

**SPEECH BY HON. D. GOKHOOL  
MINISTER OF INDUSTRY, SCIENCE AND RESEARCH  
ON  
THE OCCASION OF THE ANNUAL GENERAL MEETING OF MEXA  
THURSDAY 9<sup>TH</sup> APRIL, 2009  
AT LABOURDONNAIS HOTEL**

**Mr. Georges Chung., Chairman, MEXA**

**Mrs Danielle Wong, Director, MEXA**

**Chairpersons and Directors**

**Operators of the Export Oriented Enterprises Sector**

**Members of the Media**

**Distinguished Guests**

**Ladies and Gentlemen**

Very Good Morning to You all,

I am glad to be among you on the occasion of the MEXA Annual General Meeting. Allow me to thank MEXA for having kindly invited me to address the assembly. Your Annual General Meeting obviously constitutes an important event to take stock of achievements and to think of the way forward. I believe the time is ripe for engaging ourselves in a Corporate Renaissance strategy to move Mauritius to its next level of development.

## **Exceptional Circumstances**

You will agree that this year's AGM is taking place under exceptional circumstances. The global economy is beginning to experience the full brunt of an unprecedented financial and economic crisis. We are in fact at a crossroad of testing times and the global financial and economic turbulence is of a scale never witnessed since the 30's.

This meeting, therefore, takes place at a critical moment when private and public sector stakeholders have to combine their efforts to chart out new strategies and define new pathways that would enable us to address the challenges facing the economy with confidence. In moments of crisis the spirit of solidarity should prevail.

At different stages of our country's development, there has always been an underlying, an enduring public private sector partnership in dealing with crisis situations. MEXA has been and it is my wish that it remains a privileged partner in our efforts to sustain the development of our export sectors. I am confident that strong public and private sector dialogue, that has always privileged our relationship, will prove once again a valuable asset at this difficult juncture. Between MEXA and Government there has always been a fruitful line of communication and understanding. I take this opportunity to express government's appreciation for MEXA for its continued support to our national development drive.

## **The Global Economic Slowdown**

**Ladies and Gentlemen**

It is common knowledge that countries worldwide are being confronted with a financial and economic crisis that even the best economic analysts had not been able to predict in clear terms. The ripples of the global crisis have after some time reached our shores leading to contraction of exports and employment. We are now experiencing the impact of the crisis and some sectors like tourism and manufacturing are already suffering.

We know that there has been a loss of about 5,000 jobs in the Export-Oriented Enterprise Sector in 2008. In the same year, direct exports of the sector declined by Rs 2.9 bn (7.7%). Emerging economies like China, India and Brazil have not also been spared the impact of the global economic turmoil despite their recent buoyancy of an unprecedented nature and scale. The World Bank forecasts growth of 6.5% in China, the lowest level since 1990. The World Bank also forecasts that economic growth in East Asian economies will be down to 5.3% this year from 6.7% in 2008. Mauritius, for its part, achieved a growth rate of 5.2% in 2008. This year growth is expected to drop in the current context to 2.5%. This is considered to be a reasonable performance. The bold economic reforms undertaken since 2005 have built resilience in the economy. We are also shielded from the full impact because of sound financial system.

### **Confronting the Challenges**

**Ladies and gentlemen**

We can take different approaches when analysing the challenges facing us. One approach is to stress the gloomy economic outlook marked by global shrinkage in markets and decline in consumer spending. This is part of the gloom and doom scenario. The other approach would be to look at opportunities in times of adversity with optimism and pragmatism. Although we cannot obliterate the harsh reality of a global economic downturn, it is an opportunity for enterprises to review their business models strategies, identify weaknesses and take measures to address them. We have to prepare ourselves to rebound back when the crisis subsides.

