



Ministry of Industry, SMEs, Commerce and Cooperatives

Presentation by

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Minister of Industry, SMEs, Commerce &
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The Manufacturing Sector

Challenging Ourselves

To Meet Our Goals



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Overview of presentation

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- Vision & mission
- Manufacturing in figures
- Evolution of GDP per capita
- Growth factors
- Challenges
- Growth scenarios
- Strategic orientation
- Policies/programmes
- New growth pillars
- Conclusion



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Vision

- To develop a strong, diversified and globally competitive manufacturing sector

Mission

- Acts as a facilitator and catalyst for sustained industrial development and for the smooth integration of the manufacturing sector in the global economy





The Manufacturing Sector in Figures

Main Economic Indicators: 2002-2006, Manufacturing Sector

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(Excl Sugar)

		2002	2003 ¹	2004 ¹	2005 ¹	2006 ²
Contribution to GDP (%)	Manufacturing	21.4	20.5	19.8	18.8	18.8
	EPZ	10.8	9.6	8.6	7.5	7.3
	Non-EPZ	10.6	10.9	11.2	11.3	11.5
Growth Rates (%)	Manufacturing	-1.2	-0.2	0	-5.3	+2.4
	EPZ	-6.0	-6.0	-6.8	-12.3	+1.5
	Non-EPZ	+4.2	+5.8	+6.0	0	+3.0
Exports (f.o.b, Rs Million)	EPZ	32,683	31,444	32,046	29,187	32,000
	Non-EPZ (Excl Re-Exports)	3,684	3,963	4,186	5,400	na
Employment	EPZ (Dec)	87,204	77,623	68,022	66,931	na
	Non-EPZ (Mid-year estimate)	48,000	49,800	51,300	50,500	na
¹ Revised estimates						
² Forecast 2006						



Main Growth Factors

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- Preferential market access
- Tariffs protection
- Relatively cheap labour
- Political & social stability
- Modern infrastructure



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Main Challenges

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- Erosion of trade preferences and elimination of the MFA
- Emergence of low-cost producing countries, in particular in Asia
- End of the economic cycle based on trade and tariffs preferences
- Rise in cost of labour outstripping rise in productivity



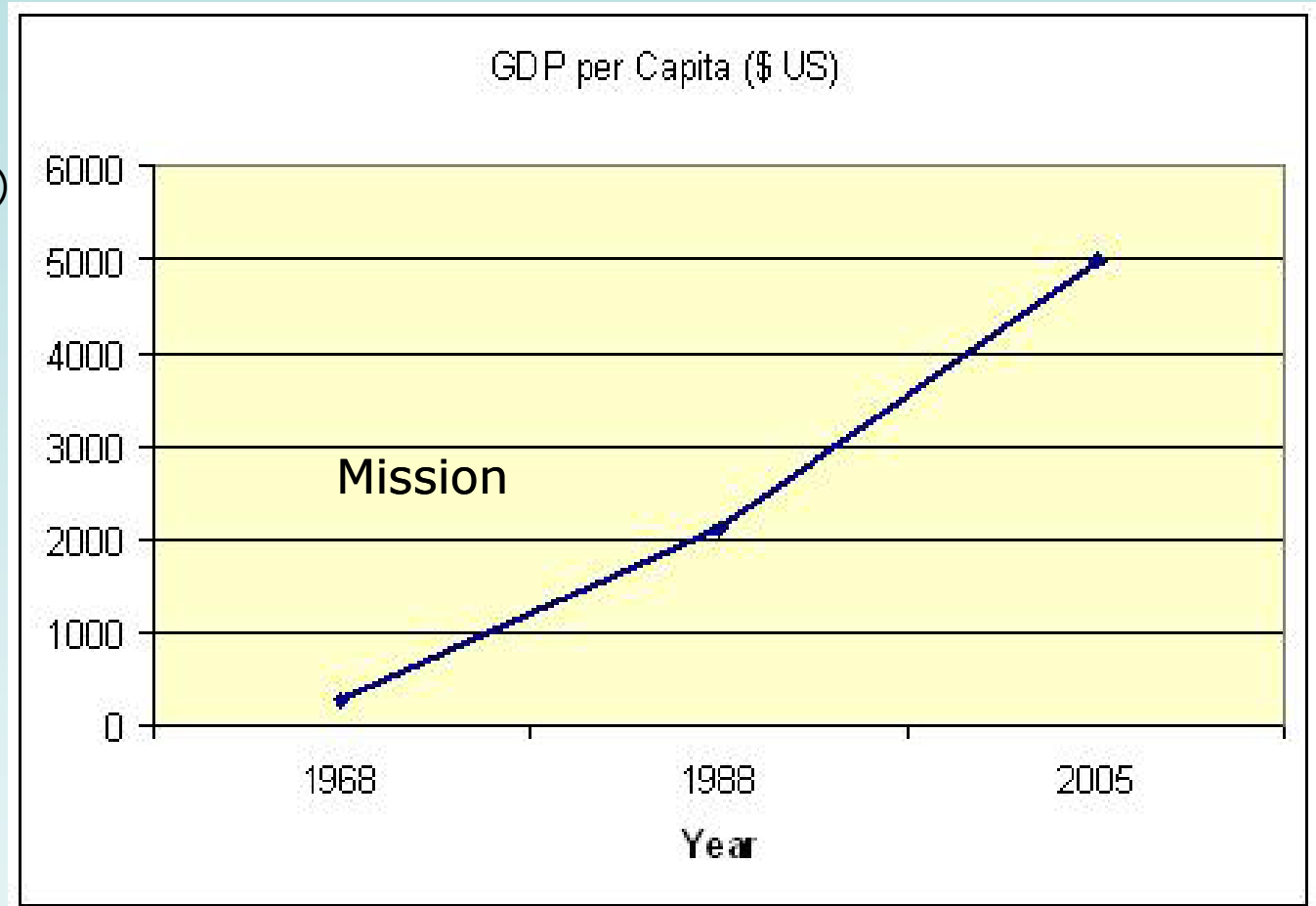
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Evolution of GDP

