

**ADDRESS BY HON D. GOKHOOL,
MINISTER OF INDUSTRY, SCIENCE
AND RESEARCH**

**Launching of the African
Competitiveness Report 2009**

**Monday 14 September 2009
at 15 00 hrs**

**Labourdonnais Waterfront Hotel,
Port Louis**

Honourable Minister Arvind Boolell, Ministry of Foreign Affairs, Regional Integration and International Trade (if ever he turns up)

Pro- chancellor and Chairman of Council, Prof Jugessur, GOSK

Pro-VC, UoM, Prof. Ghurib-Fakim

Staffs of the World Bank & the African Development Bank

Dear colleagues and friends

Ladies and Gentlemen,

A very good afternoon to all of you

Thank you for your kind invitation and for the opportunity to make an address on the occasion of the launching of the African Competitiveness Report (ACR) 2009.

I thank the University of Mauritius in collaboration and the African Development Bank for having coordinated and organised this seminar at a time when the world is witnessing the early and timid signs of recovery from the worst economic depression since the Second World War.

ACR 2009

I understand that the 2009 ACR describes fully the current business environment of the African Continent.

I am also given to understand that the ACR 2009 provides a vision of the policy challenges that African countries should address in order to go for sustainable growth and prosperity.

The report therefore provides valuable insight and ample opportunity for stakeholders to discuss on an array of pertinent issues. For example the impact of the crisis on the drivers of growth including business climate, foreign capital flows, ease of doing business, employment creation, public and private sector relationship and infrastructure development, the policy choices and , the speed of response.

It will also provide a platform for provide reflections in the identification of practical solutions to promote better business practices , greater investment flows and stronger and more sustainable economic growth and development.

From this perspective, the ACR is a extremely valuable publication out of a partnership between three renowned institutions viz. the World Economic Forum, the World Bank and the African Development Bank.

As you may be aware, the ACR sheds light on a number of achievements by a number of African countries concerns and challenges that African economies would face in the short term as well as in the medium term as they navigate through the New Economic Order being shaped by the forces of regionalisation and globalisation .

The rules of the game are being redefined. We cannot solve to-day's problems with yesterday' mindsets and methods. The new and emerging challenges require new, innovating thinking and models from African governments, individually and collectively, appropriate policy responses, including the need to engage in the battle for global competitiveness and moving up the global value chain.

The Mauritian Experience

The ACR 2009 provides useful insights into the efforts made by some African countries in their attempts to graduate to the innovation-driven stage of development.

Countries like South Africa, Namibia, Tunisia, Algeria, Egypt, Nigeria and Mauritius are concrete examples of progress achieved. But there is still a long to go forward.

We in Mauritius have been taking concrete actions to stimulate the economy by adopting a multi-pronged strategy of saving enterprises, saving jobs and preparing for recovery. For enhancing competitiveness, we have chosen to invest massively and intelligently in human resource development, through training and empowering people, creating a more business friendly environment ,modernising the legal framework, providing for rule based ,transparent transactions , assisting business firms through appropriate schemes, investing in infrastructural developments.

We are also committed to raising the level of productivity of our employees, enhancing competitiveness in all sectors of the economy, encouraging investment in new emerging profitable sectors and continue to improve investment climate and as such attract more foreign investors in the country.

Government has recently taken a number of steps in this direction:

- ✓ the creation of a specialized Commercial Division of the Supreme Court of Mauritius, to settle commercial disputes within a maximum period of seven months,
- ✓ the establishment of the Competition Commission of Mauritius, to ease the ability of companies to compete in a fair environment,

- ✓ the setting up of a Joint Public-Private Sector Standing Committee to monitor the implementation of measures to improve the trade regulatory environment,
- ✓ and a number of measures to improve the overall investment climate

All these factors, together with other factors like a sound banking system, a more and more educated labour force, plans for improvement in the road network, and massive tariff reductions and the openness of the economy to foreign ownership attracting FDI, have contributed towards improving the ranking of Mauritius in the Competitiveness index in 2009. We are ranked 57th in the Global Competitiveness Report 2009-2010 and 17th in the Doing Business Survey Report.

The competitiveness of Mauritius has also been maintained by the active exchange rate policy adopted by the authorities. Sound institutions have been a decisive factor in reducing transaction costs and promoting innovation in Mauritius. Also the existence of credible and predictable state institutions have encouraged entrepreneurship and supported the development process.