During my visits to enterprises and interactions with them, I have observed that many of them are doing very well, with rising investment, employment and exports. My inquiry has also revealed that they have taken strategic decisions at the right time to move up market, increase value-added and tap niche markets. There are sufficient indicators that over the last 30 40 years we have developed sufficient entrepreneurial dexterity to resist external shocks. This goes to the credit of our economic operators and entrepreneurs and this AGM is once again an opportunity for me on behalf of Government to pay tribute to our corporate sector. Difficult circumstances are bound to arise in the course of time but we should have the wherewithal to confront them.

At the level of the Government, we are fully conscious of the importance to bring a new dynamism in the economy and in our enterprises for we believe that enterprises generate wealth, create employment and contribute to the well being of our nation. My Ministry has been fully engaged in assisting our enterprises in difficulties. We have been working closely with

MEXA and other private sector organisations to enhance productivity and improve competitiveness of our enterprises so as to be able to stay in business during these difficult moments. We are also building a solid network with international agencies like European Union, UNIDO, AFD and UBIFRANCE amongst others, with a view to strengthening the technical and commercial potential of our enterprises.

**Ladies and gentlemen,**

Our reputation as a reliable supplier of quality products among our flagship retailers remains a strength on which we can continue to leverage during this difficult and testing juncture. There has not been major disruption in production and supply. In the textile and apparel sector there is projected expansion of some Rs 450m with the creation of some 2000 jobs. The fish processing sector has experienced slight improved export performance in 2008 and is attracting both local and foreign investment. Trade with the US in fish products has increased and has scope for further expansion. A major US company, is presently sourcing its semi-finished raw material (tuna loins) from Mauritius and this is highly significant.

Obviously, the battle for improved quality products and competitiveness is ongoing. We will need to diversify into new product lines and continuously make efforts to adapt to new market exigencies. We can also improve our competitive position with increasing adoption of Fair Trade measures, use of e-retailing and improved visibility of our products in the international market. We can certainly also improve further on factors like technology, skills, innovation and creativity to boost supply-side capabilities and better

position our products on the global market through branding. In times of crisis we need to think out of the box and be resourceful and innovative.

Undoubtedly, there is plenty of room for improvement. I am glad to mention that during the workshop on AGOA held this week, the Director of TJM Sourcing and GCM and Associates inc, both from the U.S, have stressed on the fact that there are enormous opportunities in the vast U.S market of 300 mn consumers, if the right market strategy is adopted. They emphasised that 80% of U.S buyers are small and Mauritian operators are in a competitive position to approach them for a wide variety of products. With the new economic situation, there is a shift in buying behavior in the U.S, with preference for smaller orders, which is to our advantage. This represents a niche to be developed by Mauritian operators. One of the fall outs of the AGOA week will be the putting in place of an Export Readiness Strategy for Mauritius. I shall very soon initiate discussions on this subject with stakeholders.

### **Support Measures**

**Ladies and gentlemen,**

As you are aware, Government has taken an array of measures as you are aware to support our operators. The Manufacturing Adjustment and Small and Medium Enterprise Development Fund (MASMED) Fund of Rs 500m is now operational with support being extended to both SMEs and export oriented enterprises. Enterprise Mauritius is active on two fronts. First, the organisation is implementing three main projects to build up supply-side capabilities, through namely:

- the technology diffusion scheme,
- the equipment modernisation scheme, and
- provision of funding to operators to improve product quality, standards and packaging.

On the marketing side, Enterprise Mauritius is sparing no efforts to organise participation of our enterprises in various trade fairs. The sustained participation at the Magic Show forms part of EM's strategy to reverse the declining trend of exports to the US which has resulted in a loss of nearly 60% of our market share. Regarding the non-textile sector, EM participated in the 2007 and 2008 editions of the Fancy Food Shows in the US. This year, I will invite you to participate in the Fancy Food Show and the Boston Seafood Show 2009.

We consider these trade fairs as vital to enhance visibility in markets far from us and I hope you will take advantage of the assistance provided in this area. We have renewed the contract of Mr Paul Ryberg to lobby on the part of Mauritius and essential process to influence decision in the US administration.

