

## GOVERNMENT PROGRAMME 2010 – 2015

### STATEMENT BY HON SHOWKUTALLY SOODHUN,

#### MINISTER OF INDUSTRY AND COMMERCE

#### IN THE NATIONAL ASSEMBLY ON 22 JUNE 2010

##### INTRODUCTION

1. **Mr. Speaker, Sir**, I wish to join the House to congratulate you as well as the Deputy Speaker and the Chairman of Committees. Your re-appointment, Mr. Speaker Sir, confirms our appreciation for the skill and dignity with which you manage the debates in this House.

##### PRIME MINISTER

2. **Mr. Speaker, Sir**, I am grateful to the Honourable Prime Minister for having entrusted to me the portfolio of Industry and Commerce, both being of critical importance for the economic development of this country.

##### CONSTITUENCY

3. It is also my duty to express my gratitude in this House, to the voters of my constituency. I have been representing them for the past 25 years. I thank them for having renewed their trust in me.

##### UNITY AND STABILITY

4. **Mr. Speaker Sir**, on 5 May 2010, the citizens of Mauritius made their choices **freely and democratically**. They had a choice between **stability** and **instability**, between **unity** instead of **division**. They chose **stability** and **unity**.

5. They said **NO** to demagogy and voted for a team which represents **political stability and continuity**. Our alliance is based on trust and mutual respect and those who believe that they can divide us – **ceux qui sèment la zizanie - should stop dreaming.**

6. Hon Bhagwan who spoke before me, himself stated that this is his last mandate. This is his last speech on the president's address.

7. In the 2005 elections, they blamed us in the MSM party for having lost the elections. This time, they went alone in the elections but could not win and instead they lost their lieutenants, the *tenors*, most of whom are all outside the House. It has reached down to its weakest point.

8. **Mr. Speaker Sir**, we are proud to work under the leadership of Dr. Ramgoolam, who has an open approach, is at the disposal of his team for any advice and guidance and allows Ministers autonomy to perform their work.

9. **Mr.. Speaker Sir**, we have sincerity of purpose and a collective vision for the people of our country and will do our best to implement all the commitments taken in the Government programme.

#### **VISION OF GOVERNMENT 2010- 2015**

10. **Mr. Speaker, Sir**, the vision of this Government is to ensure **economic development without creating exclusion**. We believe that **economic progress should bring greater social justice and the economic activities cannot not forever be concentrated in the hands of a few.**

11. This is why this Government's programme is centered on three key areas- economic democratization, social integration, and expanding educational opportunities.

#### **POVERTY ALLEVIATION**

12. **Mr. Speaker Sir**, we congratulate the Prime Minister for the creation of a Ministry of Social Integration and Economic Empowerment to address the problem of social exclusion. This is the first time that such a Ministry has been set up and my good friend, Hon. Xavier Duval can rely on our total support and collaboration in this challenging responsibility.

#### **DEMOCRATISATION**

13. **Mr. Speaker, Sir, Social** justice and empowerment also mean **fair participation and distribution**. The Sugar Investment Trust (SIT) set up in 1994, has allowed small planters and workers to participate in sugar milling companies. The Employees' Real Estate Investment Trust (EREIT) set up in 2005, which aims at democratising land ownership will be strengthened. The Prime Minister has always insisted on the need to open economic opportunities to citizens and more competition.

#### **INDUSTRIAL SECTOR**

14. **Mr. Speaker, Sir**, the industrial sector contributes about 53.1 % to GDP. It is critical to maintain the vitality of this sector as it is one of the main employment providers with more than 120,000 workers depending on this

sector. Employment is a means to live decently, is a source of dignity and enables people to overcome poverty.

15. The overall strategic thrust of Government is to create a **globally competitive, environmentally sustainable and socially responsible industrial sector.**

16. **Mr. Speaker**, since its existence, the industrial sector in Mauritius has experienced numerous difficulties. But it has successfully overcome them. This is a sector that remains continuously at risk because it should remain competitive and has to continually adapt to new exigencies of the global economy.

