



Republic of **Mauritius**

MAURITIUS INTERNATIONAL INVESTMENT FORUM

**INTERCONTINENTAL RESORT
BALACLAVA**

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10 00 HOURS

SPEECH

BY

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PRIME MINISTER**

Distinguished Delegates,
Ladies and Gentlemen,

Let me at the very outset extend a warm welcome to all the distinguished resource persons and participants from abroad. I am delighted of the presence in our midst of Lord Desai from UK, Professor Paul Romer from Stanford University – Professor Romer is assisting us in the triangular collaboration between the Republic of Congo, Singapore and Mauritius and Ms Xasa, the young Deputy Minister of Tourism from South Africa, who is leading a very important delegation from her country. You can't miss her – she is wearing a red dress !

Perhaps I should add that Lord Desai taught me Economics at the London School of Economics. I never thought that one day I will be speaking and he will be listening to me !

A decade in the life of an institution is an important milestone and is cause for celebration. But whilst celebrating the achievements of any institution, we should be mindful of the fact that managing and sustaining success is a constant challenge.

Success very often tends to lull organisations into an illusory sense of smugness – pushing management in a comfort zone where it does not worry about the potential dangers of what is described as “satisfactory underperformance”. This phenomenon manifested itself eloquently when the economic crisis stormed the world in 2008. Many well-known companies in the US and Europe woke up to the brutal consequences of apathy and complacency.

Mark Daniel who is one of the world's leading strategic consultants and a famous business thought leader draws attention to the trap of satisfactory

underperformance. This occurs when an unacceptable state of affairs over time becomes accepted as a prevailing norm. When satisfactory underperformance becomes the yardstick of achievement, organisations – public and private sector alike – find themselves in a state of stagnation and paralysis.

When old models and the *status quo* are allowed to chart the future, the consequences can be dramatic. To avoid such pitfalls, high performing enterprises throughout the world undergo, on a regular basis, an exercise of introspection. This exercise which constitutes an integral part of their game plan is imperative as the environment in which they operate is continuously subject to sudden, unpredictable and often dramatic changes.

Whilst we are living in uncertain and volatile times, there can be potentially greater rewards. And these rewards will go to those who can adapt to new rules and new ways of doing business.

Continuous reform and renewal is thus, always “work in progress” for successful companies. They also want to remain at the exponential phase of the learning process to avoid sliding into irrelevance.

In Mauritius we are trying hard to foster a new work culture which will take us off the beaten track. If we really want to be a nation of dynamic entrepreneurs we should leave behind the past – a past that has entrenched the “business as usual” mode of operation and a mindset of rent seekers and speculators.

Government is investing a lot of resources to encourage the development of activities that would create value in a sustainable manner. The days of “one off” value addition are gone. We want to support genuine value creators. That is where institutions have a critical role to play:

- They should be innovative in their thinking;
- They should defy conventional wisdom; and
- They should above all be strategic in their intent.

Institutions do not operate in a vacuum – their objectives should resonate with the vision of Government to take our country to new heights.

Let me restate the core principles underpinning my “Maurice-Ile-Durable” vision. It is not just about Energy as some people believe. These are to:

- Transform Mauritius to the status of a developed nation;
- Promote inclusiveness by enabling all our citizens to participate fully and benefit from wealth creation; and
- Ensure sustainability by meeting current needs without jeopardising those of generations to come.

To translate this vision into concrete and meaningful actions would require the emergence of a new mindset both in the public and private sector. Special emphasis should be on deliverables, performance management and results.

Government through the Office of Public Sector Governance at my office is already engaged in a vast performance audit exercise of parastatals and State owned enterprises. Lame duck institutions that are frustrating our efforts to meet the expectations of the nation will have to be phased out.

There are no sacred cows – Those who do not perform must expect to be sanctioned. I have already started and you ain't seen nothing yet !

I intend to put in place shortly a high level structure to ensure the prompt implementation of Government's policy.

We have to be results oriented.

Since 2005, Mauritius has undertaken fundamental reforms of its policy on both domestic and foreign private investment. We had to adapt because we could no longer rely on preferential access to markets. We shifted our paradigm and we have set our economy on the path of global competitiveness, based on the principle that our country's success cannot always be tributary to the altruism of others.

We have focused on opening up the economy to foreign expertise, ideas, knowledge and technology. We have simplified the corporate tax regime; and Mauritius is today amongst the lowest tax jurisdictions in the world.

Reforms were implemented along with the endeavour to maintain good governance and combine economic efficiency with social justice.

Ladies and Gentlemen,

It is no coincidence that,

Mauritius ranks:

- 20th in the World Bank Ease of Doing Business 2011 Report;
- 55th out of 139 countries in the Global Competitiveness Report 2010-2011 of the World Economic Forum;
- 1st in the Mo Ibrahim Index for good governance in Africa for the third consecutive year; and

- 24th out of 167 countries in the Democracy Index 2010 of the Economist Intelligence Unit.

And only yesterday, Mr Mohan Kaul, the Director General of the Commonwealth Business Council, informed me that Mauritius has been awarded by a unanimous vote: “The Country Achievement for Sustained Improvement in Investment Climate”, in recognition of our outstanding economic performance in Africa.

