds. He also acts as Director on the board of Mauritius subsidiaries of several international funds and companies including SBM Securities Limited.

Flame tree, Mauritius.
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The Mauritius foundation

By Manon Thamothiram

Mauritius has traditionally been known as the jurisdiction of choice for structuring investments into India and the African continent. Over the last decade, Mauritius has paved its way as a prominent centre for private wealth management.

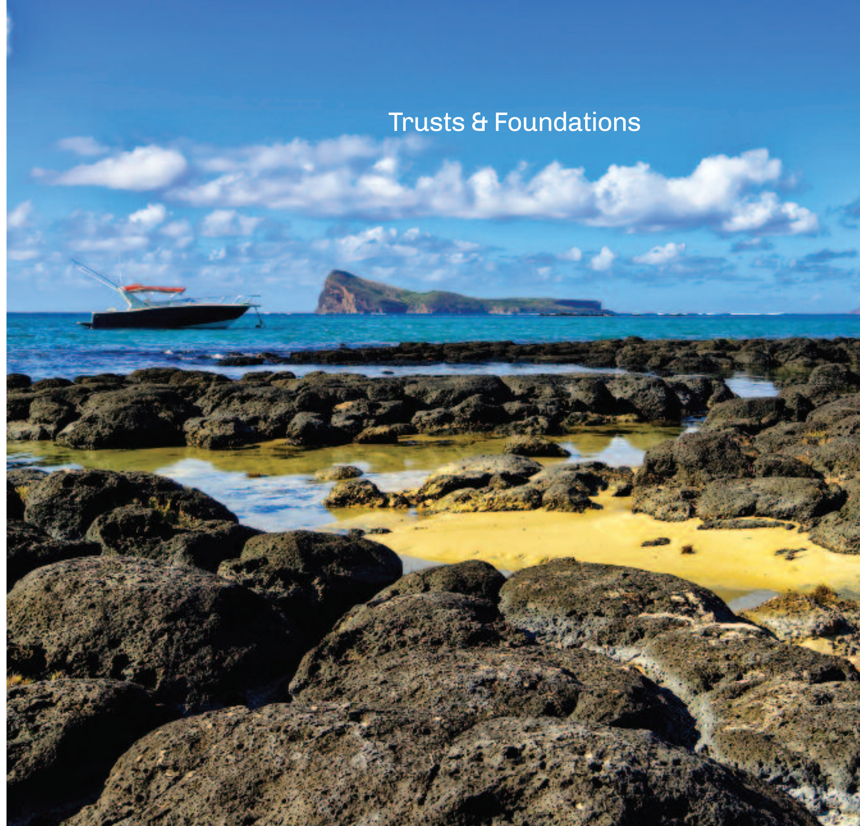
The starting point of the journey goes back to 1992, when the Offshore Trusts Act allowed non-residents to create trusts. Thereafter, with the growth of the global business sector and the willingness for Mauritius to align with other financial centres, the Trusts Act 2001 was enacted. With a need to diversify its product offering in the field of wealth managment, Mauritius introduced the Foundations Act 2012.

WEALTH MANAGEMENT

Wealth management refers to the process whereby the needs and expectations of wealthy persons are met through appropriate legal, financial and tax solutions. The aim of wealth management is to sustain and enhance the wealth of these high net worth persons.

FOUNDATIONS

Foundations are new entrants in the field of wealth management. A foundation is a body corporate whereby one party, normally referred to as the founder, endows assets into the foundation for a panel of persons, referred as the Council, to manage it: (i) for the benefit of one or more third parties, referred as beneficiaries or, (ii) for specific purposes. In essence, a foundation has the characteristics of a trust while also having the benefit of a company structure. A foundation has often been referred to as having the soul of a trust whilst having the body of a company.



Rocky north coast of Mauritius. **© Stockdonkey Lagesse / Shutterstock**

HISTORY OF THE FOUNDATION

The Church was one of the first to utilise the concept that is now referred to as a 'Foundation'. The Church was considered a 'Divine Foundation' with the various organisations within the church having legal control over its 'patrimony'. Foundations were initially conceptualised for communal purposes. They were not utilised for private purposes such as serving the interests of individuals or families.

The concept of the foundation for private interest did not come until 1926 when the Principality of Liechtenstein created the 'Law of Persons & Companies', which first established the concepts of 'Family Foundation' and 'Mixed Foundation' – the former was for the benefit of one or more members of a family and the latter was for specified charitable purposes.

KEY FEATURES OF MAURITIUS FOUNDATIONS

Given the nature of a foundation, its key features are a mixture of those of a trust and a company, which are as follows:

Creation

A foundation can be formed by way of a document drawn by the founder. The document can be in the form of a will or constitutive document, referred to as the charter.

Furthermore, in order for third parties to be aware they are dealing with a foundation, its name must end with the word 'Foundation'.

Separate legal personality

Interestingly, unlike a trust, a foundation obtains the status of a separate legal person from the date of its registration with the Registrar of Foundations. A certificate of registration is issued to evidence the starting date of a foundation as a legal person. Hence, a foundation can sue, be sued and hold assets in its name.

Functionaries

Similar to a trust, a foundation will be initiated by at least one person, the founder, who will endow assets in it. The founder can also be among the persons that will benefit from the assets within the foundation, so the founder can also be a beneficiary.

A foundation shall have one or more persons constituted as a committee, referred as the Council, to administer the foundation's assets and carry out its objects. Furthermore, at least one of the members of the Council is required to be ordinarily resident in Mauritius. Founders and beneficiaries can form part of the Council.

To ensure the objects of a foundation are met, one or more persons can be appointed as protectors.

A foundation is required to appoint at least one secretary, which shall be a body corporate or an individual resident in Mauritius and authorised by the Financial Services Commission. The role of the secretary will be to guide the Council on the day to day management of the foundation.

Place of business

A foundation must have its registered office in Mauritius. In addition, it shall keep proper records at that registered office, such requirements ensuring that it is managed in Mauritius.

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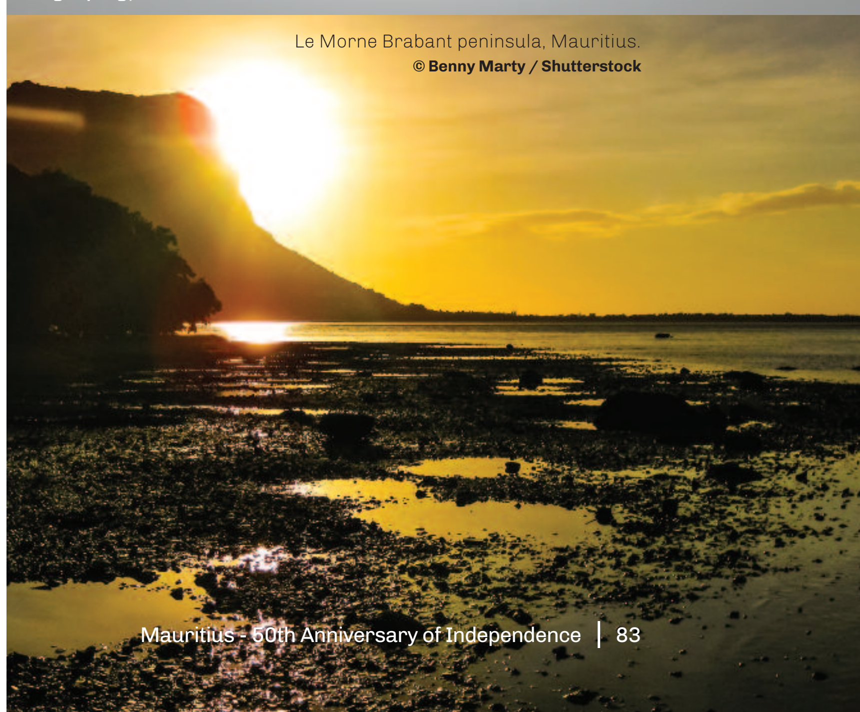

Le Morne Brabant peninsula, Mauritius.
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Tax regime

A foundation can be a taxable or exempt entity.

If the central management and control is in Mauritius, a foundation is resident and shall be liable to income tax. However, if throughout an income year, the founders and beneficiaries are non Mauritius resident or hold a Category One Global Business Licence, the foundation can be exempted from income tax for that income year.

A foundation with one or more charitable purposes can also be exempted from income tax. The charitable purposes can be the relief of poverty, progress of education, advancement of religion, protection of environment, improvement of human rights and fundamental freedoms or any other purpose beneficial to the public in general.

Variation in the objects

A foundation can be set up to carry out charitable and commercial purposes or a mixture of both.

No forced heirship rules

Except for the Mauritius citizens, forced heirship rules of the country of residence of the founders cannot challenge the validity of a foundation for holding assets that were previously that of the founders.

POTENTIAL USES OF A MAURITIUS FOUNDATION

Alternative to trust

Given that a foundation has the traits of a trust – it can be used for the same purpose such as to accumulate wealth either: (i) for the benefit of one or more persons, or (ii) for one or more specific purposes. In these scenarios, founders endow assets in the foundations on one or more occasion, the Councils manage the assets in such a way that they can distribute the assets to the beneficiaries from time to time or apply the assets to the purposes of the foundations as and when required.

By accumulating wealth within foundations over the years, the founders can plan on how the wealth is to be distributed to their heirs and the remoter issue of their heirs, thus planning their succession.

Other usages of foundations

With the evolution of the business environment over the last few decades, foundations have found new utilities which are now widespread. Some of the examples are:

Off balance sheet transactions

Off balance sheet financing is a technique that allows a corporation to move the value of an asset or a liability off its balance sheet, thereby freeing up the capital previously locked-up in that asset or liability. Hence, a foundation can be the vehicle for an off balance sheet transaction. For instance, a corporation that needs a new factory plant can create a foundation which will borrow to build the factory and then lease it to the corporation. As such, the corporation will only have annual rental expenses rather than a long term debt in its books.

Securitisation

Securitisation is a step ahead of an off balance sheet transaction. With this technique, an asset or a group of assets which provide future cash inflows are set aside through a foundation, whereby securities – that will earn future cash inflows – will be created by it and sold to the public or to a group of persons. With securitisation, the corporation will obtain funds immediately, thus managing its liquidity risks.

Employees benefit schemes

An employee benefit scheme is an arrangement whereby an employer agrees to provide some kind of benefits – commonly lump sums or options on shares of the employer – to its employees, to reward and motivate them.

In order to promote transparency and trust, employers normally operate such schemes within another entity, which can be a foundation. As such, the employer will be the founder of the foundation, the representative from both the employer and the employees will be members of the Council and the beneficiaries will be employees that will benefit from the scheme.

CONCLUSION

Foundations, though new on the market, have proven to be a success. With a foundation's flexibility, its usage has gone beyond the boundaries of wealth management. While the financial world is becoming more and more complex, the full capabilities of foundations are yet to be fully explored.

Manon Thamothiram

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Manon was born in Mauritius and is a Fellow of the Institute Chartered Secretaries and Administrators UK. He heads Minerva Fiduciary Services (Mauritius) Limited since 2009 and has worked for some major firms in Mauritius. Manon has more than 20 years experience in the global business sector.

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Mauritius.
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The key to unlocking Mauritius' full potential

By David Rawson-Mackenzie

Having been active in Mauritius since 2006, I have had the pleasure of witnessing the Island's transformation into a dynamic international finance hub first hand. There is already a plethora of wealth management services that Mauritius provides for family offices, companies and individuals. Historically these services centred on the India-Mauritius tax treaty concluded in the early 1980s and over time these services have evolved to meet the needs of wealthy individuals in the neighbouring African countries.

In my mind, excluding the India connection, the key factors which underpinned these services included the Island's proximity to Africa, its legal system which is more common law than civil law, its tax environment and English as its business language. It certainly helps that Mauritius is also home to more than 1,000 funds, including a number of sovereign wealth funds. Mauritius has a great ability to evolve and adapt to changes – as well as partner with industry beyond its shores.

With over 20 years of expertise in cross-border finance, Mauritius' appeal is highlighted by the remarkable size of its offshore sector, which accounts for over US$600 billion of assets. The 'star and key' of the spice route is still going strong.

A TIME FOR REINVENTION

However it is also now time for Mauritius to reinvent itself, as all offshore jurisdictions around the world must also do. It is time to shed the perception that 'offshore' suggests you have something to hide. The publicity surrounding the Paradise Papers provided a big wake-up call for the offshore sector. There needs to be a drive for more transparency and more sophistication, to modernise the sector and ensure that it serves the right purpose.

Last year's revision of the India-Mauritius tax treaty has prompted a pivot towards investment further afield (Africa in particular), as well as a growing investment in skills, infrastructure and institutions in Mauritius. This is welcome news, in terms of sustainability and the long-term economic prospects of the Island.

It also means the offshore sector has an increased responsibility to use the jurisdiction correctly. There needs to be a level playing field, with everyone subject to its territorial taxation policy and all legal entities paying incremental rates of tax, having the appropriate substance in place, not just a brass plate on the wall. Deepening the presence on the ground supports further expansion of the economy and the upskilling of the local population.

In tandem, the wealth management industry is going through its own renaissance. It is evolving so that it can establish the right businesses to manage family wealth and meet the needs of today's clients.

Mauritius offers a wealth of advantages to support this process. The time zone, which sits neatly between Europe and Asia, can be easily managed. There is also a good legal infrastructure and lower operating costs than in other jurisdictions.

There are a host of smaller family offices across the region, with first generation wealth, which are looking for support to ensure business continuity; how can they look after their business interests into the next generation, whether they are in South Africa, Kenya or any other country? With careful planning and considered structuring, there is no reason why you cannot run operations out of Mauritius for family offices and institutions across Africa.

As an example, picture a family in aviation who charter aircraft to different countries across the continent. If they

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Mauritius.
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structure things correctly, they can run all operations from Mauritius in a more tax-efficient and cost-effective manner than elsewhere. As common reporting standards and transparency make themselves felt, there are increasing opportunities in structuring services for a decreasing pool that contains the better wealth managers.

I think that one viable wealth planning route for Mauritius is mining the untapped opportunity for a global pension structure, where the Island acts as the distribution point for pension solutions across Africa, as the region's multinational workforce becomes increasingly more mobile. There is not really a jurisdiction that does this yet, so why not Mauritius with what must be one of the larger African double tax treaty networks? This is one way in which Mauritius could further cement itself as a base for African – and potentially global – wealth management.

DIGITAL DISRUPTION AND NEW MODELS

Another route lies in fintech. Technology is profoundly impacting every aspect of financial services and wealth management is no different. Existing models are under more scrutiny than ever before in the hunt for efficiency.

Family offices have the capital to explore areas such as digital payments and peer-to-peer (P2P) lending and they are aware of the potential of technological developments such as blockchain. It naturally follows that the wealth managers behind them also have to open themselves up to new ideas.
To stay relevant, traditional trustees need to put a different hat on and work out what they can offer in a world being reshaped by fintech.

There are now online companies that can sell people a Cayman LLP and associated bank account, for US$500. This fundamentally alters the concept of providing offshore corporate services, meaning that corporate services providers must look beyond boilerplate solutions and provide bespoke solutions of substance. The value add is to be found in structuring and advising on the advantages of Jurisdiction A vs Jurisdiction B.

LOOKING AHEAD

I recently met with the UK's director of trade for South Africa, Elena Williams, at an event hosted by the British High Commissioner's team in Mauritius, where amongst other things we discussed the myriad of challenges and opportunities presented by fintech in Africa. It is undoubtedly an avenue for Mauritius to seriously study and understand what services its financial centre can offer to the continent. Investing now in services the sector needs could enable it to become the hub for fintech investors wanting to invest on platforms across the region.

If an entrepreneur wants to create a P2P lender into Africa – focused, let us say, on business loans in South Africa – then it makes sense that they base it in Mauritius. The legal, regulatory and banking infrastructure is the best in the region and there is a workforce that is familiar with finance, accounting and the tax issues that arise when dealing with cross border trades across Africa.

We are seeing more and more that people want transparency and perceived control with their investments; something the fund management industry has tried to address with ETFs but has struggled with alternative investments. P2P represents the 'modern alternative fund' and with it comes the need for digital due diligence and digital escrow and trustee services amongst others. Wealth managers just need to adapt.

The future looks promising as Mauritius celebrates the 50th anniversary of its independence. By embracing changing relationships, having significant substance and harnessing digital developments, the Island's wealth management industry can thrive.

David Rawson-Mackenzie

David Rawson-Mackenzie is Founder of the Centurion Group.

Part of the Centurion Group, which David founded in 1995, is Argyll Management Services Limited, a regulated institution in Mauritius.

David's experience includes providing corporate, fund and trust services and investment management advice to private high net worth clients.

He regularly travels around the world to speak at seminars and conferences in the financial services arena.

Mauritius: the new wealth management destination

By Michel Guy Rivalland

As Mauritius celebrates the 50th anniversary of its independence, it is interesting to look back at the evolution of its economy over this time. Starting from a monocrop economy based on sugar cane, the country has gradually evolved into a manufacturing hub, a highly sought after tourist destination and now has a multifaceted economy where the services industry accounts for more than 75% of GDP and growing.

The emergence of financial services as an industry only started around 25 years ago and currently accounts for 12% of the country's GDP. Initially evolving on the back of treaty benefits and administrative services, financial services now represents a wide range of services including corporate finance, asset management, private banking and wealth management amongst others. The reasons for this are numerous but suffice to say that the location, accessibility to products and local regulatory framework play a very important role in the development of this segment of business.

THE CONTEXT

As the number of High Net Worth Individuals (HNWIs) in Africa increases and the appetite in Europe for Africa fades, Mauritius finds itself in a very good position to offer wealth management services that have traditionally been offered in the developed world. According to the World Wealth Report, the number of HNWIs in Africa increased by 8% and the value of their wealth increased by 11% in 2016. This situation lends itself to a very interesting opportunity for Mauritius.

Most, if not all, of the HNWIs in Africa are business leaders who have accumulated their wealth over one or two generations and the patriarch has reached a stage where succession planning has become the highest priority. In some cases, the risks associated with management of expectations are high: different people vying for control and the need to ensure that each member of the family is catered for. In other cases, the head of the family is faced with a situation where there is no immediate family member available to take over the business into the future. In both cases, the solution lies in the creation of a structure that can allow for either expectations to be managed or sustainability to be created in the business. A trust structure or a family office solution is a viable one and Mauritius offers such options.