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Year	GDP/capita (US \$)
1968	260
1988	2,100
2005	5,000

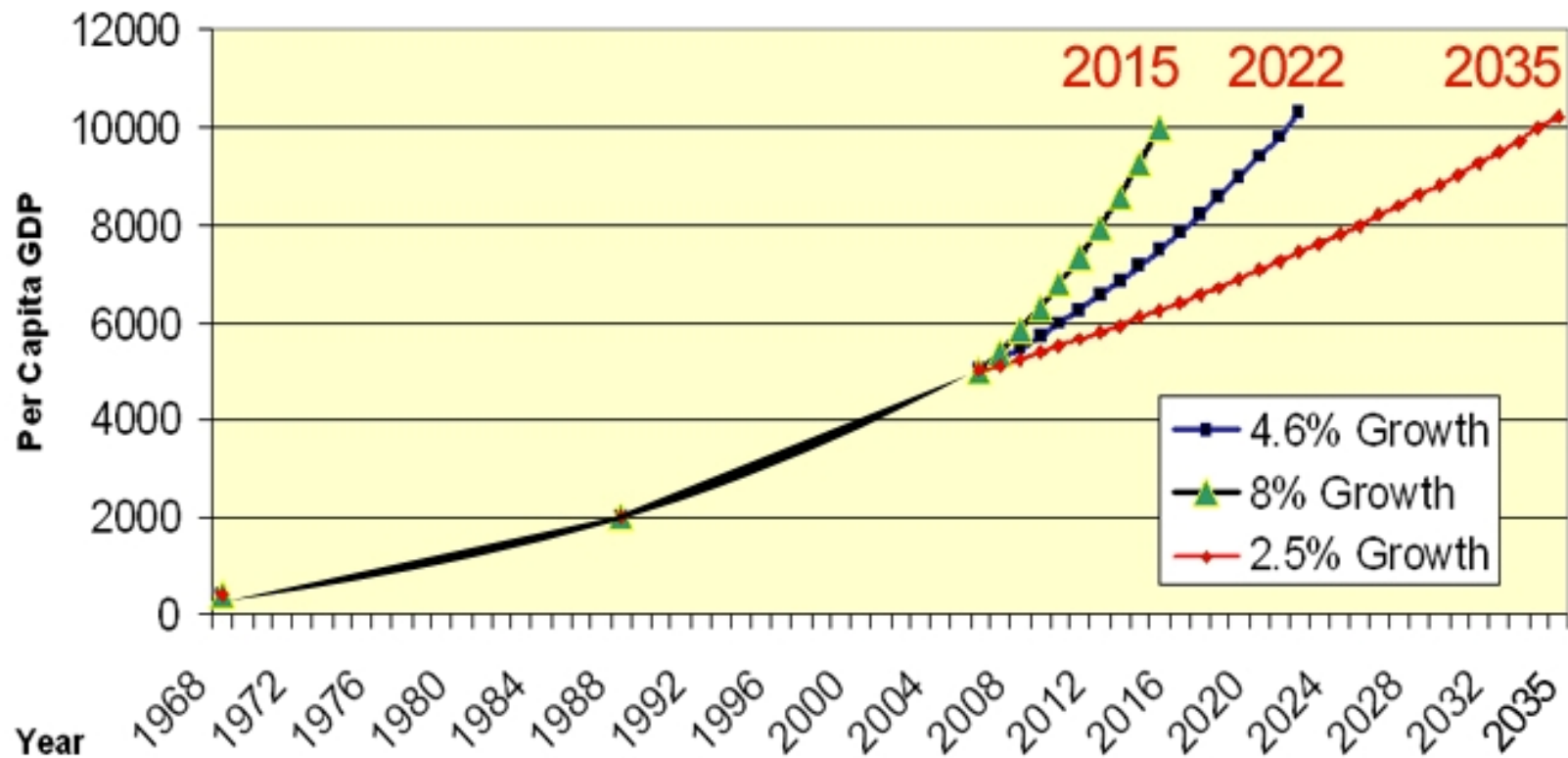


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USA \$ 43,800 *

Growth Scenarios to Reach USD 10,000



* Source: Econstats 2006





Strategic Orientation

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- Opening up the economy
- Restructuring productive sectors
- Investment facilitation
- Labour market reform
- Enhancing efficiency in the public sector
- Tax reforms
- Broadening the circle of opportunities & SMEs development



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Policies & Programmes

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- Promoting vertical integration in textile & clothing
- Enhancing competitiveness
- Promoting design & fashion
- Attracting foreign talents, know how, ideas, technology and money
- Eliminating cumbersome business procedure
- Support for development of new entrepreneurs & SMEs



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Policies & Programmes

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- Facilitate access to finance & industrial space
- Training & reskilling
- Elimination of custom duties and movement towards a low tax platform (to set the stage towards a duty free Island)
- Link wages to productivity and integrate various labour markets into one regime with same rules
- Integration of the EPZ and Non-EPZ manufacturing sectors to promote more export oriented strategy



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New Growth Pillars

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- Sea food & marine industry
- Land based oceanic activity
- Bio-medical hub
- Ethanol & biodiesel
- Real estate
- Knowledge hub



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Conclusion

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- Need to put the economy on a higher growth trajectory
- Relatively higher growth projected this year
- Improvement in business confidence
- Pursue efforts to enhance competitiveness & stimulate investment



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Thank You



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