#### **EURO CRISIS**

17. **Mr. Speaker, Sir**, we are now facing the EURO Zone crisis, which has given rise to uncertainties as more than 60% of our products are exported to Europe. **The Hon Minister of Finance and Economic Development is addressing this issue.**

18. However, I should like to say that the changes in the global economy also present new opportunities, from which we have to take advantage together. In this respect, the Government programme has proposed the setting up of an **Industrial Advisory Council** to create greater synergy between the private and public stakeholders. This Council will start working at the earliest and will be required to provide advice on policies and strategies.

19. **Mr. Speaker Sir**, in order to ensure the sustainability of the sector, we should focus on a number of critical areas:-

## **SKILLS DEVELOPMENT AND RESEARCH**

20. Firstly, Government and the private sector should work together to invest heavily in generating industry-relevant knowledge and in technical education to enable our industries to innovate and produce higher quality products.

21. In line with our Industrial and SME Strategic Plan 2010-2013, we would look into schemes to boost research and development and skills development in new emerging sectors that are knowledge-intensive and highly productive.

22. **Mr. Speaker, Sir**, this Government is already placing emphasis on **education**. All the strategies proposed in the Government programme such as the provision of laptops and free internet access to needy students; increasing opportunities for tertiary education through new campuses and distance education will increase the employability of young people.

23. I wish to underline that there are many opportunities for young people in the industry sector. Our industrial sector needs well trained, skilled and competent labour force. My Ministry will work with the Human Resources Development Council, the National Empowerment Foundation and the Ministry for Tertiary Education, Science, Research and Technology to develop new programmes and training which would respond to the needs of the industrial sector.

## **INFRASTRUCTURE DEVELOPMENT**

24. **Mr. Speaker Sir**, secondly we need to provide high **performing and quality infrastructure** to facilitate the industry sector. This Government will be investing huge sums to address the problem of traffic congestion, for the construction of new roads, development of the port and airport and improving

the services offered by government agencies. In this respect, I intend to invite the proposed Industrial Advisory Council to examine issues regarding facilitation of industrial development and to provide advice.

### **QUALITY OF INVESTMENT**

25. Thirdly Mr. Speaker Sir, we have not only to encourage investment but also ensure **quality** of investment. We do not want short lived investments which end up in liquidation of business and loss of employment.

26. My Ministry will work with the Board of Investment and other relevant institutions to strengthen the criteria to assess the financial sustainability of new investments.

27. Investment has until now, focused on labour intensive activities and a narrow range of products. It is time that we start looking for investment which would be **technology intensive** and produce high value products.

28. **Mr. Speaker, Sir,** we will set up an “**Observatoire de L’industrie**” which will act as a one stop shop to update our operators on changes in the regional and international economic and trading environment. It will-

- (i) **collect information and data on new technology, markets, investment, profile of competitors and trade agreements, among others, to disseminate information to public institutions and our business operators.**
- (ii) **scan the regional and international economic environment and disseminate information on trends in global investment, profile of potential investors and countries where business operators are delocalizing;**

- (iii) **facilitate investment missions to target the appropriate investors; and**
- (iv) **help to identify the right products in the value chain.**

29. The Business operators need an **early warning system** to spot new competitors and to detect hidden opportunities earlier than their competitors and capitalize on the first mover advantage.

### **GREEN AND SUSTAINABLE PRODUCTION**

30. **Mr. Speaker, Sir**, the new industrial development model is based on clean and eco-friendly production. Cleaner production is of critical importance in global trading as buyers are increasingly looking for eco-friendly products

31. The Prime Minister has been personally championing the Maurice Ile Durable initiative, which is a vision for sustainable development. In the industrial sector, this means that operators should have a new mindset and consider :

- efficient use of energy and reducing dependence on fossil fuels;
- designing environmentally friendly products and services;
- re-using or recycling industrial and non-industrial wastes; and
- improving their industrial processes.