TRUST OR FOUNDATION

A family trust is the ideal vehicle to preserve the capital value of the settlor's assets, whilst making adequate provision for his or her beneficiaries. It acts as a protection for all beneficiaries whether or not they have the ability to manage their own affairs, including aged relations, minors or disabled persons suffering from illness. Under normal circumstances, when somebody passes away, his or her estate will have to go through slow and expensive bureaucratic procedures denying his/her beneficiaries quick access to their assets and may even cause damages to the deceased's business. A trust is a powerful vehicle for the management of assets and wealth after the settlor has passed away.

When a family business is involved, the shares of the company are transferred to the trust and the trustee will ensure the continuity of the business management for the benefit of all those concerned. It can thus avoid the potential liquidation of a family business. By transferring assets into a trust, the settlor can provide for continuity of ownership after his/her death and a smooth transition of management or ownership with the minimum of disruption, expense and aggravation for the benefit of his/her beneficiaries.

The Mauritius Foundations Act came into force in July 2012. The difference between a trust and a foundation is in the legal status of the latter and is more familiar to non-common law jurisdictions. A foundation is managed by a council, which is like a board of directors and which can include family members if desired. This means that family members can maintain a certain supervisory responsibility of the business and the wealth that the foundation is responsible for.

THE PRIVATE TRUST COMPANY (PTC)

The PTC is a highly attractive estate planning tool. It allows individuals and families to structure their assets in one or more trusts, while still retaining a degree of control over their management which is not the case when assets are settled into a normal trust. The head of the family can create a PTC and arrange for separate trust and assets for each of the descendants. Each descendant becomes beneficiary from their respective pool of assets resting in the respective trust. As such, a PTC acts as a family office. From a structuring angle, the activity of a PTC is very often like an investment holding company, it can operate under the form of a Global Business Company in Mauritius.

Therefore, a PTC acts as a trustee to a limited number of trusts either for the benefit of a single family, or for the benefit of different branches of a family or for distinct (but related) family groups.

THE OVERSEAS FAMILY OFFICE

The Overseas Family Office Scheme caters for the domiciliation of high net worth single family and multifamily offices which can hold international assets and funds. The concept is very simple and is better understood by the international HNWIs community, since it is a structure commonly used for managing the wealth and lives of HNW families around the world. The framework allows for the set up of both a single family office and a multifamily office. There are several advantages of such a scheme which – amongst others – comprises residence permits and a tax holiday of five years.

THE MAURITIUS EXPERIENCE

Mauritius has a hybrid legal system which consists of a combination of common law and civil law. This makes it attractive to people from both English or French backgrounds. The highly regulated business environment, coupled with a sophisticated financial services industry, make it an obvious choice for HNWIs who are seeking a modern environment to manage their wealth and succession. In a period where Europe's perception of risk associated in Africa has gone up and the number of HNWIs in Africa increases, the opportunity for a wealth management offering to cater for a growing market cannot be overlooked. Wealth management in Mauritius has reached a very high level of sophistication with service providers fully equipped to offer services that would otherwise be available in developed countries only. For example, structures set up in Mauritius, be it a trust, foundation or family offices, can have access to securities and bank accounts that give accessibility to a wide range of investment products internationally.

Furthermore, what makes Mauritius more appealing is the understanding of clients' risk appetite. As part of Africa and having close ties to African countries, Mauritius has always played an important role in the development of Africa. The linguistic mixture of both English and French makes it an interesting platform for cross investment between French speaking and English-speaking Africa. As such Mauritius becomes a very efficient solution for wealth management and succession planning.

Michel Guy Rivalland

Michel Guy Rivalland is Group Chief Executive Officer of AXYS Group.

Michel Guy Rivalland is a graduate in economics, BSc (Hons), UK. He joined AXYS Group in 1999, became a shareholder and Director in 2002.

He was appointed CEO of AXYS Group in July 2006 and since July 2010, he has also assumed the role of CEO for United Investments Ltd (UIL), leading the company's expansion into both financial and non-financial activities.

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Mauritius Global Business: embracing the future with confidence

By Mahen Govinda

In the early 1990s, after two decades of sustained economic growth fuelled by a successful transition from agriculture to manufacturing and tourism, the foundations of the Mauritius Global Business sector were laid as a means to further diversify the economy and move towards higher value-added export of services.

The suspension of exchange control and the setting up of the Mauritius Offshore Business Activities Authority (MOBAA) in 1992 were bold steps in the creation of a new industry fully geared towards making Mauritius a centre for international business structuring and the facilitation of investment and trade in the region. Coupled with an already flourishing banking and insurance industry, the emerging Global Business sector has been a key ingredient to making financial services the second biggest contributor to the economy. An enabling eco-system and a favourable Double Taxation Avoidance Agreement between Mauritius and India

New Delhi, India.
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were the catalysts for the Mauritius jurisdiction to be extensively used by multinationals from all over the world and global funds to invest into India.

ROBUST REGULATION OF FINANCIAL SERVICES

Strong and timely government policies have enabled Mauritius to initiate and nurture a robust and well-regulated financial services industry. In 2001, under the Financial Services Development Act, the government established a Financial Services Commission (FSC) and an Advisory Council.

The FSC now monitors the country's stock exchange, Global Business sector activities and the insurance industry. It also supervises non-banking activities such as fund management, pension schemes and management, collective investment schemes, investment advisory services and leasing. It is beyond doubt that strong and timely government policies have enabled Mauritius to initiate and nurture a robust and well-regulated financial services industry. By 2010, Mauritius had become the highest contributor to foreign direct investment in India to the tune of 44%.

However, one of the main factors that have contributed to the rapid evolution of this new industry is the availability and quality of human resources. Since independence 50 years ago, there has been an enormous focus on education, from primary to tertiary level. A strong contingent of students has

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embraced accounting, administration, law and finance studies. Indeed, Mauritius can boast, today, to have a high number of qualified accountants, company secretaries, corporate lawyers and business administrators. A full set of these skills is required today in the financial services industry and has allowed the country to provide world-class services to cross-border investment and trading vehicles.

Moreover, the country is today open for foreign talent, especially in the fields of investment, asset and wealth management. This is contributing further to the transfer of knowledge and the diversification of the Island's service offering.

The stability and security that Mauritius offers, coupled with the quality of its corporate services, are now extensively used by entrepreneurs and multinationals doing business in Africa. The eco-system of Mauritius as an International Financial Centre is now complete with some 25,000 companies within the country's Global Business Sector and US$650 billion under administration (almost 50 times the country's GDP). In an effort to bring in additional business presence and take full advantage of the platform offered to global players, Mauritius is now increasingly seeing the establishment of full-fledged offices of multinational companies, regional headquarters, procurement offices and treasury management centres.

Mauritius, as an African nation with a well-governed financial platform at the doorstep of the mainland, is now playing an important role for the pooling of funds and investment holdings, whilst business is being done in a number of different countries in Africa. The skills developed over the years towards servicing investment structuring for India, are now readily available to international businesses using Mauritius as their base to do business in Africa.

SERVICES TO OPERATIONAL ENTITIES IN AFRICA

More importantly, the range and scope of services available locally have evolved to a significant extent. The fact that pooling of funds happens now in Mauritius, warrants that legal services, such as drafting of shareholders agreements and other constitutive documents, take place in Mauritius. Tax and structuring advice is also being offered in Mauritius and there are increasing opportunities to provide services to operational entities active in Africa. These include governance, board services, financial analysis and IT services amongst others. To the entrepreneurs and high-net worth individuals who are founders or investors in corporate structures in Mauritius, wealth and succession management tools such as trusts and foundations can be provided.

Specialised pooling vehicles such as closed-end funds and collective investment schemes investing into African companies, have found a home in Mauritius. Development finance institutions active in Africa quite often advocate for their funds to be domiciled in Mauritius due to its appropriate legal and governance framework. Fund administration, already well developed for India-focused funds, becomes a logical service that can be provided to Africa-focused funds. In fact, one of the main attractions of Mauritius in this field is that world-class fund administration and accounting services can be offered at a very competitive cost. Mauritius thus has a unique selling proposition in this field and will continue to be solicited for both Africa and India-focused funds.

IMPORTANCE OF RISK MANAGEMENT AND COMPLIANCE

As much as Africa presents a world of opportunities for the Mauritius Global Business sector, there are a number of challenges too. The risks of onboarding individuals and corporates which could bring disrepute to the jurisdiction, as well as the risk of being part of illicit transactions and schemes, should not be minimised. Risk management and compliance should be of utmost importance and knowing the clients as well as the merits of transactions should be a top priority of management companies, banks, law and audit firms.

Other challenges include the OECD Base Erosion and Profit Shifting (BEPS) Action Plan and the Common Reporting Standard (CRS), as well as the US FATCA. These challenges however augur that Mauritius continues in the path of encouraging enhanced business presence and commercial activities, as well as complete transparency and openness for the exchange of information whenever required.

Now in its consolidation phase, the Mauritius International Financial Centre will continue to be used extensively by global firms and entrepreneurs who wish to optimise their enterprise and shareholder's value in a stable and secure business environment. It is now time for the Centre to innovate in order to capture emerging opportunities such as in the fields of fintech and sustainable development.

Mahen Govinda

Mahen Govinda is a Partner at ABAX.

Mahen is an engineering graduate with a Master's degree in telecommunications and financial management.

In the past, he held senior positions at the National Computer Board, the University of Mauritius and the Board of Investment.

As a partner at ABAX, Mahen has responsibility for several service lines, including corporate management. He is also a director on the board of a number of Global Business companies.

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Mauritius' corporate advisory services: all work, no play?

By Olivier Ma

Successive governments and global business stakeholders have worked tirelessly over the last 25 years to establish Mauritius as the preferred conduit for investments in Africa, leveraging off its investor-friendly double-tax treaties, competitive tax regime and political stability. However, having signed in July 2017 the OECD's Multilateral Instrument (MLI) - what next?

Mauritius is ranked third in Africa in the latest Global Financial Centres Index and whilst admirable, Government and financial services professionals are acutely aware of short comings and ambition to reinvent the country as a capital-raising platform for cross-border investments into Africa.

For Mauritius to remain competitive, it needs more than fund administrators and accountants which the country has churned out in spades. It needs to demonstrate to companies or funds keen to establish their regional or global headquarters in Mauritius that we have world-class corporate advisory services. Let us explore the extent to which Mauritius has capacities in corporate advisory services.

DEEPENING THE POOL

A number of asset managers and banks, including DFIs, are already firmly anchored on the Island. As a greater number of overseas family offices and HNWIs re-domicile their wealth and assets in Mauritius (the number of USD millionaires grew by 230% over the last decade according to a report by AfrAsia Bank), access to capital is becoming more fluid. Mauritius, offering a tax-advantageous environment to invest capital, can become a platform to connect all these stakeholders for investments into Africa.

The recent inward investment by a resident HNWI in one of the largest Mauritian companies is a landmark investment. Adenia Capital Partners, a mid-cap private equity focused on Sub-Saharan Africa, is headquartered in Mauritius and successfully closed its fourth fund of €230m in May 2017.

THE STOCK EXCHANGE – A FACILITATOR?

A dynamic stock exchange with a breadth of listed products is central to becoming a regional platform for capital raising. The Stock Exchange of Mauritius (SEM) has a head start – it is one of a few in Africa that can list, settle and trade debt and equity instruments in EUR, GBP, ZAR and USD. Quite the attraction for African companies eyeing overseas investors wary of currency fluctuations.

Its domestic-issuer dominance and lack of liquidity are widely known vulnerabilities. In response, SEM introduced a number of reforms and new products over the last few years. For instance, the organisation, with the help of local management companies, has been marketing its dual-listing product in Africa. Since 2013, 13 investment vehicles have raised capital on the SEM through a dual listing. Grit, a quasi-REIT, with a dual-listing on the Johannesburg Stock Exchange (JSE) raised US$121 million in June 2017 and is the only issuer to date that has taken advantage of the new multicurrency platform. The SEM has also drastically reduced its fees and introduced

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remote memberships in an effort to attract foreign brokers and stimulate trading.

There are also signs that the market is becoming more sophisticated and its participants more knowledgeable. For example, there has been a surge in listed specialist debt securities in the past 18 months (18 new listings in FY17) as local companies increasingly consider these instruments legitimate alternatives to bank funding. Other products introduced in 2017 include a fixed income ETF and Structured Products.

SOPHISTICATED CORPORATE ADVISORY SERVICES

Overseas companies have tended to only use back office services in Mauritius necessary to maintain their fiscal incentives. High value services such as valuation services and corporate finance services are reserved for foreign professionals or firms.

Yet, capacities in corporate advisory services on the Island are well developed, as herein explored. There are clear opportunities for local financial services firms to export their services to clients located in more expensive jurisdictions.

- ***M&A – below the radar, hive of activity***
  A few commercial banks and asset management companies have opened a corporate finance arm over the last few years, some like MCB Capital Markets more successfully than others. Most of the Big Four and mid-tier accounting firms have a corporate finance practice and there are a few independent corporate finance 'boutiques' with experienced dealmakers like Harland Capital.

  The extent of M&A activity is difficult to gauge as there are no league tables in Mauritius. The majority of deals are below the radar and not publicised. For instance, a French entrepreneur was given advice on selling a stake in his business but the tender process was run like that of a big ticket deal. The last few years have seen an uptick in cross-border M&A activity.

- ***Transaction support services – seasoned professionals***
  Financial due diligence services (FDD) are typically provided by the accounting firms. Vendor due diligence in Mauritius is rare and certainly not as prevalent as in more sophisticated markets. Commercial due diligence services are almost non-existent. The increase in cross-border activities in Mauritius, means that the local due diligence professionals have had greater exposure to complex deals and had to work with experienced due diligence specialists. For example, we provided buy-side FDD for the €200m acquisition of a regional company and have worked on cross-border transactions in Reunion Island, Madagascar and Kenya.

- ***Capital markets – evolving fast, regulation playing catch-up***
  Capital markets are governed by the Financial Services Act, the Financial Services Commission and its Rules & Regulations, the SEM Listing rules and the Companies Act. There are Takeover Rules in force but there is an urgent need for revisions to certain aspects of the Rules like the insider information Rules.

  Some of the public transactions over recent years have been relatively complex. For instance, the hostile bid rumours around New Mauritius Hotels or the reverse takeover of IBL in 2016 to create the largest company in Mauritius.

  There have only been a handful of domestic IPOs in the last few years but more than a dozen dual listings of investment holdings have been completed since 2013.

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Management companies such as Perigeum Capital have advised on the listings: preparing the listing particulars, providing transaction advice and compliance services.

Other providers of capital markets advice are the largest accounting firms and the corporate finance arm of some banks. For example we advised on IPOs, voluntary and mandatory offers and rights issues, whilst SBM advised on the US$150 million equity raise by the African Export-Import Bank, an investment grade rated multilateral financial institution, via Depositary Receipts in October 2017.

- ***Debt and Capital Advisory (D&CA) – a fairly recent addition***
  D&CA as a specialist product is a fairly recent addition to the local advisory landscape. The largest accounting firms, corporate finance boutiques and certain local banks like Barclays and MCB provide these services but all on a varying level of scale and complexity. At PwC, we launched our specialist D&CA desk last year and subsequently advised on deals ranging from a vanilla property loan to a project finance facility and an acquisition finance facility.

  Whilst there is one local ratings company – CARE Ratings, a joint venture between local banks and an Indian ratings company – corporate bonds, whether listed or not, are not required by law to be rated. Clearly an area for improvement.

- ***Valuation and modelling services – combining global expertise with local knowledge***
  A number of firms including the Big Four, provide valuation and financial modelling services. Financial modelling is arguably a commodity product which can be outsourced to a lower-cost jurisdiction such as Mauritius. Training and modelling standards across the members of global accountancy firms are standardised, akin to a Big Mac. Finance professionals have extensive experience in building complex models for a variety of sectors ranging from renewables to agriculture to hospitality.

  Typically, valuation specialists in Mauritius report on valuation issues in the context of a transaction. However, the accounting firms also provide fair value measurements for financial reporting purposes for investments as far as Nigeria and India, combining access to global sector expertise, through their network of firms, with local knowledge and skills.

- ***Business recovery services – promoting Mauritius as a trustworthy jurisdiction***
  Insolvencies in Mauritius are principally regulated by the Insolvency Act 2009 which, like most business laws and law practitioners in Mauritius, has a strong UK flavour. The changes to the insolvency legislation in 2009 were essential to make insolvency proceedings and procedures more transparent and promote Mauritius as a modern, secure and credible jurisdiction for lenders and investors.

  The World Bank's Doing Business Guide ranked Mauritius first in Sub-Saharan Africa for 'Resolving Insolvency' and 'Enforcing Contracts'.

  Major accounting firms and some legal firms have insolvency practices but only a few will have experience of complex cross border deals.

CONCLUSION

Mauritius, in the eye of most foreigners, is an exotic sea, sun and sand destination but there is more than meets the eye. The country has a wealth of experienced and skilled professionals ready and able to provide world-class corporate advisory services for which Mauritius needs to become a serious alternative to companies operating in Africa and to whom major financial centres such London, Singapore or Dubai are closed.

Mauritius will also need to invest in human capital through education reforms and by attracting both the skilled Mauritian diaspora and expatriates. It will also have to be more welcoming of these same expatriates and will have to stay abreast of technology and innovation (e.g. Big Data and a new trading platform for the SEM). Planned improvements in air and telecommunications connectivity and reforms to the capital markets regulations (e.g. allowing short selling or repurchase agreement or a secondary market for government securities) should also help reinforce the promotion of financial services credentials.

Olivier Ma

Olivier Ma is a Director in Deals, at PwC Mauritius.

Immediately prior to rejoining PwC Mauritius in 2016 and setting up the local Debt and Capital Advisory desk, Olivier spent nearly three years working in London for a tech start-up he co-founded and helped raise more than US$5 million.