Consultants have also been recruited to assist our operators. EM has appointed Mr G. Prudhomme as our US representative since the latter knows the Mauritian market and is well versed in import and export formalities. A number of enterprises have already established contacts and are working with Mr Prudhomme. I advise that you avail of his service for market intelligence and information on export procedures to the U.S. Enterprise Mauritius also implements a Marketing Trip Scheme, assisting

companies wishing to penetrate new markets as well as expand their market share. Under the additional stimulus package, additional resources to the tune of Rs 1 billion has been earmarked to support our enterprises to resist the current shock and to save jobs.

### **Future Projects**

#### **Ladies and gentlemen**

I wish to mention a few projects which will be crucial for our future industrial development process. We all know that we have to constantly update our technology to benchmark competitively with our competitors. Research and development must play a crucial role in driving our industrial strategy. If we examine our development model we see that we have benefited from the sugar protocol, protection and preferences but there is a missing link that is the absence of science and technology in our development model. Countries like the US, Japan and Europe have integrated science technology and innovation in their development models. We are coming up with a framework on Science and Technology. One of the measures being explored is the setting up of an Innovation Fund to support innovation and innovative practices. An Industrial Development Strategy will be soon finalised. New measures to diversify to skill and technology-intensive activities figure high on the agenda of this document.

The setting up of a Fashion and Design Institute was long overdue. We need a new class of entrepreneurs who can produce trendy, fashionable and innovative and high value products and integrate the global value change. And as pointed out during the AGOA workshop by one of the

overseas speaker, there are plenty of small buyers in the U.S interested to source differentiated products where novel designs and innovative materials place a premium in the product. We are soon recruiting a CEO for the Institute. I am confident that this Institute will be an effective platform to develop the necessary capabilities in the area of fashion and design, foster research for development of new materials and products and facilitate designers to set up their own ventures and help to link them with global Design Houses and retailers. In the meantime we are launching two new courses on Fashion and Design, besides a number of short professional development courses and I consider that we are the right track.

The Mauritius Business Excellence Award (MBEA) 2008 has been a resounding success in view of the large number of participants from various sectors of the economy. The objective behind this competition is to motivate businessmen to continuously improve ways of doing business. In doing so, enterprises can learn of their weaknesses and strengths and hence will be motivated to improve. I, therefore, take this opportunity to invite all Members of MEXA to actively participate in the 2009 Edition of MBEA Competition whereby the enterprises can enhance themselves in a process of continuous improvement and innovation, thereby leading towards excellence.

### **Ladies and gentlemen**

We fully recognise that our operators are enduring a critical phase in coping with shrinking markets. But reliability and trust of your buyers place you on a new pedestal with better chance to sustain your activities. Government, on its part, is doing its utmost. The Manufacturing Adjustment

and Small and Medium Enterprise Development Fund and the Additional Stimulus Package are concrete examples. I can assure you that Government will be always by your side. The regular meetings we have with MEXA at my Ministry are certainly a platform to listen to you and bring concrete solutions to the difficulties you may be encountering. I wish that this partnership be strengthened in the true spirit of public and private sector cooperation.

Let me state in very clear terms that Government does not believe in perpetuating conflicts and antagonism between workers and employers. We have to look beyond and work together in the interest of the country. My Ministry is determined to play a catalytic role in unleashing the potential of our enterprises and economic operators and help them embrace a culture of excellence and innovation. Our aim is to promote a new generation of enterprises globally competitive environmentally sustainable and socially responsible supported by science technology and innovation. This crisis should be an opportunity for a Corporate Renaissance to move Mauritius to its next level of development. Let us join together in this exciting journey with courage confidence combined with creativity and innovativeness.

Mr. President, may I end on this note by reiterating my warmest thanks to you for having given me the opportunity to address the members of your Association and I would like to extend my best wishes to you.

Thank you.

**D.G.**