Ladies and Gentlemen,

Seminar

This seminar is timely. It comes right in the middle of the financial-led global economic crisis, at a time when Authorities all around the world are thinking and rethinking of ideas to stimulate their economies and increase demand and investment. As we all know, investment follows a simple rule – that of returns, in fact maximum returns combined with minimum possible risks and the cohabitation of these two factors (maximum returns and minimum risks) is a result of:

- ✓ well structured institutional framework,
- ✓ continuous effective policy dialogue between the State and the private sector (we will have an opportunity to listen to a presentation on State-Business Relations in a few minutes),
- ✓ the right investment climate with little negative surprises and zero hidden costs, and
- ✓ enhanced competitiveness (the topic for today's seminar).

The African Competitiveness Report 2009, points out that some African countries viz. South Africa, Algeria, Nigeria and Egypt are well poised to bounce back from the crisis due to their competitive banking systems and functional regulatory systems. It is good to note that whilst South Africa went in the first quarter of this year into recession for the first time since 1992, Mauritius is not in

recession thanks, amongst others, to the *‘strong and stable banking sector aided by well-structured regulatory and supervisory services of the Central Bank’*, as rightly pointed out by the Governor of Bank of Mauritius.

There are good indications that the Mauritian economy is picking up on the road to quick recovery and sustainable development.

It is also pointed out that none of the 31 countries analysed in the ACR have reached the stage 3 which is characterised by business sophistication and innovation; 23 of them are in stage 1 which are related to factor-driven economies, three in transition between stages 1 and 2, and five countries, namely Algeria, Mauritius, Namibia, South Africa and Tunisia have reached Stage 2 wherein efficiency enhancers (e.g. higher education and training, goods and labour markets efficiency, financial market sophistication, technological readiness and market size) would drive the economy.

On the African continent, Mauritius has performed remarkable well in the recent years following the bold reforms initiated by the Government. This can be attributed to the vision, leadership and able stewardship of the economy.

Even before the international financial crisis, Government adopted a gamut of measures to promote a new development model. In fact, Government has since 2005 adopted bold economic reforms to provide a more conducive and investment-friendly environment and hence greater resilience to the economy. Thus, the enactment of the Business Facilitation Act in October 2006 has removed several unnecessary business hurdles. Thus, entrepreneurs can start their businesses within 3 days! That is why Mauritius has attracted more foreign direct investment in the last three years (Rs 30.2 bn from 2006 to 2008) than it did in the preceding sixteen years (Rs 21.2 bn from 1990 to 2005).

Today, Mauritius is ranked first among all African countries in Doing Business Index, and fourth on the Competitiveness Index, just after Tunisia, South Africa and Botswana. The ranking of Mauritius has improved, this year, due to characteristics like strong and transparent public institutions, with well-protected property rights, reasonable levels of judicial independence, a security situation that is good by regional standards, and goods and financial markets function well, ensuring an efficient allocation of resources in the country, to mention a few.

We will have an opportunity to hear more on these by our friends from the WB and AfDB later today. However, the world is moving fast and to remain competitive, we have to move faster.

This is why our Government enthusiastically continues to implement its reform programme. The objective is to be on the top ten best destinations on investment climate. In fact, Mauritius has to benchmark itself not only with African countries but with the rest of the world, especially those best countries.

The report also mentions that African enterprises are almost 20 percent less competitive than those in the East Asian region. Thus, the Asian enterprises will have a higher margin to face the challenges arising from the global crisis situation. Thus, the African enterprises including those in Mauritius have to become more entrepreneurial and innovation in their business models and practices.

In this context, as you may be aware, we are setting up a Fashion and Design Institute to mainstream creativity and innovation in all our economic activities, and enable our goods and services to move up markets and reach out for niche markets. We want to integrate fully the global value chain. Our products need to be differentiated

from our competitors so as to have a competitive advantage and hence to pave the way to a higher level of excellence.

In fact, innovating and reaching excellence in all areas of not only business but also institutional, legal and social framework is a prerequisite condition to attain competitive edge relative to other countries. Building a National Culture of Innovation and Excellence is the new challenge for Mauritius.

For this to happen, we must have competitive firms, competitive institutions, competitive policies and competitive human resource base. This is the road we have to travel now and we are determined to take Mauritius to its next level of development.

Ladies and Gentlemen,

Let me join the Dean of the Faculty of Law and Management to thank you for having accepted the invitation to participate during this seminar. We will have the opportunity now to listen to the presenters and gather a better understanding of the State-Business Relations and the competitiveness of Mauritius vis-à-vis other African countries. I have now the pleasure to officially launch this workshop.

Wish you a pleasant evening.

Thank you