32. In this context, Mauritius is actively participating in a regional UNIDO project aimed at assisting seven countries to create an operational Clean Development Mechanism and a voluntary carbon market framework. A

Resource Efficient and Cleaner Production Programme will be implemented to facilitate the transition to cleaner production in the industrial sector.

33. Enterprise Mauritius will host the programme for three years after which the establishment of a Cleaner Production Centre will be envisaged.

### **TECHNOLOGY IMPROVEMENT**

34. **Mr. Speaker, Sir**, another important area on which we will focus is modernization and upgrading of technology in order to increase our competitiveness.

35. According to UNIDO, most of the drive to greater technological sophistication in manufacturing emanates from East Asia, which has the most advanced industrial structure among developing regions.

36. We will consider new schemes to encourage technology development in our industrial sector. **My Ministry in collaboration with Enterprise Mauritius will enlist the services of a high level expert to carry out an audit of the technology level among our enterprises and determine the constraints for technology upgrading.** The expert will conduct workshops sector-wise to formulate viable and result-oriented technology development plans.

### **EXPORT DEVELOPMENT**

37. **Mr. Speaker, Sir**, Mauritius has successfully exploited the advantages of preferential access on the E.U market to develop a vibrant textile and clothing industry. However, the dismantling of the Multi-Fibre-Agreement in 2005, is exerting considerable competitive pressures on our export

enterprises. Negotiations at the WTO on Non- Agricultural Market access (NAMA) may lead to phasing out of duties in developed economies on many products of interests to Mauritius. In this context, our suppliers will be called upon to compete in a more open trading environment.

38. Our exporters should explore new opportunities for exports to emerging markets. In this context, Enterprise Mauritius will identify new markets through market surveys and conduct of Buyers' Sellers' meetings.

39. To this end, markets in the Middle East, the Scandinavian countries, India and China, among others will be explored.

### **BRANDING**

40 **Mr. Speaker, Sir**, Government will support enterprises in their efforts to develop branded products.

41. Enterprise Mauritius has been implementing a Grant Development Scheme. We will explore opportunities to widen the scope of the scheme and develop new measures so that an increasing number of enterprises can undertake the necessary processes to develop brands and increase sales of their products.

### **ETHICAL AND FAIR TRADE**

42. **Mr. Speaker, Sir**, consumers in developed economies place increasing importance on products manufactured in line with Ethical and Fair Trade norms. The industry sector has to comply with strict norms relating to labour and occupational health, safety standards, good governance and eco-friendly production, among others.

43. While my colleague the Minister of Labour and Industrial Relations and Employment is ensuring that labour norms are respected, my Ministry **will promote ethical and fair trade practices among business operators through training and sensitization programmes.**

#### **QUALITY AND COMPLIANCE**

44. **Mr. Speaker Sir**, the twin processes of globalization combined with ICT revolution have dramatically changed market conditions and the nature of competitiveness. The traditional modes of competitiveness based on cost and price factors, are being increasingly replaced by non-price factors such as **quality, flexibility, design, reliability and responsiveness.**

45. **Mr. Speaker, Sir**, my Ministry is implementing a scheme, through **Enterprise Mauritius**, to assist enterprises to implement a **quality system**. Under this scheme, enterprises are provided both financial and technical assistance on a cost sharing basis to set up their quality infrastructure so that they can produce goods and services that meet the tests of international markets.

46. In this context, **Mauritius Standards Bureau (MSB) and MAURITAS will develop new standards, provide a wide range of testing facilities and assist enterprises to ensure compliance with international norms and standards.** Government will provide MSB with necessary resources to upgrade its laboratories and modernize its equipment.

47. On the other hand, MAURITAS will accelerate its accreditation programme so that all the public and private testing laboratories secure accreditation at the earliest.

## JEWELLERY SECTOR

48. **Mr. Speaker, Sir**, one of the high technology sectors, which we are promoting is jewellery. This is a sector which needs higher skills. We need to introduce training in the art of jewellery designing the skill to understand market temperaments and identifying consumer needs. My Ministry, in partnership with the relevant institutions, will organize a Jewellery Fair, improve the apprenticeship scheme and training and skills development to produce haut de gamme products.