Previously, he had spent seven years at RBS Global Banking and Markets in London and Amsterdam in their Leveraged Finance and Project Finance teams. His experience spans new primary leveraged deals, bolt-on acquisition financing, refinancing, restructuring and managing distressed assets.

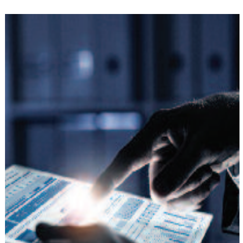
Prior to RBS, he spent a year advising private equity firms at EY London and worked for PwC for six years in Corporate Finance and Assurance.

Olivier holds a BA(Econ) Honours from the University of Manchester. He is both a Chartered Accountant (England & Wales) and a CFA Charterholder.

ECONOMIC DEVELOPMENT BOARD

M A U R I T I U S

The Economic Development Board marks a new beginning in the economic landscape of Mauritius and will become a strategic institution for the development of Mauritius in the years ahead. It heralds a new chapter in economic planning, investment and trade promotion.



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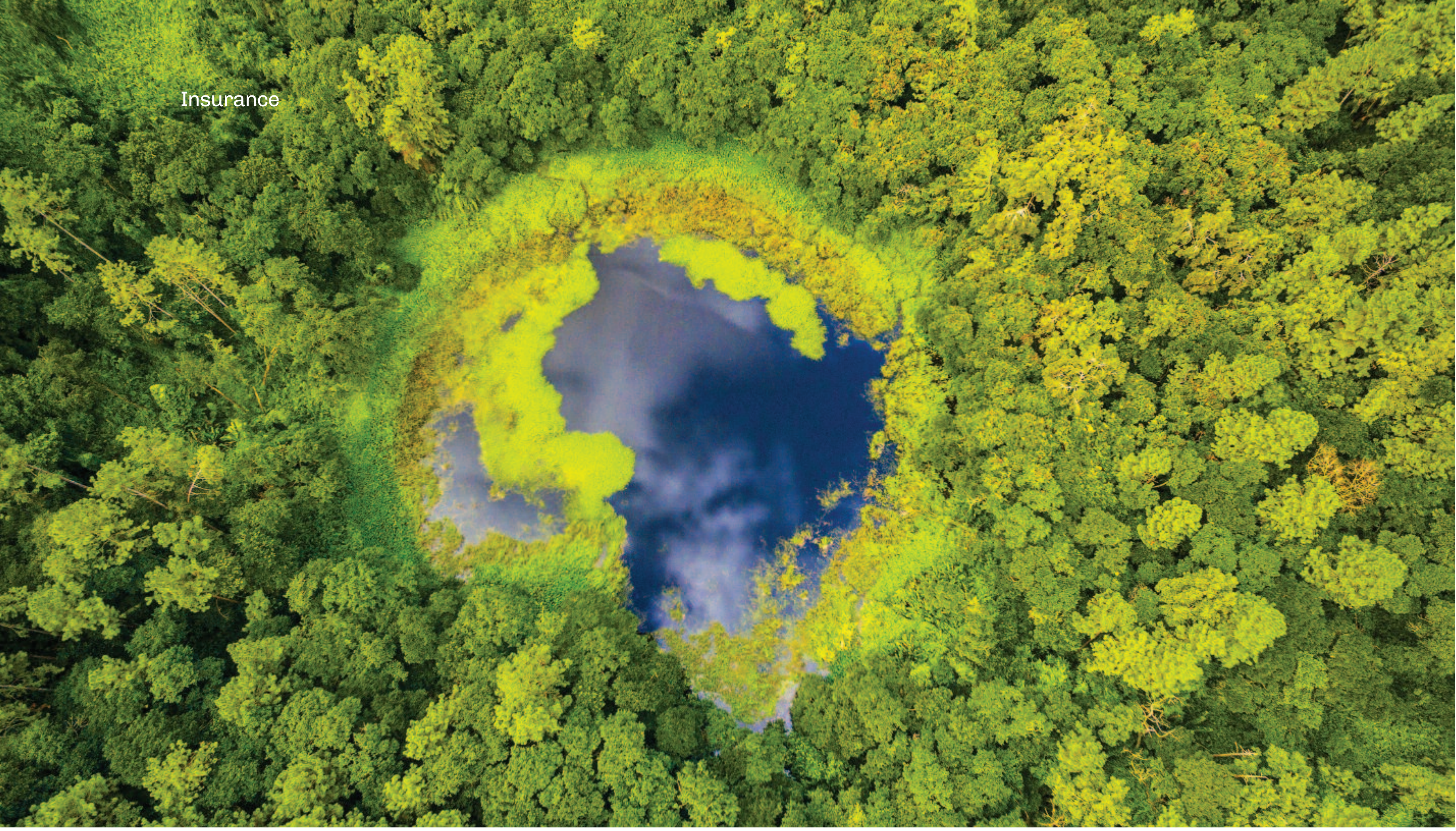
Mauritius: developing captive insurance hub

By J. M. Louis Rivalland

As the struggle for top and bottom-line growth continues amidst a mostly stagnating economic environment, Mauritian insurers are turning to more cost-effective solutions. This will in turn help rationalise the current business models. Operators who have not yet done so will need to invest in modern fintech solutions and seek out new opportunities. Such solutions should include a mix of modern tools and a re-adaptation of traditional offerings. One of the opportunities is the African captive insurance market.

At the turn of the millennium, the World Bank observed that "the insurance industry is relatively well developed in Mauritius. Its success underscores the benefits of operating in an environment of macroeconomic stability and sound regulation..." At about that time, the Government of Mauritius set in motion several strategies that transformed the country into a truly global business and International Financial Centre (IFC). One area of the broader insurance industry that benefited from these developments is captive insurance, which is a growth area the world over.

The Mauritius Offshore Business Activities (MOBA) Act set the ball rolling for captive insurance back in the early 1990s. The country also promulgated the Protected Cell Companies Act in 1999, enabling the creation of protected cell structures for various financial activities, including captive insurance. In 2001, the Financial Services Commission (FSC) was set up.



Trou Aux Cerf extinct volcano, Curipipe, Mauritius. **© Quality Master / Shutterstock**

Armed with new and revamped pieces of legislation, it modernised and integrated the regulation of non-banking financial services. Later developments resulted in major reforms in insurance legislation being made.

In 2015, the country made major strides in promoting captive insurance through the Captive Insurance Act, which established a framework for the licensing, regulation and supervision of captive insurance business. The landmark piece of legislation got attention from the global captive landscape, as it was a strong statement to usher Mauritius as a captive insurance domicile.

Shortly afterwards, the Captive (Pure Captive Insurance Business) Rules 2016 came into force, thus operationalising the 2015 Act by introducing clear provisions on solvency, audit and reporting requirements. The current legislation however only provides for pure captives, which can only underwrite risks of their parent companies or the parent's affiliates. Alive to the need for various types of captives, other than pure captives, the FSC has drafted, with the aid of a global leader in captive management, a broader set of rules that would, once effective, widen the types of captives.

The 2015 legislation requires each captive insurer to be managed by a captive insurance agent. This ensures the captives are run by capable hands in a manner that complies with local legislation. The captive agent needs to be authorised by the FSC. The Act allows an actuary, insurance manager, law practitioner, management company, or public accountant to apply for registration as a captive agent. Already, there are almost 10 captive insurance agents authorised by the FSC.

Mauritius is poised to be a major captive insurance hub as the ingredients for that abound. The Financial Services Promotion Agency (FSPA) is charged with taking the message of Mauritius' capabilities to the world. Meanwhile, the country is

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supported immensely by global reinsurance groups in terms of capacity and knowledge transfer. The captive industry is thus able to access these services. There is also tremendous growth in specialist support sectors, such as legal, arbitration, actuarial, IT, finance and accounting. Mauritius maintains credibility as an IFC, thanks partly to the robust and modern, business friendly legislation and regulator.

Pacesetters in the captive insurance field are the Cayman Islands, Bermuda and Guernsey. With careful forethought and execution, Mauritius can create its own space and market and – by proximity – Africa and Asia are the low hanging fruits. In fact, the FSPA observed that "the Captive Insurance Act 2015 is a fine and modern piece of legislation which should establish the jurisdiction as a domicile of choice for captive insurers focusing on Africa and why not Asia too."

Mauritius has strong economic, political and socio-cultural ties with mainland Africa and Asia. It is a member of the Southern African Development Community (SADC) and has double tax avoidance treaties with many countries on the continent. Many large businesses operating on the African continent have their headquarters in Mauritius. This makes Mauritius a natural domicile of choice to structure global insurance programmes. The fact that Mauritius is a shining example of an African country on governance and macro-economic management yardsticks, also makes it a worthy destination for African corporates. Mauritius was ranked top in Africa for the tenth consecutive year on the Mo Ibrahim Index of African Governance in 2016 and is continuously ranked at the top of the World Bank's 'Ease of Doing Business' annual survey.

The strong economic and socio-cultural ties with the Indian subcontinent are yet another asset. A lot of investment into India has over the years been channelled through Mauritius. This again positions the Island country well for the captive insurance needs of the sub-continent.

With the captive concept being relatively novel in Africa, it stands Mauritius in good stead to be the jurisdiction of choice, when compared to the highly sophisticated domiciles like Bermuda and Cayman Islands. Mauritius ranks highly on the African continent on numerous international benchmarks such as global competitiveness and corruption perceptions indices. These are important testaments that can drive captive insurance traffic towards the country.

Whilst Mauritius' solvency requirements are risk-based, they are not as onerous as Solvency II applied across Europe, or similarly modelled versions in the Caribbean, particularly Bermuda. Capital is a scarce resource and companies with excellent risk management – which are normally the ones that can afford to think about captives – understand the scarcity even more. Therefore, Mauritius has a competitive edge over European jurisdictions in this regard. The Island can attract new captives avoiding the extra rigor in Europe and the Caribbean or harvest those re-domiciling for the same concerns. However, there are experience and reputation gaps to be bridged for this to crystallise.

Most African and Asian countries have either French or English as their business language. Apart from the geographical proximity which entails short flights and convenient time zones, Mauritian professionals are conversant in both English and French. Other advantages are the absence of foreign exchange restrictions, FATCA compliance and competitive operational costs, including setting and management of captives.

For good measure, Mauritius also offers fiscal advantages. Pure captives enjoy a 10-year tax holiday, whilst the effective corporate tax for other captive facilities can be as low as 3%. There is also no withholding tax, no tax on dividends and capital gains and no restrictions on repatriation of profits and capital.

The Organisation for Economic Cooperation and Development (OECD) instigated Base Erosion and Profit Shifting (BEPS) project, remains a talking point in captive insurance circles, as the industry tries to shake off the belief that captives can be used purely for tax purposes. Mauritius signed the BEPS multilateral convention in July 2017, which would affect Double Taxation Agreements (DTAs) between Mauritius and 23 countries. This is evidence of the Island's commitment to tackle harmful tax practices, especially by multinational corporations.

When it comes to Africa, Mauritius should however be resolute and equal to the task. Africa is largely untapped in terms of captive insurance, which is clearly an opportunity. However, therein lay challenges of inertia, as by and large captive insurance is an unknown proposition in the region outside of South Africa.

J. M. Louis Rivalland

J. M. Louis Rivalland is Group Chief Executive of Swan Group.

Louis was previously part of the management team of Commercial Union in South Africa and conducted several assignments in Europe. He then worked as Actuary and Consultant for Watson Wyatt Worldwide. He is a former President of the Joint Economic Council and of the Insurers' Association of Mauritius.

He holds a BSc (Hons) in Actuarial Science and Statistics, a Post Graduate Diploma in Strategy and Innovation from SAID Business School, University of Oxford and is a Fellow of the Institute of Actuaries, UK.

From faith obligation to economic imperative

By Dr Muniruddeen Lallmahamood

Although in 2007 Mauritius amended its regulatory framework to include provision for Islamic financial services, the history of Islamic finance in the Island dates back to 1871. According to the case of Abou Baker Mamode Taher (Taherbagh) and Darne of L'Industrie Sucrière in 1887, the Muslim merchant Taher had entered into a profit-sharing partnership (one of the characteristics of Islamic finance) with settlers Darné.

Mauritius has been at the forefront of all key developments of Islamic finance in Africa and has taken the lead with a number of significant milestones for the past seven decades. Twenty seven years before independence, in 1941, the Waqf Act, originally called the Muhammadan Waqf Ordinance, was enacted to enable Muslims to bequeath property in perpetuity for charitable, pious or religious purposes, according to their faith.

In 1992, the first Shariah-compliant private investment fund was introduced in the country. The fund was well received by the Muslim community. It was designed specifically for Muslims, with the prime intention of avoiding riba (interest).

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It did not require any marketing strategy to convince the Muslim depositors to use the fund, since it was compatible with their faith. The number of investors grew exponentially during the first year and this was reflected by an increasing amount of total deposits of up to MUR70 million.

The fund was mainly invested in properties and assets for trade. The business transactions went smoothly until the depositors started claiming back their money. The funds having been mobilised in properties and assets that could not be retrieved on demand, the organisation was unable to pay its short-term investment and respond to the investors' demand for early withdrawals. Government had to intervene and an investigation into the organisation was conducted. The fund was ultimately dissolved.

Other initiatives to offer Shariah-compliant products included micro financing by Al Barakah Multipurpose Cooperative Society Ltd and ethical investment such as the Authorised Long-Term Ethical Equity Fund by Bramer Asset Management Company Ltd.

In August 2007, against the backdrop of global drivers of Islamic finance and the sanctions imposed after the 11 September 2001 attacks, Government responded by setting up a steering committee to look into the opportunities offered by the growing world of Islamic finance and the petrodollar Islamic wealth. The steering committee, including – among others – the two main regulatory institutions, the Bank of Mauritius (BoM) and the Financial Services Commission (FSC), set itself to task and concluded that to encourage Islamic finance in Mauritius would make economic sense. That led to the first of many legislative measures that were to be introduced by Parliament.

The Banking Act of 2004 was amended in 2007 to include a fully-fledged Islamic Banking Business license and Islamic windows in conventional banks. It was discovered afterwards that given the nature and structure of Islamic financial products, they tended to attract more tax than their counterparts. Government's overall policy approach was amended to align the tax treatment of Islamic contracts with the treatment of conventional financing contracts, thus ensuring a level playing field. In line with this policy, the Finance Bill 2009 introduced several changes and waived, among others, the imposition of double stamp duties in Islamic transactions involving real estate and moveable property.

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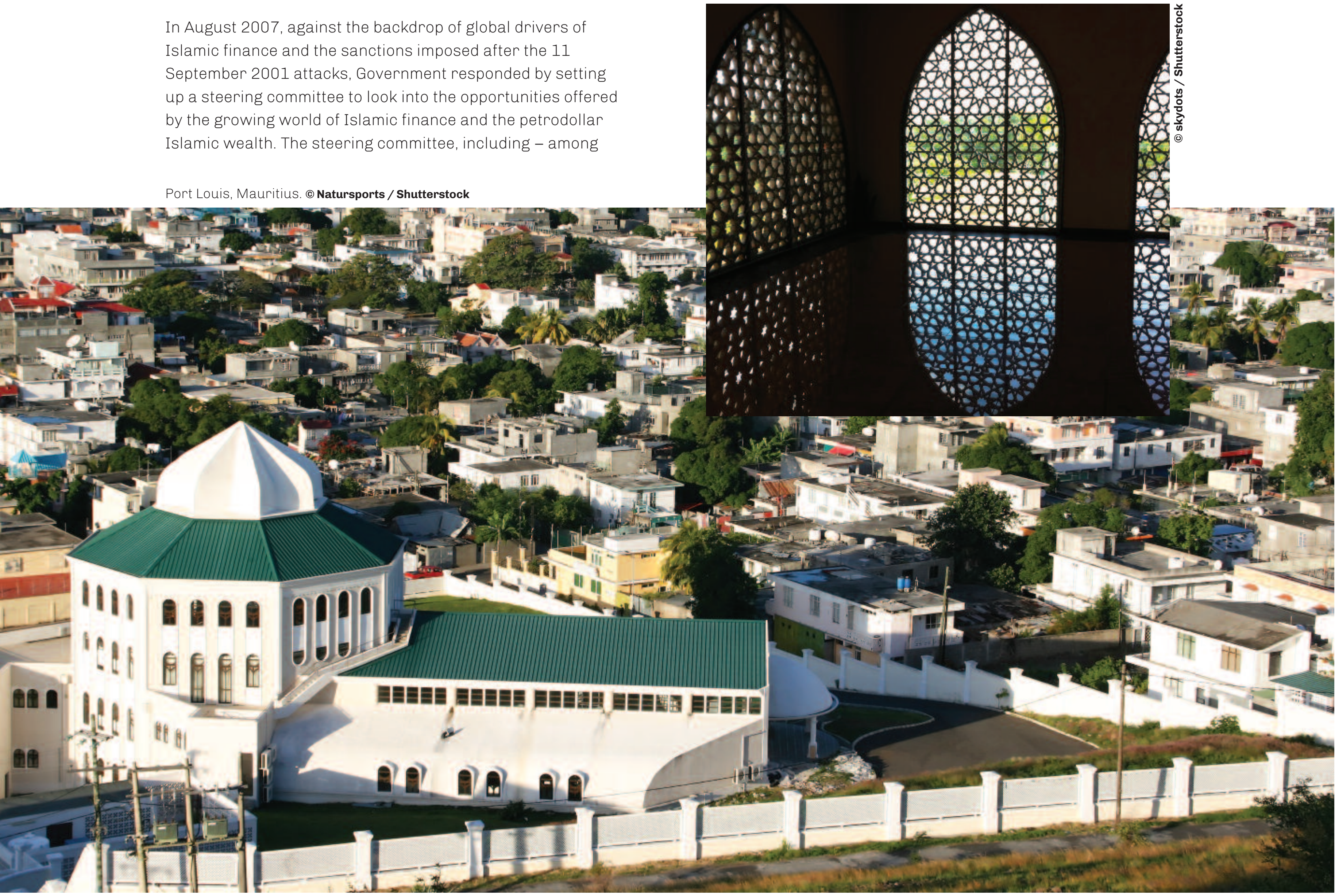

In the same year, the BoM became a full member of the Islamic Financial Services Board (IFSB), while the FSC opted for associate membership. The country thus became the second non-Islamic country after Singapore to join the IFSB. In 2011, the BoM made another leap and joined the International Islamic Liquidity Management Corporation while the Mauritius Revenue Authority issued a statement of practice for Murabaha (Sales plus markup) to avoid double value added taxes (VAT).