The first notable and tangible outcome was an unprecedented surge in Foreign Direct Investment (FDI). During the first five years, Mauritius had attracted FDI inflows of some Rs 53 billion. This is more than the total of all FDI during the previous four decades.

Last year, Mauritius attracted the highest level of FDI in its history – nearly Rs 14 billion. Over the past five years, FDI has increased by 397% ! Along with this substantial increase there has been a positive shift in terms of the diversity of countries from which investment originates and sectors to which they are flowing. This is encouraging because it bears out the success of our openness policy and it is a crucial factor enabling our gradual integration to the global economy.

Some 60% of the foreign investments are now devoted to non-traditional industries, in contrast to only 30% in preceding years – hence demonstrating the changing structure of our economy where emerging sectors are gaining prominence.

It may sound as a surprise to many people that the sugar industry now contributes only 1.2% of our Gross Domestic Product (GDP) – textiles 5% and tourism 7%. What are generally referred to as the four main pillars of the economy – sugar, textiles, tourism and the financial sector – are in fact contributing only around 22% of GDP.

Other sectors are fast emerging as new growth propellers. During the past four years, the average annual growth of the ICT/BPO sector was around 15%, the seafood hub around 10% and the health sector 7%. These are clear indications that vast opportunities for investment do exist.

Government has embarked on an ambitious project to establish Mauritius as an International Arbitration Centre – the first of its kind in the region with a Permanent Representative from The Hague. Our aim is to offer a modern and attractive jurisdiction for international arbitration which is now acknowledged as an essential corollary of cross-border investment flows.

On Monday I launched the Mediation Division of the Supreme Court with the assistance of the Investment Climate Facility for Africa and the Hon Chief Justice – Again, many were reluctant. They do not want to leave their comfort zones.

Fortunately, the Hon Chief Justice managed to use his powers of persuasion to convince them, it's the right thing to do. It will be good for them and it will be good for the country.

In his speech the CEO of the Investment Climate Facility for Africa, Mr Omari Issa, agreed with me that today's investment represents tomorrow's growth and it is essential that we foster a business-friendly environment to facilitate investment.

The extensive network of Double Taxation Agreements which we have concluded with a large number of investor countries makes Mauritius a perfect platform for international investments and an ideal place for the resolution of investment disputes.

While the global economy is rebalancing itself, our own has been very euro-centric. All our industries are called upon to seize the opportunities that this rebalancing brings with a focus on the BRICS countries.

The economic centre of gravity is fast shifting away from the West. China and India are the new economic forces while Africa is growing at an unprecedented rapid pace. As pointed out by the Secretary of State Hillary Clinton at the Africa Growth and Opportunity Forum held last week in Zambia, the GDP of Africa is expected to grow by one trillion dollars in less than a decade. Some observers are now referring to Africa as the home of “emerging emerging markets”. Expanding our economic space through regional integration is an integral part of our development strategy.

Mauritius is well positioned to act as a gateway between Africa and Asia. The negotiations for a Tripartite Free Trade Area (FTA) that would comprise member states of SADC, COMESA and EAC have just been launched at the second Tripartite Summit in South Africa on 12 June 2011.

With the proposed Tripartite Free Trade Area, our business community will have access to a huge market of more than half a billion people.

Mauritius is also offering vast opportunities for investment in public infrastructure on a Public-Private-Partnership (PPP) basis, realizing that our development goals calls for extensive investment. That is why we have embarked on a major programme of infrastructure expansion. Never before has any Government committed so much funds to upgrade our infrastructure.

In fact, we have earmarked US \$ 10 billion to finance infrastructure development projects over the next few years. We hope that part of the investment will come from the private sector – either in full or through PPP projects.

We are expanding the airport to accommodate 4 million passengers annually. We have embarked on a major road decongestion programme which includes building a light railway public transport system. On the energy front, we have set a target to produce 35% of our energy mix from renewable sources by 2030. We are also adopting a new approach to manage water so that we can assure domestic water supply to households on a 24-hour basis all year round.

We have decided to benchmark our infrastructure to the standards of Singapore. This is why during my official visit to Singapore last year I have discussed several avenues of cooperation. The Singapore Cooperation Enterprise is already involved in a number of projects in Mauritius. During the recent State Visit of the President of the Republic of Singapore to Mauritius we have examined the opportunity of a strategic partnership between both countries to provide added impetus to business relations.

We have already initiated discussions for the early establishment of a Free Trade Area between our two countries. This would allow Singapore-based companies to leverage on the strategic location of Mauritius to access the African market whilst we can use Singapore as a platform to penetrate the ASEAN market.

A few years back, Kofi Annan, in the midst of the wide array of transnational crises afflicting societies throughout the world coined the expression "problems without passports".

I take a more optimistic view of the potential that globalisation has brought to our shores. I would urge you all to see how we can get our act together and seize the "opportunities without passports" !

Ladies and Gentlemen,

We have shown that innovation and persistence do give results.

We have come from far,

But we still have some way to go to take Mauritius from the status of an Upper Middle Income Class to the league of developed economies.

The Mauritius International Investment Forum is an opportunity for local and international entrepreneurs to interact and to assess the innumerable opportunities for investment that Mauritius offers.

I wish to congratulate the BOI for having organised this Forum so well.

I now have the pleasure to officially open the Mauritius International Investment Forum 2011 and I wish you all fruitful deliberations.

I thank you for your attention.