## NEW AREAS OF INVESTMENT

49. As regards other industrial activities, medical devices such as catheters, cardiac balloons are being produced in Mauritius. **We will explore possibilities of encouraging investment in the bio-health and pharmaceutical sector which offers scope for growth.**

## TECHNICAL TEXTILES

50. **Mr. Speaker, Sir**, technical textiles is a new area on which my Ministry will focus. Diversification into high performance textiles represents an opportunity to upgrade our local textile and clothing industry particularly in the wake of the WTO negotiations.

51. The market for technical textiles is significant and expanding as the products are being put to an ever-increasing number of uses in various industries such as agriculture, clothing, construction, health care, transportation, packaging, sports, environmental protection, protective wear and many more.

**52. Appropriate investment promotion missions will be carried out to secure the latest technologies and global players to rapidly develop this sector.**

### **COMMERCE DIVISION**

53. The Commerce Division of my Ministry plays a vital role in facilitating trade and is ensuring a constant supply of basic commodities for the country. My Ministry would take appropriate measures to improve the **trade and business climate; existing regulations would be further streamlined and modernized to reduce the cost of doing business and facilitate imports and exports.**

### **IMPORTATION OF ESSENTIAL COMMODITIES**

54. **Mr. Speaker, Sir**, the STC deals in the import of key commodities such as petroleum products and LPG Gas, rice, flour and cement and has an annual turnover of around Rs 43 billion.

55. **Mr. Speaker, Sir**, annually, STC provides subsidies to the tune of Rs1.2 billion on rice, flour and LPG Gas to protect the low income groups and enhance the purchasing power of the consumers.

56. **Mr. Speaker, Sir**, it is imperative for STC to operate efficiently and effectively. It should continue improving its **corporate governance and image.**

57. The organization will have to re-engineer itself and redesign its business processes to achieve improvements in performance, quality and profitability.

In this context, we will strengthen the competence of the Board and improve communication with the public.

58. Additionally, the technical capabilities of the institution will be reinforced through the recruitment of high calibre professionals.

### **INCREASING STORAGE CAPACITY**

59. **Mr. Speaker, Sir**, with the fast growing economic activities in Mauritius and the implementation of the 24/7 concept, there is an increasing demand for petroleum products and cement.

60. The demand is expected to accentuate in the future with the implementation of various infrastructural projects. In this context, there is a need to increase our storage capacity to cater for future demand.

### **INCREASING STORAGE FOR LPG GAS**

61. As a precautionary measure, STC will shortly embark on the construction of a new storage facility of an additional 5000 MT in the port area to increase our storage capacity to 10,000 MT. The construction will start by end July 2010.

### **STORAGE OF WHITE OIL**

62. **Mr. Speaker, Sir**, very often, we are faced with low stock of gas oil whenever there is a delay in the arrival of a tanker. The present storage capacity is limited and is considered to be dangerous as we may face a disruption of supply.

63. As a forward looking Government, we intend to take appropriate measures to increase our storage capacity.

**64. In this context, my Ministry is calling for submission of request for proposal from interested parties for the construction of 25,000 MT storage facility.** The new storage facility will be financed by the private sector which will be responsible for its construction, operation and maintenance.

#### **NEW SHED AT RICHE TERRE**

65. During my recent visit to the STC sheds, I noted that rice and flour were stored in poor conditions. To remedy the situation, **STC will initiate procedures for the construction of a modern shed of international standard at Riche Terre.** The new shed will also accommodate a packing plant.

#### **CONCLUSION**

**Mr. Speaker, Sir,**

The industrial sector has to face many challenges in the present international economic situation, which is disturbed by financial crisis in several parts of the world. We have to respond quickly and effectively. But we also have to be pro-active. For this, we need **political, social and financial stability. We need \ serious commitment and strong leadership.**

It is this Government which will provide the stability and security needed for the future growth of Industry and in Mauritius.

**Thank you, Mr. Speaker, Sir.**