The most unanticipated change in the law was the amendment of the Public Debt Management Act 2008. Section 3(a) of the act stipulates that 'The Minister may enter into such agreement, sell, purchase or otherwise acquire any immoveable property or any right therein, lease moveable or immoveable property and generally engage in such transactions and perform such activities as may be reasonably necessary for the purpose of issuing Sovereign Sukuks in Mauritius'. It may be concluded that the most appropriate sukuk structure in the aforementioned clause to be issued is the sukuk al-ijarah (Islamic Lease Bonds).

Meanwhile, new actors, products and services started to emerge in the market. In 2008, British American Investment launched its Islamic life insurance (takaful) and Mauritius Leasing Ltd offered ijarah within its line of products and services in 2009. HSBC Bank (Mauritius), which solely operates as an offshore bank, launched an Islamic window under the worldwide HSBC Amanah brand in May 2009. In 2011, Century Banking Corporation, a joint venture between British American Investment, a locally based company, and Domasol, a Malta-based company, began its operations as the first Islamic investment bank in March 2011. While the wealth management unit of the domestic Hongkong and Shanghai Banking Corporation Ltd started to distribute the Shariah Global Equity Fund in the local market (HSBC 2012), the Islamic window HSBC Amanah ceased operation in June 2012. To further drive the Islamic finance industry in Mauritius, the BoM hosted the 11th Islamic Financial Services Summit in May 2014. In the same month, Habib Bank Ltd (HBL) announced its Islamic window operation alongside its existing banking businesses. Although every licensed bank is deemed to offer Islamic banking services through its window operation, the BoM revised HBL's banking licence which provides a note for Islamic window.

In 2016, the Financial Services Promotion Agency (FSPA) included Islamic finance as one of its discussion topics in the pre-budget Consultative Workshop. This has been positive in as much as the Finance Act 2017 brought key amendments to the Bank of Mauritius Act and to the Companies Act, to provide for Islamic money market and accounting standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), respectively.

In view of the lack of harmonisation of the legislations in Islamic Law and the dearth of Shariah advisors and experts in the Islamic financial sector in Mauritius, the adoption of international standards like those of the AAOIFI, will definitely enhance the credentials of the country.

In addition, the Finance Act 2017 provided for a major change in the banking sector. The minimum capital requirement for banks has been increased from MUR200 million to MUR400 million. Hence, an Islamic bank may consider issuing Hybrid Mudaraba Sukuk (HMS) (Hybrid Equity Bonds) to meet the tier 1 capital requirement in Basel III global banking standards. The issuance of HMS could be used to bridge the gap between rapid loan growth and slow deposit growth. In fact, the use of HMS to raise bank capital seems to have strong ideological support in the Islamic financial industry because its equity features make it appealing, from the point of view of Islamic financial services. Moreover, recent problems in the financial sector such as the Super Cash Back Gold scheme and preferential shares issued by the British American Investment Group, have shown that they could be avoided through the use of HMS and provide financial stability in the long run.

Another aspect for Mauritius to look at in order to further enhance its Islamic financial regulatory framework, is arbitration. Mauritius is becoming increasingly recognised as a centre for arbitration after the establishment of the LCIA-MIAC Arbitration Centre in 2011. However, Mauritius is not known as a centre for Islamic financial disputes as yet. It is a known standard in the Islamic world that arbitration is more appealing in respect of the settlement of disputes and Mauritius can certainly play an important role in proposing its neutral centre for international Islamic financial disputes.

Finally, the Mauritius Government has been proactive in making necessary regulatory changes to facilitate and boost the Islamic finance industry as a complement to the conventional products as well as to leverage on its position as a Global Gateway, however the future of Islamic finance clearly depends on the private sector actors for promoting and offering Islamic finance instruments.

Dr Muniruddeen Lallmahamood

Dr Muniruddeen Lallmahamood is the Chief Executive Officer of Century Banking Corporation Ltd.

Among his many educational qualifications are Doctor in Business Administration from the University of South Australia and a Professional Certificate of Certified Shariah Advisor and Auditor from the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI).

His extensive professional work experience includes Consultant in Islamic Finance at the Bank of Mauritius.

He is also a guest professor in Islamic finance at the University of Strasbourg.

The ICT sector in Mauritius

By Yogida Sawmynaden

The last twelve months have seen the Mauritius Ministry of Technology, Communication and Innovation (MTCI) position itself as the driver of change in Mauritius. It was necessary to take this approach to allow us to lay the foundations of the digital economy as desired by Prime Minister Pravind Jugnauth. He is modernising the country and looking to the digital economy to play a pivotal role in helping to achieve Mauritius' second economic miracle.

My ministry is responsible for seeing the future of Mauritius. We are laying the foundations to prepare our citizens to evolve in the era of Industry 4.0. This desire is articulated around three major axis: innovation, capacity building and measures presented as game-changers.

INNOVATION

By launching more than 350 free Wi-Fi terminals, the Government has revolutionised connectivity in Mauritius. We have entered a new era, with a free Internet connection covering the entire Island: a necessary measure to improve the lives of citizens. They are increasingly using their mobile phones (with a mobile penetration rate of 144%) to communicate with government agencies or to access multiple e-services.In this regard, 36 new e-Services were officially launched in July 2017.

For example, private candidates for SC & HSC (secondary school exams) can now register online. It is also possible to register complaints about domestic violence or to get legal help. Mauritians today have nearly 150 e-Services at their disposal.

In order to support the emergence of a digital economy, Mauritius Telecom has come forward with the SME Business Boost offer to guarantee SMEs cost effective high-speed Internet.

This momentum towards digital transformation also concerns the public sector. For example, the e-Gov 2017 conference, organised by State Informatics Ltd (SIL) in April 2017, focused on 'Digital Transformation in Public Administration'.

CAPACITY BUILDING

To give ourselves the means to succeed in this major transition of our economy, it is essential to have a highly qualified workforce and to no longer suffer from mismatch. How can we reverse this trend?

The MTCI has chosen to focus on a multitude of measures aimed at instilling a new mindset among our young people. For example, via the Mauritius Research Council (MRC), a first session of Robotics Workshop was organised during the Easter holidays, for 350 young people. The exercise was renewed for the holidays of the end of 2017, this time with the intention of training a thousand young people. We got support from Skyfi Labs (an Indian company) for that laudable initiative.

In addition, collaboration with the giants of the new technologies sector is also regularly solicited. Accordingly, in May 2017, in the wake of the Seeds for the Future programme, a Memorandum of Understanding was signed between Huawei Technologies and the University of Mauritius. Thanks to this collaboration, a dozen of our students have benefitted from an internship on the campus of this computer giant in China.

The MTCI has also supported some very interesting initiatives such as the 2017 edition of the Web Cup or the launch of the first AppFactory in Mauritius. This training aims to develop the skills of young computer graduates in the creation of mobile applications and allow them to start their own business or find a well-paying job in an existing business.

HIGHLIGHTS

Following a Ministerial Cabinet decision in May 2016, Mauritius adopted a National Open Source Policy, Strategy and Action Plan. This resulted in the creation of the Mauritius Open Source Society (MOSS) and a National Open Source Excellence and Competency Center (NOSECC) within the National Computer Board (NCB).

The global trend in the world is open source. The digitisation of society involves mastery and extensive use of different technologies such as mobile, social networks, the Internet of Things (IoT), big data and cloud computing. However these technologies rely on Open Source, which has as much influence as all other technologies combined. Some experts believe that the digital revolution is fuelled by it.

These initiatives aim to enable a long-term revolution in the Information and Communications Technologies (ICT)

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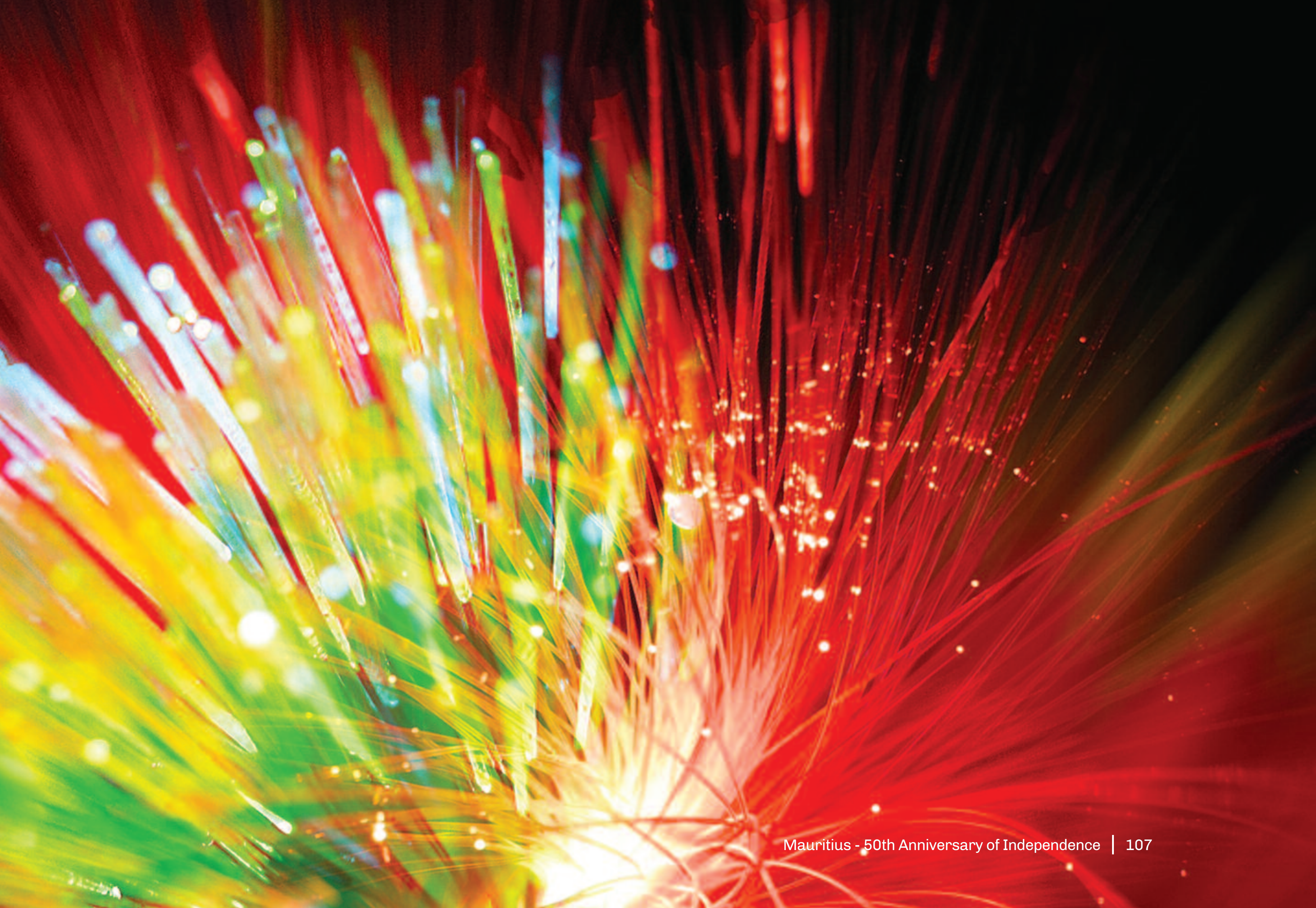

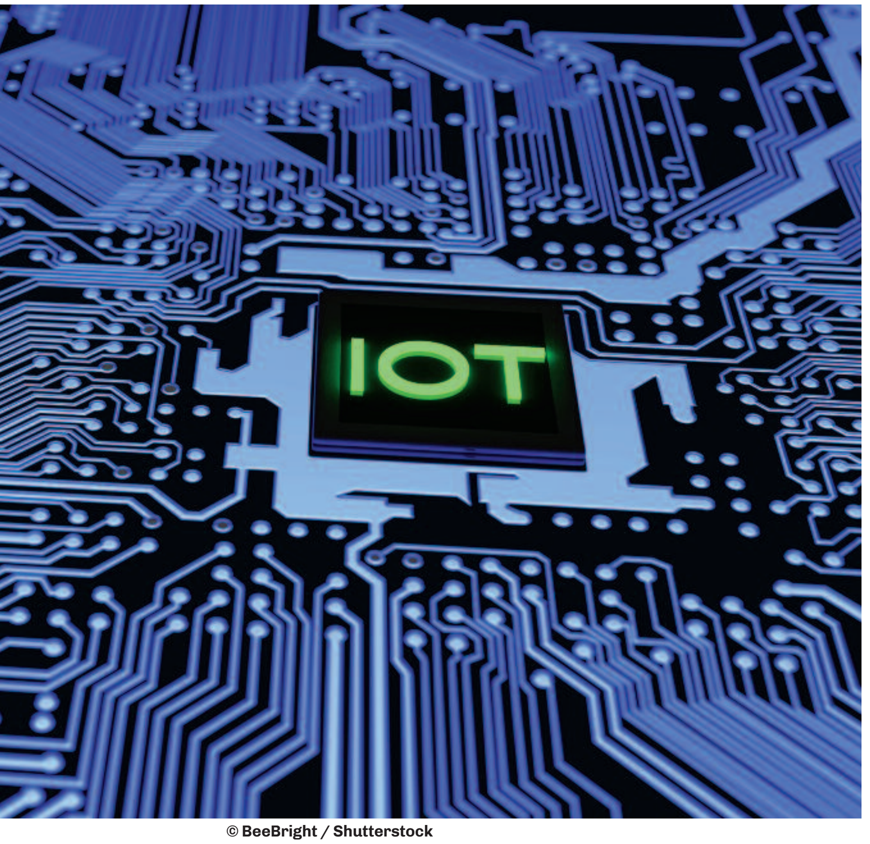

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ecosystem in Mauritius through the implementation of the National Open Source Action Plan (NOSAP).

We have also developed a Data Sharing Policy aimed at facilitating the exchange of data within public institutions. The idea is to facilitate inter-service procedures and make the service delivered to the public more efficient, all via the Info Highway, a fast and secure means of communication.

Unfortunately, the past year has also seen the rise of cyberattacks worldwide. In Mauritius, we were able to count on the promptness of services like CERT.mu and the Government Online Center (GOC) to counter RansomWare attacks such as WannaCry.

The MTCI has also organised, in collaboration with the Global Prosecutors E-Crime Network, the International Association of Prosecutors and the Council of Europe, a conference on cybercrime for countries in East Africa. For three days, about 60 participants from a dozen countries and organisations discussed the situation in their countries and their legislative frameworks.

EUROPEAN UNION GENERAL DATA PROTECTION REGULATION (GDPR)

With the new European Union General Data Protection Regulation (GDPR) – adopted in April 2016 to replace an outdated data protection directive from 1995 – coming into force in May 2018, businesses are required to protect the personal data and privacy of EU citizens for transactions that occur within EU member states. The GDPR also regulates the exportation of personal data outside the EU.

GDPR affects any company that stores or processes personal information about EU citizens within EU states, even if they do not have a business presence within the EU.

Specific criteria for companies required to comply are:

- A presence in an EU country
- No presence in the EU but it processes personal data of European residents (as Mauritius)
- More than 250 employees
- Fewer than 250 employees but its data-processing impacts the rights and freedoms of data subjects, is not occasional, or includes certain types of sensitive personal data. That effectively means almost all companies

Companies must be able to show compliance by 25th May 2018.

The ICT-BPO (business process outsourcing) is one of the pillars of the Mauritius economy. The Government sees this sector is one which has the potential to facilitate growth that shall ensure a second economic miracle. It has therefore recently amended the Data Protection Act 2004 to align it with the GDPR to ensure the growth of our digital economy. This new legislation also helps us establish a secure legal environment for the safe transaction of personal data locally and abroad. Consultations were held by MTCI on the proposed new Data Protection Act with all relevant stakeholders, including local IT associations such as the Outsourcing and Telecommunications Association of Mauritius (OTAM), Mauritius IT Industry Association (MITIA) and Chambre de Commerce et d'Industrie France-Maurice (CCIFM). In addition, the views of the Prime Minister's Office, the Ministry of Financial Services and Good Governance, the Ministry of Finance and Economic Development, Board of Investment, the Data Protection Office, the Police IT Unit, the Bank of Mauritius (BoM), the Financial Services Commission (FSC), the Financial Intelligence Unit (FIU) and the Independent Commission against Corruption (ICAC), were also sought.

The objective for amending the existing Act is to ensure that Mauritius has the adequate data protection safeguards to respond to the following:-

- With the growing momentum in the outsourcing business, Mauritius needs to position itself as a destination of excellence for BPO activities. In this context, a strong and appropriate legal framework is crucial to ensure secure transfer of personal data from Europe to Mauritius.
- Under this European legislation, personal data may only be transferred from the EU to a third country which has been recognised as having an 'adequate' level of data protection safeguards. Any unauthorised data transfer is considered illegal.
- The absence of a secure legislative framework was detrimental to our aim of positioning Mauritius as a niche market for value added operations. Over the years, many contracts have been lost to the benefit of East European countries playing on the EU advantage,

Budgetary measures:

- Creation of a Digital Entrepreneurs Platform
- Launch of the Digital Youth Engagement Programme
- Setting up the Cloud Computing Environment Platform
- Work at Home Policy to encourage women to come from home
- 3D printers available to the public
- A 15% reduction in the price of connectivity for BPO operators
- An eight year tax holiday for foreigners investing in the innovation sector
- MUR150 million for research and innovation

Achievements:

- The introduction of Fibre To The Home (FTTH) by Mauritius Telecom. We are the first African country to offer a 100 Mbit / s connection to its subscribers.
- The School Net project (275 schools connected to the internet)
- The Mauritius Post winner of the Africa Regional Champion Award.
- Curepipe Post Office obtains MS ISO 9001/2015 certification (a first in the Island).
- Mauritius ranks sixth globally (and first at the African level) in the Global Cybersecurity Index compiled by the International Telecommunication Union (ITU)
- Computerisation of the National Transport Authority

Statistics:

- The ICT / BPO sector remains the third pillar of the economy with a contribution of 5.7% to GDP
- Sector growth rate: 5.4%
- 23,000 jobs in the sector
- Percentage of Internet subscribers: 86.3%
- The penetration rate of mobile telephony is 144%
- 350 free Wi-Fi terminals

as international European players are requesting BPO delivery centres based in Mauritius to show compliance with the European Directive (1995) for securing contracts.

In the budget Speech 2017-2018, the Government committed to amending the Data Protection Act, towards ensuring EU GDPR equivalency. With the recent introduction of the Data Protection Bill 2017, Mauritius is the first country in the world which is enacting legislation based on the guiding principles contained in the GDPR.

Mauritius will benefit from a first mover advantage and will trigger interest not only from European investors but also Indian, Chinese, Australian and other foreign investors, as they can clearly identify the opportunity in using Mauritius as a platform to tap into business opportunities in the EU.

The new Data Protection Act will ensure each Mauritian citizen is the owner of his personal data and no collection, storage or processing can be done without his consent, whilst it improves the legal landscape to effectively respond to new EU requirements for data protection, thereby encouraging foreign investment and making the ICT sector the main pillar of our economy in the coming years.

Yogida Sawmynaden

The Honourable Yogida Sawmynaden, is Minister of Technology, Communication and Innovation, Republic of Mauritius.

After tertiary studies in England and France, he came back to Mauritius and worked as a management consultant. He has a BA (Hons) in Accounting & Law and a Masters in Business Administration (UK). He also has a Diplome en Management International from the Ecole Supérieur de Commerce de Poitiers (France).

He has been in politics since his election as Councillor for the Municipality of Beau-Bassin/Rose-Hill in 2001, becoming deputy mayor two years later. In December 2014, elected as Member of Parliament for constituency No8 (Quartier Militaire/Moka), he integrated into the government of Sir Anerood Jugnauth as Minister of Youth & Sports.

Following the accession of The Honourable Pravind Jugnauth to the post of Prime Minister in January 2017, Yogida Sawmynaden was given new responsibilities, notably the portfolio of Technology, Communication and Innovation.

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Mauritius: global centre of excellence for fintech

By Nicole Anderson

The international finance sector has undergone its biggest historical change over the last eight years, following the initial sea-change which was felt immediately after the 2008 financial crisis, with almost every corner of the globe affected by a radical tightening of liquidity, unprecedented levels of regulatory scrutiny and a worldwide contagion of contracting markets, spending and optimism.

Late in 2010, the world witnessed the political upheaval of the Arab Spring – a revolutionary wave of both violent and non-violent demonstrations, protest, coups and riots affecting North Africa and the Middle East. The overwhelming call for democracy was fuelled by ordinary people who finally had the opportunity to have a voice. The catalyst for the vast wave of dissent and ultimately the toppling of power in Tunisia, Libya and Egypt was essentially immense dissatisfaction with the status quo. The tool and mechanism to aid the cause was technology – mobile technology and social media (i.e. YouTube, Vimeo and Facebook).

This series of events symbolised a world dissatisfied with the 'traditional powers of the past'. The parallels with the world of consumer finance are

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evident. After the most severe global recession in history, digital innovators were rapidly emerging all over the world to address the 'empowerment gap'. Entrepreneurs, many of them ex-industry were channelling their knowledge and expertise to develop new financial service products and services across all areas of retail and commercial banking – lending, payments, personal finance management, insurance and wealth management.

Fuelled by billions of dollars of venture funding, the period between 2010 and 2016 saw an average of $10 billion per year flow into these companies. Also, this wave of activity has been truly global – San Francisco, Nairobi, London, Zurich, Tel Aviv, Singapore, Sydney, New York and Hong Kong, have gained momentum in seeding this innovation landscape with the full knowledge of the powerful impact this could have on economic development, job creation, trade and regulatory advancement.

Becoming relevant as a centre for financial services innovation takes time. It has to be predicated on what a nation, city or region has as a unique asset. Almost every current fintech hub has to consider at least four enablers in order to be successful:

- **DEMAND**
  Many markets have biases – some are very consumer centric, others far more institutional and some fall even further into segments or vertical specialisation

Ebene CyberCity, Mauritius. **© Sapsiwai / Shutterstock** such as wealth (Switzerland) or capital markets (New York). Whatever the key market heritage is, it is key that a fintech hub serves its innovation directly by providing customers or distribution opportunity. The ability to blend capability between incumbent businesses and new or entrepreneurial entities creates a fluid and virtuous ecosystem.

- **INVESTMENT CLIMATE**
  Access to capital across the funding ladder is vital to ensure that businesses across the maturity curve are able to kick-start their technology offering and to be sustained throughout their lifecycle. The early access to capital is generally based on equity models – angel investment, venture capital or even corporate venture capital but as these businesses grow their funding preference often flips to debt or venture debt. Well funded ecosystems also attract the best global talent. The resilience of the fintech entrepreneurs is well known. These are globally mobile people who are motivated by opportunity, ease of doing business, investment and the opportunity to make a real difference.

- **POLICY AND REGULATION**
  The new business models in fintech have challenged regulators and policy makers around the world. The most advanced fintech centres have benefitted from open and engaging regulators who are willing to learn and adapt their approach and frameworks to the market demand. Many regulators have created compliance sandboxes, offering direct support to innovative companies to help them accelerate the readiness for obtaining regulatory licenses. Some regulators such as the Monetary Authority of Singapore have set aside an investment fund to directly invest in innovative companies as well as actively experiment with emerging new technologies such as blockchain.

- **SKILLS**
  Fintech is still emerging, as the industry capabilities – technical, commercial, legal – are all being tested. The demand for the best talent – whether it be to serve institutional needs or to build growing businesses – is intensifying. New technology areas such as blockchain, artificial intelligence, machine learning and data science are emerging as big 'ticket' skills where premium salaries are being paid. Executives are needing to explore different leadership skills in order to deal with outside capability.

The aforementioned factors are crucial components to consider but there are also other areas that need to be considered. A culture of creativity is an inherent quality, which does not come that easily. Every hub will need to consider how they foster this piece by piece.

Another component is the physical infrastructure. Bringing ecosystems together in physical labs, co-working spaces and high speed internet connections, will go a long way to fostering the best foundation for any centre to stake its claim as a fintech hub. Mauritius is just about to begin its journey.

There is no doubt, Mauritius has a huge advantage above other centres on the subcontinent to exploit links to Europe, Africa and South East Asia. Paying special attention to all the key enablers and how they equip themselves for the investment needed, is a must. It is an exciting time for the nation as it designs its fintech future.

Nicole Anderson

Nicole is a multiple times CEO, a FinTech entrepreneur and advisor.

She has a strong track record at board and general management level across international markets, working across multiple segments within the financial technology markets – payments, wholesale banking, transaction services, forex, wealth management, plus traditional retail and supply chain management.

Voted Innovator of the Year 2017 by the South African Chamber of Commerce, Top 100 Women in FinTech 2016 by Innovate Finance and included in the Power Women of FinTech 2015, 2016 and 2017, Nicole is also active in the London and European start-up acceleration, incubation and growth arena working as an advisor and mentor to Level39, StartupBootcamp FinTech, London Tech Advocates – Women in Tech and FinTech workstreams.

She is a founding member of FINTECH Circle Angel Network and has served as advisor to Microsoft Ventures London and been a multiple times judge for SWIFT Innotribe, The European and African FinTech awards and BNP Paribas Global Hackathon.

Nicole serves as an industry thought leader and has featured on numerous panels and speaking circuits such as London FinTech Week, Rencontres Economiques (France), London's African Technology Business Forum and FinTech Africa's annual conference. She is also a contributing author to the The FinTech Book and co-author of the InsurTech Book.

She has an Honours Degree in Information Systems and Economics from the University of Witwatersrand, South Africa and graduated from the Institute of New Economic Thinking, Barnard College, Columbia University, New York specialising in the Economics of Money and Banking.

Mauritius: higher education and the creative economy

By Professor Tim Blackman

Across the world, governments are looking to universities to develop the higher skills and research needed to deliver the productivity growth on which future living standards will depend. Mauritius is no exception, with bold plans to join the world's high-income countries within the next five years. If these plans are successful, the story of Mauritius will be remarkable. In little more than 50 years, it will have been transformed from a plantation colony to a democratic knowledge society.

Mauritius is well on the path to this success, with steady economic growth, low inflation and private investment now recovering following recent years of decline. Although unemployment is running at over 7%, alongside the Government's economic ambitions are plans to eliminate absolute poverty and narrow income and gender inequality.

Mauritius enjoys a strategic location in the Indian Ocean but its economic success is more due to institutional than natural advantages. Strong democratic institutions and a sound legal framework combine with investment-friendly tax and regulatory regimes and a policy push for economic growth spearheaded by a new Economic Development Board, investment-driven diplomacy overseas and free trade agreements. The real engine, however, will be innovation.

The Government of Mauritius is pursuing an unprecedented focus on research, introducing R&D tax incentives and restructuring the Mauritius Research Council as the Mauritius Research and Innovation Council, with wider private sector input and a National Innovation and Research

Middlesex University Mauritius.
Courtesy of Middlesex University Mauritius

Fund supporting research in both public and private institutions. The Tertiary Education Commission, which oversees post-secondary education, is also injecting new research funding into the Island's public universities.

Mauritius needs to diversify beyond sugar, textiles, tourism and finance if its economy is to be resilient in an increasingly uncertain world. At Middlesex University Mauritius, our new campus in Flic-en-Flac, built with our partners Medine, is not only a symbol of the Island's economic transformation – rising from old sugar cane fields – but is also a driver of new and better job opportunities. Its portfolio of degrees is designed for the skills needs of a modern digital economy and to supply the legal, accounting, finance and healthcare professionals on which the Island's attractiveness to investors depends.

Economic and education policy needs to look beyond the knowledge economy to the creative industries as well if Mauritius is to diversify successfully. The creative sector can both generate new jobs, especially the self-employment and business start-ups that drive innovation, and support investment and jobs growth in other sectors by adding to the quality of life that Mauritius offers its investors, visitors and residents. Government policy is aimed at building a high value-added export economy in services, where Mauritius occupies a leading regional position in financial services and in manufacturing, especially high-tech medical and pharmaceutical products. Knowledge workers in these industries will be more attracted to work and stay in Mauritius if there is a vibrant cultural scene.

The Island's cultural diversity can be leveraged to inspire creative ideas and cultural exchange, with both commercial and social benefits. The Government of Mauritius is increasingly recognising this with, for example, a new National Arts Fund to support performing and fine arts, new venues and a national award ceremony for the arts. The National Skills Development Programme, set up to provide re-skilling courses for unemployed young people, is extending to media production and performing and fine arts, in addition to current focuses on tourism, construction, ICT and nursing.

Skills needs are emerging from new investment such as media production, as the Island's tax incentives attract international film producers, yet these are not skills that necessarily need a degree education.

Three new polytechnics are focusing on training for technicians and associate professionals in tourism, ICT and healthcare. Given concerns about graduate unemployment, with some employers complaining that too many graduates lack the skills they need, the polytechnics are expected to divert some young people from degree to certificate and diploma courses. However, it will be important that these courses enable progression to degree study if they are to achieve the parity of esteem and requirements of professional bodies on which their success will depend.

The new Middlesex campus at Flic-en-Flac is part of the huge infrastructure investments that must continue at scale if Mauritius is to join the ranks of the world's most developed economies. The country's ambitions depend on meeting pressing physical infrastructure needs for road and rail transport but it will be important that neither digital nor cultural infrastructures are neglected in meeting these needs. This is not least to ensure that higher education can realise its potential as Mauritius develops.

Africa and India present great trading opportunities on which much diplomatic effort is now focused and in which education has a crucial role. These giant neighbours have growing middle classes and young populations for whom the Mauritius offer of safe, high quality universities where diversity is welcomed, English is standard and a global outlook the norm, is both attractive and increasingly attainable. This is valuable trade for Mauritius but also a source of soft power for a small island state that will count a growing number of key professionals in Africa and Asia among its university alumni.

Indeed, Mauritius will need to exercise all the soft power it can in the years ahead. Its huge ocean economy holds exciting potential and is expected to contribute 20% of GDP by 2025, reaping the benefits of value-added fish products, coral farms, hydrocarbon and mineral exploitation, marina development and transforming the capital Port Louis from a destination port to a regional hub. Yet it is the ocean that poses one of the Island's greatest threats.

Sea level rise could be devastating. Beach erosion is already affecting coastal infrastructure. Various adaptive measures are in place or underway but much depends on the magnitude and speed of any change. For a country that has largely avoided engaging with controversial issues on the world stage, climate change is one issue that Mauritius cannot afford to be quiet about.

Professor Tim Blackman

Professor Tim Blackman is Vice-Chancellor of Middlesex University.

Middlesex University is London's leading modern university, ranked among the world's top 150 universities under 50 years old.

Professor Tim Blackman was previously Acting Vice-Chancellor at The Open University in the UK and Director of the Wolfson Research Institute at Durham University.

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Re-engineering the labour market

By Soodesh Satkam Callichurn

With an active and diverse workforce of slightly more than half a million, we embark on a new venture to take the country to new heights. Over a half century with a significantly lower number of workers, we managed to attain a level of development with no comparable parallel in the region. In the wake of the legacy we were to inherit, Nobel Prize recipient James Meade predicted that Mauritius would fail as a nation due to the unavailability of natural resources and its dependence on the sugar sector.

However, we proved everybody wrong. We defied the predictions. We did not send any signal of distress to anyone and instead we showed our mettle and took calculated risks to uphold our sovereignty.

We have made the transition from chronic unemployment in the late 1970s to become a regular subscriber for imported labour as from the mid-1980s. This transition marked the transformation of our society from a monocrop economy to one dependent on tourism, the manufacturing and export services.

In the wake of this transformation, we have diversified the skills and competencies base of our labour force by forging cutting edge skills for the tourism, financial services, information technology and manufacturing sectors. Today, we stand at a crossroad to assess our options over the next decade which bring in its wake a number of uncertainties.

Port Louis, Mauritius. **© Phuong D. Nguyen / Shutterstock**

With our established credentials we provide the guarantee for sustained economic growth and the promise of a more prosperous future. Our strength resides in our highly skilled and competent labour force coupled with a sound industrial relations environment that we have successfully maintained over the years.

The main challenges that we face are – amongst others – the creation of a talent pipeline to sustain sound economic activities, maintain those in employment and increase employment opportunities, job advancement and job enrichment. The foundation has been prepared for a safe take off combined with the auxiliary measures and the legal framework for these to happen well in place. Parliament has recently voted for the National Employment Act which augurs a new vista for a labour market which will open new opportunities for the younger generation.

Within the remit of the National Employment Act, the labour market will be operated within the parameters of transparency and accountability for both the public and private sectors which will have the obligation to open their doors for public scrutiny. Such innovation will be the platform for the democratisation of the labour market and will provide our young graduates/apprentices the opportunity to position themselves for job opportunities which respond to their individual aspirations. The approach to employment has been revisited to include a protocol to accompany job seekers from the very first day they decide to join the labour market, until such time that they are provided with employment.

Mentoring and training are now integral parts of the process to guide those who have completed their secondary or tertiary studies including early school leavers to understand the demands of the labour market and make an informed decision on their careers. This approach seeks to reduce and eventually eliminate the inherent risks of mismatch between the demand of the labour market and the available pool of skills and competencies.

The ultimate objective is to prepare the country to respond to the exigencies of the local and international markets with particular focus on the changes and demands in different sectors, each having its own specificities and specifications for jobs and skills. The health, social services, financial services, construction, manufacturing, plus the creative and digital sectors, have significance in terms of employment and have tremendous potential for driving future economic growth in meeting the needs of society. Concurrently we recognise that in the next decade international competition and technological advancement are likely to continue to impact on the local labour market with a demand for greater flexibility, diversity of skills, personal agility, resilience and the ability to adapt to or embrace change. Our National Employment Policy will therefore be geared to providing employers a highly skilled workforce characterised by their creativity, analytical and problem solving capabilities and communication skills, with special focus on the demand in relation to the work organisation driven by technology and globalisation.

Within the future framework of the National Employment Policy, Government's role will be to ensure an effective alignment of public and private investments with a view to maximising the outcomes that contribute to jobs and growth. In the same breath, employers will be encouraged to assume a more prominent role and a greater level of leadership within the education and training system, with a view to fostering strategic relationships between business, education and training sectors, so as to ensure cost effective results in the development of skills needed for a rapidly changing environment.

We also place a premium on the empowerment of individuals to have access to high quality careers through training, mentoring and by facilitating access to finance, providing support to help them in bridging the skills deficit. This will form an integral part of a coherent and comprehensive long term strategy for ensuring that the low-skilled can respond to the challenges of a radically changing labour market. This will also address the problem of labour mobility.

Our immediate priority is to prepare the country for tomorrow's world of work where there is a convergence of the objectives defined by employers, education and training providers and policy makers, so that we rise up to the opportunities and challenges facing us. With a diverse and inclusive labour force, both culturally and generationally and by encouraging a change in people's mindset pertaining to the nature of work, by encouraging individuals to take greater responsibility in acquiring and continuously updating their skills for progression and career advancement. Taking advantage of our values, we look to the future with renewed optimism.

Soodesh Satkam Callichurn

The Honourable Soodesh Satkam Callichurn, Minister of Labour, Industrial Relations, Employment and Training, Republic of Mauritius.

He gained an LLB(Hons) at the University of Wolverhampston UK and a Post Graduate Diploma in Professional Legal Skills at the City University, UK, in 2003.

A Barrister at Law from 2005 to 2008 and a Magistrate from 2008 to 2014, he was also an Assessor for the Industry Property Tribunal and the Environment Appeal Tribunal from 2006 to 2008.

He has been a Member of Parliament and Minister of Labour, Industrial Relations, Employment & Training since December 2014.

Mauritius: supporting business development

By Heba Capdevila Jangeerkhan

The birth and growth of Mauritius are intrinsically tied to human capital and the contribution of this single factor is at the core of the success story our resilient Island in the Indian Ocean has to tell. Access to education early on, as well as its multilingual roots inherited from having been both a French and British colony, result in a local population that has a learning culture, adaptability and strong entrepreneurial characteristics.

The country has since independence 50 years ago, nurtured a dynamic business culture, invested in communications, technology, infrastructure; compulsory primary education, support schemes for secondary education, tertiary education and national health services. These policies and drivers have set strong foundations for Mauritius to progress towards a knowledge based economy. I believe we are well on our way to achieving that goal and policy making – as well as macroeconomic frameworks, trade regulations, finance, labour markets and governance practices – are steering the country in this direction.

Stimulating a knowledge based economy implies creating an environment where entrepreneurship is incentivised, innovation promoted, lifelong learning opportunities encouraged and made available to people based on needs and not age, gender or any other criteria, foreign direct investment in research and development, new technologies and knowledge transfer favoured.

The Mauritius Institute of Directors (MIoD) was set up 10 years ago, in 2008, by a group of the country's thought leaders, with the support of policy makers and government, as a platform for directors, businesses, public sector institutions and boards at large, to promote directors'

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learning and training initiatives, as well as develop and implement governance practices across their organisations. In the context of the financial crisis of 2008 and with the country's strong financial sector, it was essential that the MIoD operated independently and partner with both public and private sector players, across industries and sectors, to promote and disseminate good governance practices and a lifelong learning approach to doing business. The MIoD – with around 1,300 individual members and 32 founder sponsors and patron organisations – has engaged the commitment of key players, decision makers, leaders and institutions across the board, in promoting the adoption and implementation of sound governance and business practices.

During 2017 we have seen the adoption of the National Code of Corporate Governance 2016. Mauritius is the second country, after South Africa, to adopt a code with an 'apply and explain' principle and reporting requirement.

The code is based on the premise that our businesses and institutions are at a level of professional maturity to report specifically on how we embrace good corporate governance practices; the code sends out a global message that Mauritius is committed to best governance practices.

This is an opportunity for the MIoD to organise forums, events and debates, sharing of knowledge and experiences and promoting conversations where the application of the code is discussed between stakeholders and specialised professionals. It is also a platform where we encourage institutional dynamics and cooperation to get ourselves another step ahead in best practice governance frameworks. Such an environment is conducive to creating confidence and trust for both local economic investment, attracting FDI and investment in a strong R&D sector.

The MIoD also plays an important role as a learning and training platform for its members, public and private sector professionals at large. Knowing and applying what has worked elsewhere serve as the basis of a pragmatic approach to business and strategic development initiatives and policy formulation. It is important that this approach is complemented by a deep understanding and respect for the idiosyncrasies of the culture in the context of implementation. The MIoD collaborates with trainers, specialist consultants, service professionals and organisations at the international, regional and national level, to create such learning opportunities in Mauritius.

Mauritius has a potentially important role to play in the region and particularly the Asia-Africa route, where piloting and test cases can take place in a controlled and conducive environment, lessons can be learnt and the model replicated elsewhere. This can represent an interesting catalyst for economic and social progress, innovation, research and development projects, as well as opportunities for growth and development for our professionals and a gateway for attracting talent into the country. Grey matter is a country's most sustainable and renewable resource.

I would like to end making reference to an article in *The Economist* – 'Behind the Bleeding Edge: Technology Leapfrogs' – where the authors' state that "... the lesson to be drawn from all this is that it is wrong to assume that developing countries will follow the same... course as developed nations... Entire economies may even leapfrog from agriculture to high-tech industries... Those who anticipate and facilitate leapfrogging can prosper as a result."

I believe we, as a nation, have achieved great things in half a century and are setting ourselves up to leapfrog into a flourishing knowledge based economy in the years to come.

The main driver for the Mauritian leapfrogging will continue to be human capital.

Heba Capdevila Jangeerkhan

Heba Capdevila Jangeerkhan is the former Chairperson of the Mauritius Institute of Directors (MIoD).

Heba is the Chief Operating Officer (COO) of the Taylor Smith Group. She has over 20 years of professional and international experience in business administration, sales and marketing, human resources, organisational development and business strategy, in both private and public sector organisations.

A Business Graduate from The University of Sheffield with an MSC in Organisation Development from Sheffield Business School, Heba speaks five languages and has lived and worked in Europe, the Middle East and South America, before settling in Mauritius in 1995. Her professional industry experience includes textile, retail, BPO industries, manufacturing, marine activities, logistics & distribution, amongst others.

Having spent 23 years in Mauritius, Heba has an insider's view of the country, including the economy, business community, culture and socio political environment. She is engaged in the development of women and children through her NGO engagement in Soroptimist International Port Louis, of which she is the President.

She joined the Mauritius Institute of Directors as a Fellow member eight years ago and has been on the Board of Directors for five years and during her last year of tenure, she was the Chairperson.


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SHAPING THE FUTURE OF AIR TRAVEL

Transforming tourism

By A.K. Gayan

The tourism industry in Mauritius, which emerged in the 1980s, triggered a paradigm shift from a monocrop sugar-based economy to a service-oriented economy. Today, the tourism sector is a key pillar of the economy, contributing immensely towards the socioeconomic development of Mauritius. In 2016, the sector accounted for 7.8% of GDP, more than MUR55 billion in tourism earnings and 30,556 direct employment based on the results of the Survey of Employment and Earnings in Large Establishments as at end of March 2016. The tourism sector has, in fact, been instrumental in improving the living standard of Mauritians, poverty alleviation, women's empowerment, social mobility and economic democratisation.

Tourist arrivals for the year 2016 increased by 10.8% over the previous year to reach 1,275,227, representing a huge leap from the 115,080 arrivals registered in 1980. Likewise, tourism earnings attained a figure of MUR55.9 billion in 2016 compared to MUR325 million in 1980. The hotel stock has also increased from 43 in 1980 to 111 in 2016.

The performance of our main markets, including France, Reunion Island, the United Kingdom, Republic of South Africa and Germany, accounted for 60% of total tourist arrivals for the year 2016. Among the emerging markets, India posted an increase of 14.6%. It is worth noting that Turkey registered an increase of 247.2% (from 1,004 to 3,486) as a result of direct flights.

For the first semester of 2017, tourist arrivals increased by 6.7% over the same period in 2016, to reach 625,859. Based on recent data on tourist arrivals and information gathered from stakeholders, the forecast of tourist arrivals for the year

Aerial view of Mauritius showing the famous Le Morne Brabant mountain, beautiful blue lagoon and underwater waterfall.
© Myroslava / Shutterstock

Kitesurfing in Mauritius. **© ohrim / Shutterstock**

2017 has been revised upwards from 1,350,000 to 1,360,000. This results in an increase of 6.6% over the figure of 1,275,227 in 2016. As a result of the revised forecast of tourist arrivals and based on trends for the first semester of 2017, the Bank of Mauritius is expecting tourism earnings for the year 2017 to reach MUR58.8 billion instead of the MUR58.0 billion previously forecast. This revised figure represents an increase of 5.2% over the MUR55.9 billion for 2016.

Against this backdrop, the vision of the Ministry of Tourism is to make Mauritius a leading and sustainable island destination contributing towards the transformation of Mauritius into a high income nation and the targets set are:

- To propel the tourism sector as a key engine of growth
- To enhance the visibility of Mauritius as a top class tourist destination in traditional, emerging and new markets
- To broaden the tourism product portfolio to include eco-tourism, spa and wellness tourism, cruise tourism, cultural tourism, business tourism and sporting events
- To promote Mauritius as a clean and safe tourist destination

ACHIEVEMENTS

Over the last 50 years, Mauritius has developed a robust tourism industry which is now widely known throughout the world, winning many awards such as Best Island Tourist Destination in 2016 and Best Golf Destination in the World in 2014. The basis of our success has been the beauty of the Island with its beaches, the hospitality of its people and its excellent service.

Moreover, through the right policies and strategies, Mauritius has successfully penetrated the top notch segment of tourists

Ile Aux Cerf Beach island golf club, East Coast, Mauritius. **© Quality Master / Shutterstock**

Courtesy EDB

by positioning itself as a dream destination. Over the years many international trademarks – Taj, Oberoi, Hilton, Meridien, Sofitel, Starwood, Intercontinental, Shanti Ananda, RIU hotels, amongst others – have been set up in Mauritius, thus consolidating our position as a high end destination. The successful implementation of a Star Rating System for classification of all hotels in Mauritius, has contributed significantly to upholding the high quality image of the destination and reinforced tourist confidence.

It is worth noting that in the Travel and Tourism Competitiveness Report 2017, Mauritius ranks 55th out of 136 countries and second in Sub-Saharan Africa, after South Africa.

INSTITUTIONAL SUPPORT FOR TOURISM DEVELOPMENT

The Ministry of Tourism works in close collaboration with the private sector to sustain the growth and competitiveness of the tourism sector. The executive arms operating under the aegis of the Ministry to foster the harmonious development of the sector are:

The Mauritius Tourism Promotion Authority (MTPA)
The Mauritius Tourism Promotion Authority (MTPA) was set up under the Mauritius Tourism Promotion Authority (MTPA) Act 1996 as a parastatal body to promote Mauritius abroad as a tourist destination. MTPA's role is to enhance the image of Mauritius as a prime holiday and upmarket destination by consolidating our traditional markets, penetrating emerging markets and exploiting niche segments in new markets.

The Tourism Authority (TA)
The Tourism Authority (TA) was set up as a corporate body under the Tourism Authority Act 2006 for the regulation and control of tourism establishments and tourist related activities, with a view to sustaining the development of Mauritius as a high quality and safe tourist destination. The Authority issues licenses for tourist enterprises/activities, pleasure crafts, skippers and canvasser permits and is responsible for the regulation and monitoring of tourist enterprises and activities pertaining to pleasure crafts, skippers and canvassers, to ensure that activities in the tourism sector are carried out in a sustainable and responsible manner to preserve the integrity of the destination.

The TA has also contributed to bringing the informal tourism sector into the mainstream and providing opportunities for inclusive tourism. Procedures for the issue of Tourist Enterprise Licences have been streamlined and this has greatly prompted small operators to engage in tourism activities.

The Tourism Employees Welfare Fund (TEWF)
The Tourism Employees Welfare Fund was set up under the Tourism Employees Welfare Act 2002 to cater for the economic and social welfare of employees of tourism enterprises and their families.

AXES OF DEVELOPMENT

Diversification of markets
Mauritius has revisited its destination promotion strategy by diversifying its market base and penetrating more aggressively the emerging markets like China and India, while consolidating its traditional markets with growth potential, namely France, the UK and Germany. So much so, that Europe, which constituted about 67% of the total tourist arrivals in 2009, has gradually declined to reach 58% in 2016. Conversely, Asia, with a share of 7.1% of total tourist arrivals in 2009, increased to 16.3% in 2016.

Tourist arrivals from Africa also increased from 204,308 in 2009 to 291,890 in 2016. New markets such as the Gulf,

Dolphins in the waters off Mauritius. **© Kirill Umrikhin / Shutterstock**

Chamarel waterfalls, Mauritius. **© Benny Marty / Shutterstock**

Scandinavia and Eastern Europe are being tapped to address the seasonality dilemma and promote Mauritius as an all-year-round destination.

Diversification of Products

Market diversification requires an attractive and varied tourism product portfolio to cater for the needs of new travellers and changing preferences of existing customers. In this context, Mauritius has broadened its classic offer of 'Sea, Sun and Sand' to include eco-tourism, wellness and spa tourism, underwater safaris, adventure sport, world-class golf courses, cultural tourism, sports tourism, MICE, grey tourism and folklore extravaganzas like 'Festival International Kreol' and 'Porlwi by Light'.

Cruise tourism is also growing at a fast pace as lines such as Costa Croisière, Silver Cruise and Fred Olsen now use Mauritius as a port of call in this area of the Indian Ocean.

Competition from similar island or beach destinations calls upon Mauritius to keep developing its product portfolio. We aim to promote a globally competitive and sustainable tourism industry, primarily through the following initiatives:

- Development of new products like cultural, historical and archaeological tourism.
- Upliftment of the attractiveness of the major iconic places of the Island through publications of '10 Best of' brochures

Sir Seewoosagur International Airport. **© EQRoy / Shutterstock**

Aapravasi Ghat - historic Immigration Depot colonial building complex - which is now a UNESCO World Heritage Site. **© EQRoy / Shutterstock**

Cruise liner, Port Louis, Mauritius. **© photobeginner / Shutterstock**

for entertainment/activities/drinks and culinary specials/festivals.
- Promotion of towns/cities/villages and encourage the tourists to experience the local culture through 'hidden gems' and 'one day itineraries'.
- Rehabilitation/setting up of museums, galleries and historical monuments and promotion of indigenous knowledge.
- Setting up of a state-of-the-art Cruise Terminal at Les Salines to boost cruise tourism.
- Creation of marinas to enhance the attractiveness of the seascape and preserve the fragile marine eco system, while encouraging yacht tourism.
- Setting up of domaine and eco-lodge to give an added impetus to eco-tourism.
- Setting up of a world-class aquarium, entertainment zones, underwater restaurants and cable-car.
- More diversified nightlife activities such as late night shopping and organisation of regular concerts with the participation of international artists.
- Setting up of high-end wellness and spa centres with renowned international brands.
- Development of world class medical centres to attract medical tourists.
- Promotion of multiple packages within the framework of the Vanilla Islands Organisation.
- Creation of bike trails to promote the interior of Mauritius and attract adventure lovers which are a growing segment within the tourism industry.

It is worth pointing out that Mauritius strives to achieve product excellence for both land and sea based activities. For example, international golf courses were built and Parks such as Casela and La Vanille were created, whilst sea based activities such as diving, parasailing, water skiing, were introduced. We even have a mini submarine (only two of its kind in the world) that offers safe underwater visits.

Gradually, other activities such as dolphin watching, sky diving, zip lining, trekking and big game fishing were also developed. Sporting events such as trail runs and trail biking carved out a new niche market as did wind/sea based activities such as windsurfing and kite surfing, which have placed Mauritius on the world map of such events.

Moreover, Mauritius, which already boasts two UNESCO World Heritage sites – Aapravasi Ghat, in Port Louis and Le Morne Cultural Landscape in the south – is developing cultural products such as visits to historical places of worship in the capital, Port Louis – where a cathedral, a mosque, a temple, a church and a pagoda can be found within five kilometres – symbolic of the diversity of our population and peaceful co-existence of different cultures and religions.

CONNECTIVITY

Recognising that flexible air connectivity is critical to sustain tourism growth, Government is liberalising air access to increase connectivity and bridge the mismatch between air seat capacity and hotel rooms.

The Mauritius-Singapore Air Corridor project linking the African continent to Asia is changing the whole dynamics of air access to and from Mauritius and the islands of the Indian Ocean, while reinforcing regional tourism cooperation. The Changi corridor project has opened access to several destinations in Africa and to more than 90 destinations in Asia, with a view to positioning Mauritius as an aviation hub in the region and increase transit passenger flow.

Air Mauritius has been a key player in the development and growth of our tourism industry. The National carrier has successfully developed and expanded its air services network with flights to and from Europe, Asia, Australia and Africa. With the operation of other scheduled airlines such as Air

Mauritius resort. **© leoks / Shutterstock**

Traditional creole Sega dance, Ville Valio, Mauritius. **© Dmitry Chulov / Shutterstock**

France, British Airways, South African Airways, Lufthansa, Austrian Airlines, Emirates, Edelweiss, Corsair, Air Austral, Air Seychelles, Transaero and Turkish Airlines, the tourism industry has registered significant growth in terms of tourist arrivals.

With a view to tapping the Chinese market, Air Mauritius has introduced new flights to several destinations in China, namely Guanzhou, Beijing and Shanghai. Tourist arrivals from China have increased from 7,609 in 2010 to 79,374 in 2016, representing an annual increase of 47.8%.

Furthermore, KLM Royal Dutch Airlines has begun operating direct flights from The Netherlands to Mauritius this year, which offers an extensive feeder network from the Amsterdam hub, offering possibilities to tourists from traditional and new markets to reach Mauritius.

SAFETY AND SECURITY

Over the past few years, promotional campaigns in all major source markets have depicted Mauritius as a safe and secure upmarket tourist destination. To ensure the safety and security of visitors, the Government is stepping up security by tightening preventative measures in tourist establishments. A new set of measures encompassing all aspects of security, ranging from security equipment and access control to watchmanship within hotel premises, has been imposed on hotel establishments in a bid to enhance the safety of tourists. Moreover, since 2007, the Ministry has embarked on a zoning of lagoon programme which entails the demarcation of

Crystal rock, Mauritius. **© Auresey / Shutterstock**

various zones to separate the different activities being undertaken in the lagoon, namely swimming zones, boat free zones, ski lanes, snorkelling zones, speed limit zones, dangerous bathing zones and mooring zones.

ENVIRONMENT AND SUSTAINABLE TOURISM

The tourism sector remains vulnerable to the impacts of climate change. Potential threats, which include tidal waves and surges, as well as the deterioration of the coral reefs through changes in sea temperature, can affect the attractiveness of the destination.

To mitigate the impact of environmental damage, a hotel development strategy that mainstreams eco-friendly practices such as energy-saving devices, renewable energy supplies, installation of recycling and desalination plant, wastewater treatment plant and rain water harvesting, is being implemented.

An Eco Label for the tourism sector has also been developed to mitigate the impact of tourism activities on the environment and provide operators with a tool to manage scarce resources judiciously in an environmentally sustainable manner in an effort to promote a green tourism industry.

Thanks to these measures, Mauritius is able to build up a worldwide reputation for the quality of its tourism product based on its brand promise of high standards, a pristine environment, friendliness and excellence in service delivery.

It is imperative that we continuously nurture the brand and take appropriate steps to maintain an appealing environment in line with our strategy to enhance the attractiveness of Mauritius as a clean and safe tourist destination.

In this context, a Cleaning and Embellishment Unit has been set up by the Tourism Authority to help in the cleaning and embellishment of the environment and public beaches, maintain tourist sites and provide assistance to other institutions in the organisation of national/religious festivals and celebrations.

A.K. Gayan

The Honourable Anil Kumarsingh Gayan SC, is Minister of Tourism, Republic of Mauritius.

Laureate of the Cambridge Higher School Certificate Scholarship (Classical Side) of Royal College, Port Louis in 1968, he completed his LLB(Hons) at the London School of Economics in 1972. He was then called to the bar and has been practicing as a barrister since 1973. In 1974 he joined the Attorney General's Chambers as Crown Counsel. He is also holder of a Master's Degree in LLM with specialisation in international law and law of the sea.

He has been a member of the Bar of England and Wales since 2007 and member of African Union (AU) Panel of Eminent persons on Hissen Habre, 2008 to 2014. In 2011 he was Special Adviser to Comoros on maritime delimitation issues and Chairman of AU panel on qualifications of AU Commissioners. From 2008 to 2014 he lectured in International Law with special reference to Collective Security at the University de la Reunion.

First elected as Member of Parliament in 1982, he served as Minister of External Affairs, Tourism and Emigration in 1983. From 1989 to 1990, he acted as Chairman of the Bar Council. In 1991, he became a consultant for the Geneva based Centre for Human Rights and worked on Judiciary and Human Rights in Bhutan, Mongolia, Armenia and Togo. He was appointed Senior Counsel by the President, Republic of Mauritius in 1995.

He was Minister Foreign Affairs and Regional Cooperation from 2000 to 2003 and Minister of Tourism in 2003 to 2004. Following the last general election in 2014, he was appointed Minister of Health and then Minister of Tourism.

Photosynthesis. **Photo Beata Albert**

Porlwi: a capital idea

Photo Jean Marc Lim

By Astrid Dalais & Guillaume Jauffret

Port Louis. Its name summons an entire vision – the blend of contemporary and stunning, anachronistic colonial architecture, bardeaux roofs and all, the sticky-salty air of the harbour, the cobblestone sidewalks, the sultry heat, the rows of painted doors, the ring-shaped mountain range that seems to watch over the old city.

From a historical perspective, the city's strategic position on the Spice Trade Route led it to being a vital stop for ships along the way. The notion of the Island being at the intersection of east and west remains relevant today. Each day, 150,000 people enter the city another 150,000 inhabit. Surrounding the city-centre – with its financial district, administrative institutions and judicial system – are remnants of a culturally-rich past: 'Le Théâtre de Port-Louis' (nearly 200 years old), one of the oldest Italian-style theatres and the Champs de Mars, a racetrack that dates back to the colonial era. Port Louis is a microcosm of the world and certainly of Mauritius. The city seems to contain within its walls the Mauritian identity, an extraordinary métissage of ethnicities, religions, histories and cultures. In the daylight, the city is like any other big city: noisy, exciting, crowded.

Come nightfall, the city is deserted save for some pigeons and those city dwellers who inhabit the old neighbourhoods of the city. A sleeping city. This is the place that we imagined could be filled by art, culture, creativity and the collective effort of artists, thinkers, planners, scientists, curators, engineers, architects, policy-makers, designers, the citizens, institutions and the private and public sectors. In essence, Porlwi is an impulse, a desire to create, to unapologetically imagine and together, strengthen our nation's identity by reconnecting to its past, its roots.

The Porlwi project consists of an annual festival of contemporary culture held in the capital, Port Louis. Its purpose is manifold: it ignites artistic endeavours, providing a platform for local, regional and international artists to create, collaborate and gain recognition; it draws Mauritians and travellers from afar, which in turn stimulates the economy, namely the creative industries and tourism. By emphasising innovation, the conservation of our patrimony – and our nation's cultural identity – Porlwi presents itself as a strong advocate for culture.

Below: Artwork by meo974. **Photo Jonathan Ahyu**

Each year, Porlwi chooses a theme that encapsulates a key element of the city's regeneration. The theme encourages us to reflect on a communal vision, initiate a dialogue and engage our community in taking action to enhance Port Louis' cultural aura, save our heritage and improve the urban infrastructure and daily lives of the city's dwellers. Choosing different themes presents an opportunity to approach the festival in novel ways.

For instance, the first edition was a spectacle, an extravagant display of light and performance, whereas the third edition demanded that the spectator become an active participant and conscientiously engage in the creations, whether planting a tree or attending a workshop. Wandering the city is a chance to rediscover forgotten locales, abandoned buildings and to imagine a second life for these invaluable structures. How can we breathe life into the old prison, the fort, the theatre?

The first edition of Porlwi by Light quite literally put the city in the spotlight. The city's architectural identity, its century-old buildings, those that tell the history and the stories of the people who migrated to the Island, were lit up. For many, stumbling upon street performers and dancers was a way to rediscover the hidden corners of a city. For three consecutive nights, the city was alive, setting the tone for the editions to come.

Streetmusic from Emlyn. **Photo Eric Lee**

The free festival drew hundreds of thousands of people who wandered through the light installations, in awe of the beauty of the historic capital. The festival's strength lies in its plurality, its ability to draw an immense crowd of people that spans generations, extending far beyond religion, community and socioeconomic background.

In 2015, the people celebrated their city and in 2016, the city celebrated its people.

The theme 'People' stemmed from the desire to start a dialogue surrounding our identity, multicultural coexistence and the fate of our historic capital, Port Louis. The second edition placed people at the heart of cities, for cities are fundamentally tied to its dwellers – those who inhabit its corners, streets and buildings and those who drift in and out daily. Port Louis – with its palm-laced avenue, waterfront, narrow streets, winding streets, paved and cobblestone streets – is where all communities come together. It is truly

Solar Jar Project. **Photo Beata Albert**

the gateway to Mauritius. 'People' was about instilling a renewed energy into our capital, our heritage. It was a celebration of culture, essential to city joys. There were 50,000 m2 of pedestrian zones filled with art, light installations, murals, projections, concerts, performances and street food. The theme 'People' encouraged citizens to contemplate and reflect on a communal vision, to begin a dialogue and above all, take action.

The idea of taking action lingered on and in 2017 it was a 'Porlwi by Nature' that took root in the historic streets of our capital. The theme 'Nature' asked that we pause in the midst of our frantic lives to reflect on our relationship with the natural world and through the creations presented, come to perceive it as a connected, interdependent whole. The third edition gathered our community to reflect on our surroundings, our most precious attribute and to imagine, together, tomorrow's city and a greener future. The festival was a push to encourage the inception of an intelligent, urban ecosystem that improves the quality of life for current and future citizens and to implement meaningful and impactful actions.

Serving as an integral part of the celebrations of the 50 years of Mauritius' independence, Porlwi by Nature was held from the 29th November to the 3rd December 2017, across several emblematic and historical sites of our country.

Exit pollution and noise; enter nature and culture. Porlwi by Nature has been a journey into the historical and authentic sites at the heart of the capital (there are 30,000 m2 of pedestrian zones.)

The festival of contemporary culture differed from its previous editions. We invested in different locales for this edition, such as The Citadel and challenged ourselves in new ways, namely by transforming Bourbon Street into a 100% pedestrian space, which was opened 24 hours a day for five days, with activities scheduled during the day for people of all ages. The festival occupied a smaller area and was more organic and in phase with nature. It was held over five days, from 7pm to midnight. We also had a rich daytime schedule that has encompassed history, art, nature trails, exhibitions, experiences, conferences, workshops and a special programme for kids – all of which has enabled the festivalgoers to discover and appreciate the capital in extraordinary ways.

A question that arises frequently is "What legacy can a three to five-day festival leave behind?" The Porlwi collective has thought a lot about ephemerality and permanence, namely the ways in which the spirit of the city can remain awakened throughout the year and not just during the festival. Porlwi by Nature achieved a degree of perpetuity with the reforestation of 4,000 trees on the slopes of the Citadel fort (this project was tied to a creation that merged technology, art and real-world impact), the creation of an urban park and of course, the dozens of murals that remain each year. Above all, it is the energy of the crowds that persists, the energy generated by those who undertake such an enterprise, of those who pour their soul into reviving a city and in the process, awaken our national pride.

We write our own stories, forgetting that these same stories are intertwined and interwoven to form the fabric of society; each thread, each strand counting. This festival is about writing stories together. It is about making the fabric of society more dense and more colourful.

Porlwi by Nature 2017 in numbers

- **30,000m2 of pedestrian zones at the heart of the capital**
- **A crew of over 400 people**
- **300,000 festivalgoers**
- **Five days of festival**
- **12:00-00:00**
- **103 artistic creations (including light installations, 'coups de coeur' creations and interactive experiences)**
- **250 artists**
- **Over 20 talks and workshops**
- **Over 10 films on nature shown**
- **16 new street art walls**
- **One urban park**
- **4,100 trees to be planted at the Citadel (The Citadel Reforestation Project)**
- **+30 street food stalls**

Astrid Dalais & Guillaume Jauffret

Astrid Dalais and Guillaume Jauffret are co-founders of Move for Art.

The couple founded Move for Art (an events and cultural agency) to enable them to work alongside creative minds, artists and large production teams. A lifetime of travel, of living in cities of the world and an insatiable appetite for art, culture, creativity and discovery, led the pair to imagine the Porlwi initiative, which would incentivise Mauritius' youth to build careers in the creative industries, embrace their heritage and culture, to imagine a future for their Island nation.

Astrid's experience in the lifestyle and tourism industry, combined with Guillaume's background as a dancer-choreographer and artistic director, with the joint effort of the Porlwi collective, is the origin of the annual festival of contemporary culture.

Transported to new horizons

By Dass Appadu

As Chairman of the Chartered Institute of Logistics and Transport Mauritius (CILTM), I feel that the occasion of the celebrations marking the 50th anniversary of Mauritius' independence provides us with an ideal point of reflection to examine the important role logistics and transport continues to play in the vanguard of the country's socio-economic development.

Fifty years ago, Mauritius was an underdeveloped and primarily, agricultural economy, with poor infrastructure and facilities that were highly characteristic of a third world nation. From the 1980s onwards, the country registered phenomenal growth and development with manufacturing and the service sectors, playing the lead roles.

As it stands today, Mauritius portrays the image of a nation that has travelled a long way thanks to the farsightedness, vision and commitment of its leaders, past and present. Mauritius has indeed made giant strides to achieve the status of a middle income economy in this part of the world. According to official reports, the per capita income is approximately US$9,740 compared to US$200 immediately after independence. The ambition of the Government of the day is to take the country to the next level of its development – to the level of a high income nation by the year 2030 – with, inter alia, logistics and transport paving the way.

Tugboat maintenance, Mauritius. **© Xavier Koenig / Shutterstock**

Port Louis, Mauritius. **© wsf-s / Shutterstock**

As stated in the Government's three-year strategic plan for the period 2017-2019, the vision is "to transform Mauritius into a vibrant global city with the provision of world class transport infrastructure that will reduce congestion, promote public transport use, drive productivity and create integrated communities". The objective is to support Mauritius to transit to a new phase of development that will be spearheaded by innovation, supply-chain efficiencies and productivity to attain the status of a high income country. This will necessitate massive financial investment in the development of the inland transport systems, including public infrastructure, in particular, the rail system, port facilities, as well as the aviation sector.

Logistics and transport are known to be powerful drivers of sustained growth and development and countries that have placed a high premium on these two sectors are those that are now successful global players and economic powerhouses. Investments in public transport systems are growing substantially across the world, particularly in developing countries. Building a solid transport infrastructure together with state-of-the-art technology, are necessary prerequisites to make the transport system work sustainably, whilst taking into account the changing needs of commuters.

The challenges that beset the global logistics and transport industry are manifold. Technology is changing at an unprecedented pace and is in turn impacting positively the growth of the industry. There is no denying that in this 21st Century, technology has also drastically transformed the way in which business now operates. Countries that are concentrating their development and investment efforts in technology, especially on automation, robotics and artificial intelligence, are those that are able to react to the changing nature of the global business environment, as well as the changing needs of the consumer. We know that today artificial intelligence has become the hottest field in technology and its impact on the international transport supply chain is simply amazing. What is exciting about artificial intelligence is that it is a technology that can be applied to many different domains and machines can increasingly be used to solve problems that normally devolved onto human beings.

Artificial intelligence is now a big challenge and one sector that will be significantly impacted upon is, inevitably, logistics and transport. In this regard, it is forecast that this wondrous creation of science will unleash mass unemployment in the years to come.

Yet this is only the beginning. Experts say that we are only seeing the tip of the iceberg and no job is safe. There is an upheaval in the market of jobs with automation.

A well-known professor at Stanford University perhaps put it more succinctly when he said: "Automation is blind to the colour of your collar". Martin Ford, the author of the best seller, *Rise of the Robots*, has warned of the threat of a "jobless future". Indeed, he points out that today "most jobs can be broken down into a series of routine tasks and more and more of which can be done by machines". Even the

Port Louis, Mauritius. **© wsf-s / Shutterstock** developed economies are not shielded from the onslaught of this technological phenomenon. It is both inevitable and irreversible.

According to a report published in *The Economist*, it appears that 47% of works in the United States have jobs with the high risk of potential automation. The same report has warned that most workers in logistics and transport are likely to be substituted by what they refer to as the "computer capital". The challenges of technology have therefore to be taken seriously. It is crucial to equip workers with the necessary skills in order to be able to compete for jobs in the world market.

We are now in the era of a knowledge society that has the capacity to create, absorb, disseminate, protect and use knowledge to generate wealth and spearhead transformation. There is need for new and updated skills and competencies, because robotics and artificial intelligence perforce call for an education revolution.

Evidence suggests that artificial intelligence can deliver real value to companies that are willing to introduce robotics across their operations and within their core functions. There are also reports that posit that companies which have successfully combined digital capability with their proactive strategies have recorded higher profit margins and returns.

The Government of Mauritius is fully committed to putting the country on the path of sustainable growth and development by leveraging investments in logistics and transport. In its new development model enumerated in Vision 2030, it has already identified the sectors that are likely to propel the country to the next phase of its development and one of them is essentially the transportation supply chain. In this regard, Port Louis Harbour – which is strategically located and that links the world's largest maritime hubs – is expected to play a crucial role. With the growth in South-South trade, Port Louis Harbour is well poised to transform itself as a major platform for transshipment and bunkering business in the region.

Port Louis has all the atributes to be recognised as 'the top most business-friendly' port in Africa. It operates on a 24-hour basis and is considered as the preferred port of call in the African region. Port Louis Harbour was awarded the Best Transshipment Port in the Eastern and Southern Africa region by the Pan-African Association for Port Cooperation in 2016.

The Port Authorities in Mauritius have invested massively in port development infrastructure with a view to accommodating the latest generation of vessels. In this regard, the access channel has been dredged to 16.5 metres below Chart Datum and two additional super post Panama Ship-to-Shore cranes have been acquired recently to cater for the increase in transshipment trade which is forecast to reach around 1.4 million TEUs (Twenty-foot Equivalent Units) by 2030.

The Mauritius Container Terminal, on the other hand, has been transformed into a leading container port with an investment to the tune of MUR6.5 billion. This is very much in line with the vision of the Government to position Port Louis Harbour as the preferred maritime gateway, with a container handling capacity of 750,000 TEUs annually.

As regards bunkering, Port Louis is currently handling approximately 5% of the regional bunkering market which stands at around five million tonnes per year. Given its strategic location which is adjacent to one of the largest ocean routes on the East/West trade past South Africa's Cape of Good Hope, Port Louis is well on course to become a leading petroleum hub in Africa.

The Mauritius Government's objective now is to turn the petroleum sector into one of the strategic pillars of the economy.

Port Louis presents a whole panoply of advantages as a bunkering hub, ranging from competitive port charges, facilities for disposal of fuels, plus bunker sample analysis that may be conducted locally, as well as being a safe and naturally sheltered port.

It should be noted that an e-bunkering service is available to streamline bunker booking procedures. The platform offers a seamless experience with enhanced visibility and traceability on application for bunkering services.

A wide range of projects are currently underway within Mauritius, aimed at propelling Port Louis Harbour into a fully-fledged, modern, regional maritime hub.

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Dass Appadu

Dass Appadu, FCILT, is Chairman of the Chartered Institute of Logistics and Transport Mauritius (CILTM). Dass is currently a Permanent Secretary in the Ministry of Civil Service and Administrative Reforms of the Republic of Mauritius.

He is a Civil Servant of long standing experience and has worked in various Ministries and Departments of Government in different capacities. He has been a Director on the Board of the Cargo Handling Corporation Ltd and a Member of the Board of the Mauritius Ports Authority for over 10 years and as such has witnessed the development of the port sector in Mauritius.

Dass is holder of a Master's Degree (with Honours) in Public Sector Management. He is also a Fellow of the Chartered Institute of Logistics and Transport (London). He has been the Chairman of CILTM since March 2017.

A golden era of shipping

By René Sanson

Reading the book *Harvest of the Seas* written in 1966 by the Mauritian historian Professor Auguste Toussaint two years before Mauritius' independence, one would note that 835 vessels had been registered at Port Louis over 158 years of British colonisation since 1810, the year of the capitulation of France to the British during the Napoleonic wars over the ownership of the Island which had previously been a French Dominion for 98 years.

Fuel carrier vessel at Port Louis terminal, Mauritius.
© Druid007 / Shutterstock

However, most of these vessels – purchased secondhand from mainly European owners – were essentially small Schooners, Brigs, Brigantines, Square-Rigged Barques and Luggers, all under sail with a deadweight of hardly more than 500 tons each.

The purchase and operation of these types of vessels went on for a few decades preceding independence day, by the two most important groups involved in shipping, namely, the House of Rogers and the House of Blyth.

Rogers and one of its subsidiaries, Colonial Steamships Co Ltd, incorporated in 1932 in association with Taylor Smith & Co, Desmarais Brothers and d'Hotman de Villiers, purchased a steamer, MV Wajao of 463 DWT(deadweight tons) in 1932, then MV Zambezia of 878 DWT in 1934. Both vessels were registered at Port Louis and traded essentially between Mauritius, Rodrigues and Madagascar.

A breakthrough was made in 1955 when Colonial Steamships Co Ltd had a new passenger-cum-cargo vessel of 2,478 deadweight purpose built in Meyer Werft's Shipyard of Papenburg, Germany, under the company's own design and specifications.

The vessel – named Mauritius – was capable of carrying 265 passengers and crew and was the first ship to have exceeded the average deadweight tonnage of 500 tons of her predecessors. She traded essentially in the Indian Ocean, from Durban, Fremantle, Colombo, Bombay, Tamatave, Mombassa, the Seychelles Islands, the Chagos Archipelago but mainly to Madagascar and to Mauritius' Outer Islands, Rodrigues and Agalega until 1991, when she was sold to Arab interests for the transportation of pilgrims to the Holy City, Mecca. She was then 36 years of age – an exceptional vintage for a vessel which had been put to hard running in the Indian Ocean. MV Mauritius and two other vessels purchased by the Rogers Group, MV Belle Etoile of 9,750 DWT in 1965 and MV

Belle Rive of 12,396 DWT in 1966, straddled the years pre- and post- independence.

I was sailing as Second Navigating Officer on MV Mauritius when the British flag was lowered and the new Mauritius Flag was hoisted on the vessel's stern flag post at 12.00 hours (LMT) on 12th March 1968. There was some sadness and anxiety in this protocol ceremony in the middle of the ocean for those very much pro-British but there was also much hope and expectation for the future of this newly independent country. We were at sea on that day steaming towards the Chagos Archipelago where we were to embark a large contingency of inhabitants of Diego Garcia, Salomon and Peros Banhos islands to land in Mauritius. The archipelago, as one of Mauritius' dependencies, had been detached from the Island and was retained by the British Government through their British Indian Ocean Territories (BIOT) upon granting independence to Mauritius.

Shortly after independence in 1968, Rogers' Executive Chairman, Sir René Maingard de Ville-es-Offrans, a real gentleman of French aristocratic extraction, deeply entrenched with the British high society's mannerisms and vocabulary after having been among other things an RAF Fighter Pilot during WWII – but was very much a new Mauritian patriot by heart since 12th March 1968 – decided that the company's name, Colonial Steamships Co. Ltd, had to be changed as it was a misnomer for a company so intensely involved in trading with and for a freshly independent state. The company was renamed Island Service Ltd.

The faith in the future of international vessels' ownership by Mauritian industrialists was expressed by the two main groups of the Island, Rogers and Blyth (which became IBL - Ireland Blyth Ltd in 1972) during the immediate post-independence years and was reflected by the incorporation of Société Mauricienne de Navigation Ltée in 1968 by Blyth Brothers Co. Ltd and by their purchase of Ville de Curepipe in the same year, followed by Ville de Port Louis in 1969 and Ville de Mahebourg in 1973.

Two new multipurpose vessels of 15,150 DWT, named MV Belle Isle and MV Belle Rose (named after two Mauritius' villages) – both built in Sunderland, United Kingdom for Mauritius Steam Navigation Co. Ltd (another subsidiary of the Rogers Group) – were delivered in 1971 and 1974. MV Rogers Trader of 6,736 DWT was also purchased by Rogers in 1974.

Thus, within six years of independence, nine vessels purchased by the two Groups, brought to the Mauritius Registry a combined deadweight tonnage of over 80,000 tons and so significantly improved the Island's connectivity with the rest of the world.

The thrill of ownership and operation of ships had been set by these two groups and within 25 years of independence, some 21 large vessels bought by the two groups had added over one million deadweight tons (DWT) to the Mauritius Registry through five additional multipurpose cargo ships (MVs Flamboyant, Tamarin, Filao, Bel Azur and Bel Air), five Handymax Bulk Carriers of up to 65,000 DWT (M.V's Belle Etoile II, Bel Ombre, Riambel, Souillac and City of Port Louis) and two Aframax Tankers of some 92,000 DWT each (MT Touraine and Sulby).

The rapid growth in the fleet of these two important shipping groups, through a variety of different types of ships, allowed hundreds of officers to be trained to the highest standard, essentially in British maritime academies, to serve on board their vessels, thereby giving their crews the opportunity of Mauritius Nationality to 'fly the flag' of Mauritius internationally with the responsibility of acting as Mauritius' ambassadors for what became the newly created shipping state.

Thirty years after independence, towards the end of the 1990s, shipping worldwide became increasingly subject to major changes in the wake of the global set up of the world economy. The Mauritius shipping industry subsequently started suffering. The massification of world trade has forced shipping lines to adopt a different strategy so as to rationalise their existing services and operate new skein services in major trade lanes.

Due to increased competition worldwide, in recent years the container shipping industry started witnessing an increasing number of partnerships, vessel sharing agreements (VSA) and mergers & acquisitions but MSC - Mediterranean Shipping Company SA of Geneva, remained fiercely independent. In 1990, the Government of Mauritius, in its eagerness to operate a vessel of its own instead of chartering the privately owned vessel MV Mauritius – albeit dedicated to the Government controlled trade of Rodrigues and Agalega – a new passenger-cum-cargo ship was built in Husum, Germany for the Mauritius Government. MV Mauritius Pride was born and a year later the Rogers' vessel, MV Mauritius, was sold. Also in 1990, Rogers and Ireland Blyth joined forces to incorporate the company, Société de Gérance Maritime Ltée, to offer crewing and technical management to the Government vessel, Mauritius Pride and for the crewing of other international shipowners' vessels. The fashion of vessels' ownership started to wear out towards the middle of 1995.

From 1996, the Ireland Blyth Group had switched to a different type of smaller vessels involved in the transportation of fish products within the Indian Ocean in reefer vessels and also in the operation of fishing vessels.

The year 1997 saw an end of the Rogers Groups' shipping portfolio through its subsidiaries, Mauritius Steam Navigation Co. Ltd (owners of multipurpose cargo vessels), Indian Ocean Bulk Carriers Ltd, (owners of Bulk Carriers) and Maunavco Ltd (owners of Tankers) operating with their French partner when the latter was absorbed through a takeover bid by their then fierce maritime competitor.

Although this had inflicted a terrible blow to the Rogers Group and practically signified the end of its shipping era, the Group's executives advocated that, although the setting up of a national shipping line for both dry and liquid bulk cargoes was in itself a pioneering strategy that could have been encouraged, it did not want to crowd its much depleted available funds into highly competitive foreign investments. It would rather invest in logistics activities and remain a shipping operator through agency representation. In the same year Rogers and IBL again joined forces and obtained from the Mauritius Freeport Authority a site of 8.5 hectares of Freeport land at Mer Rouge within the Port area, adjacent to the Container Terminal, ideally located to provide cost effective and high-level service solutions, such as storage and handling (warehousing), Container Freight Station (CFS) for import, export and cleaning, repairing and transforming containers. The company operated under the name of Freeport Operations Mauritius Ltd (FOM).

At the same time, another shipping logistics company was incorporated in Mauritius under the name of Mauritius Freeport Development Co Ltd (MFD) by a French shipping conglomerate associated with other Mauritius industrialists and banks as a competitor of FOM while handling more refrigerated cargoes in refrigerated containers than the latter.

In 2003, the shipping group IBL disassociated itself from that of Rogers and exchanged shares in FOM for Froid des Mascareignes and Thon des Mascareignes, which was involved in the stowage and transformation of fish products. IBL also created another shipping logistics arm called Logidis Ltd.

Rogers, independently from IBL, also decided to put all its weight as Agents of MSC, a fast growing independent shipping line, to consolidate its maritime presence by giving a hand to its Principals in developing transhipment activities using Port Louis as a hub. It should be noted that the port of Port Louis is a way port for all shipping lines serving Mauritius and it has usually been argued that the geographical location of the port of Port Louis can only restrict commercial operations to captive/domestic cargo and to feeder operations for the region.

The strategy of MSC into setting up the hub and spoke system in a way asserts the fact that geographical positioning is no longer a determining factor in attracting shipping lines. The major factor is however the ability to provide an adapted port infrastructure, coupled with a consolidated logistic platform that can eventually enable the rationalisation and minimisation of the generalised transportation costs.

It is however to be noted that such an investment by the local port authority can only be prompted if it is evidenced that increased cargo will be handled or increased vessels will be calling at the port, so that a return on investment is guaranteed. On the other hand, shipping lines will only choose a port of call if that particular port has the necessary equipment and infrastructure to efficiently handle its commercial operations. So we can see the dilemma which had been facing the Mauritius Ports Authority (MPA) in its endeavour to sustain and promote their waters as an alternative port to the most obvious ones. This challenge was taken up by the MPA.

Our port is the deepest harbour in Sub-Saharan Africa, with a current depth of 16.5 metres and an allowable draft of 15.50 metres at Chart Datum. Following extension works, including quay strengthening, which were completed in September 2017, the total quay length is now 800 metres. In the long term, the main objective of the MPA is either extend the quay to one kilometre with a depth of 18 metres or build a new island terminal in lieu thereof. The addition of two new super post-Panamax gantry cranes, which were delivered in October 2017, has brought the total number of gantries to seven.

The port of Port Louis has successfully integrated the concept of transhipment hub in its strategy and it follows from the intensification of trade from the Asian economy to the southern hemisphere and the congestion problems at other ports of the region, that certain major shipping lines have chosen our port as a transhipment and feeder port for the region. Such new commercial activity has seen transhipment figures in Port Louis for both laden and empty containers increase from a mere 3,874 TEUs (Twenty-foot Equivalent Units) in 2001 to some 125,000 TEUs in 2014 of which 112,147 TEUs were carried by MSC. Now associated with another Mauritian group, Taylor Smith Investment Ltd, MSC is expecting to do some 200,000 transhipment TEUs in 2018.

As we celebrate the 50th anniversary of independence, our country can boast a modern fleet of airplanes, serving many international airports of the world, recently having been increased by two new Airbus 350. It would have been just as exhilarating for the Mauritius Government's shipping arm as that felt by Air Mauritius as owners of such a fleet of airplanes, had it followed my advice in 2007, for the State Trading Corporation to fulfill a strategic goal by guaranteeing an uninterrupted supply of hydrocarbons by having its own fleet of tankers which would also reduce the risk of escalating freight costs. It is rewarding that the Government recently decided to acquire two product tankers for our country's annual oil requirements.

This is the birth of a new shipping era.

René Sanson

René Sanson is Chief Executive Officer of the Mediterranean Shipping Company (Mauritius) Ltd.

Born in 1946, he undertook his secondary schooling to A-Level Cambridge University Higher School Certificate in Mauritius.

He joined the Merchant Navy in December 1965 and obtained his three Certificates of Competency as 2nd, 1st Officer and Master Mariner in London. He also completed a BSc Degree in Nautical Science at Plymouth University, UK in July 1974.

René served as Captain on three vessels before taking sedentary employment with Rogers Shipping Division in 1979. He is presently the CEO of Mediterranean Shipping Company (Mauritius) Ltd, a subsidiary of MSC SA of Geneva. He is also the Honorary Consul General of Austria and in 2005 was granted the Knight First Class Award by Austria.

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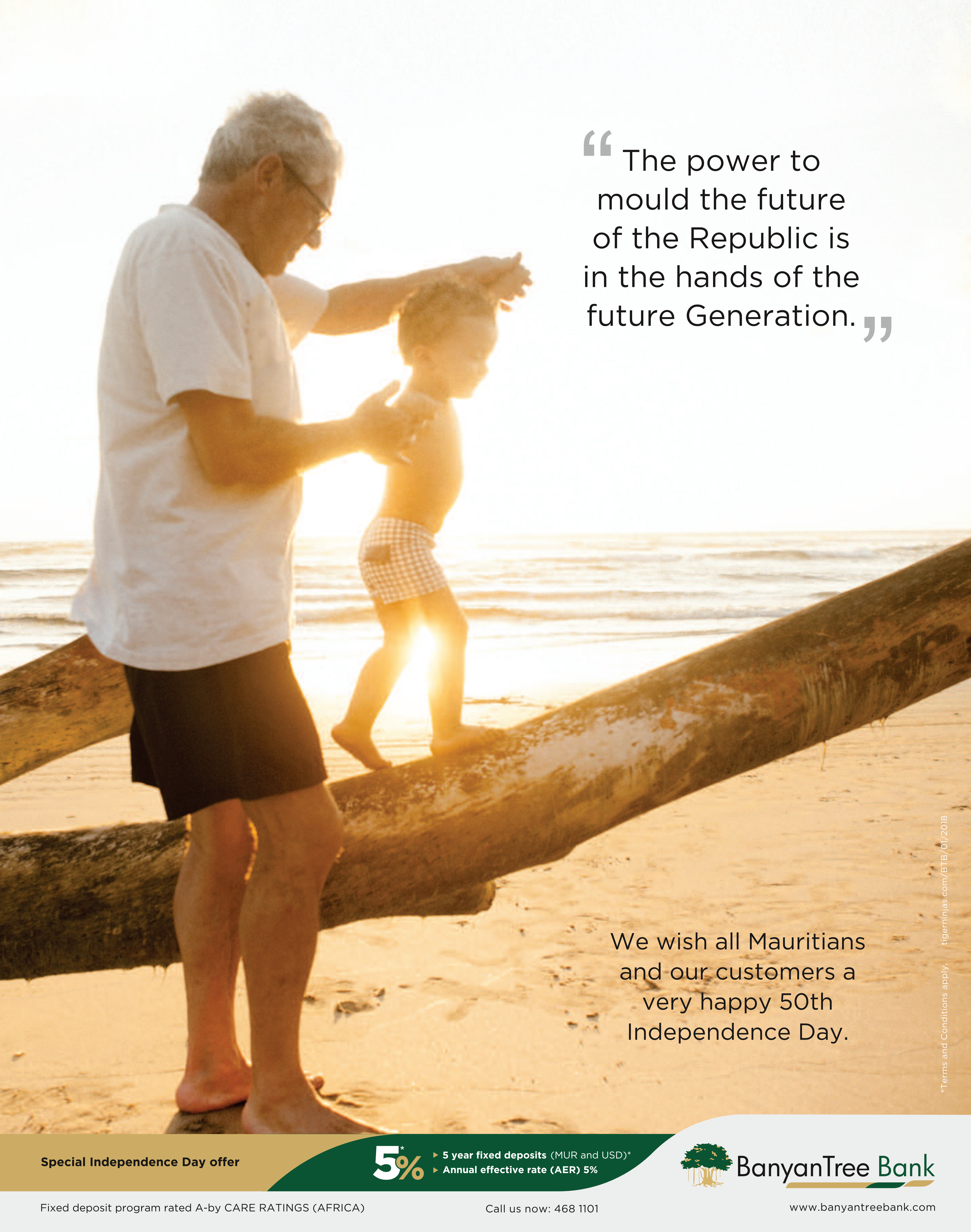
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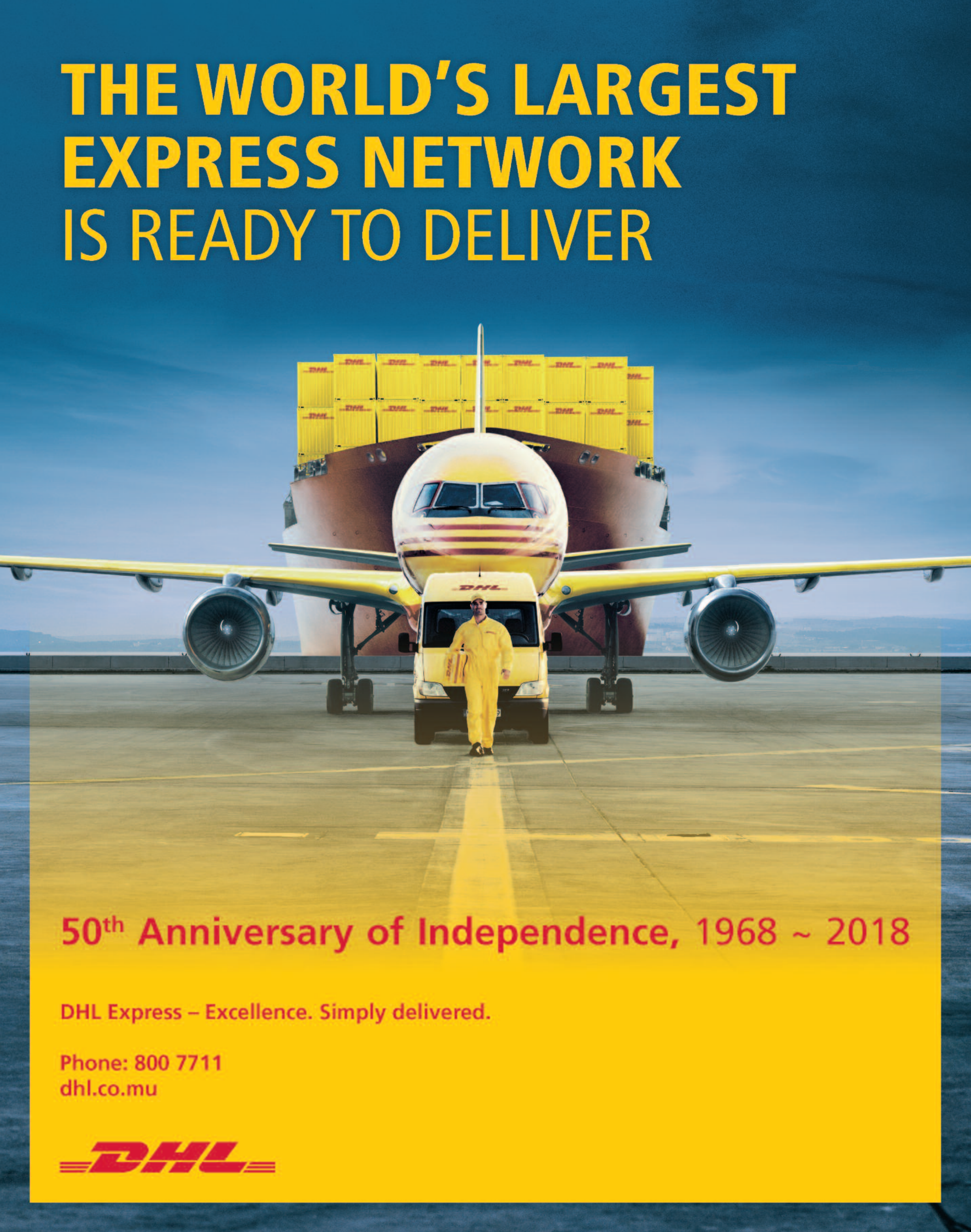
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