



CBC MAURITIUS BUSINESS SEMINAR

THEME: EXPLORING THE COMESA MARKET –Bringing Business to the Table
17th March , 2017
Port Louis , Mauritius

1. Introduction

The COMESA Business Council (CBC) is the formally recognized apex business member organization of COMESA, representing private sector interests to the highest levels of decision making in policy, at the regional level. It brings together a diverse group of businesses and Associations in the region, and is the recognized regional apex body of the Private Sector and Business Community in the COMESA region. The CBC provides services in advocacy, business linkages and partnerships and membership development through addressing specific interests of industries on a sector by sector and enterprise basis.

Under the Business Policy and Advocacy Pillar, the CBC is mandated to provide support to the business community in the following areas;

- Encouraging national business organizations to join forces and identify key obstacles to business growth
- Setting priorities on the legislative and regulatory instruments that can stimulate investment and business growth
- Preparing evidence-based position papers
- Mobilizing political will and actions within the region to initiate and implement policy and institutional reforms so as to create an enabling environment for competition and investment.

This agenda is covered under the Strategic Objective 1 of the CBC which is; “*To provide strategic advocacy platforms for the private sector in at least 70% of the priority sectors within COMESA region, by ensuring effective representation of sectorial interests in COMESA decision making processes in at least 3 priority sectors per year.*”

2. Rationale;

It is well known, that the private sector is the engine of economic growth, the largest employers and also a significant contributor the GDP of any given economy. In this regard, that business interests are important in influencing the policy formulation processes at a national and regional level. As the year begins, businesses must be given a platform to put together their common agendas that should be addressed at the highest levels of decision making.

The Mauritius Chamber of Commerce AND Industry (MCCI) is the national focal point for the CBC, and an important stakeholder who represents the voice of the Mauritian businesses through the CBC. And vice versa also represents the CBC at national level. The end result is the effective representation and inclusive participation of businesses within the regional integration agenda.

CBC is supporting and partnering the Mauritius private sector - MCCI, to hold a one day National Business Dialogue, on key sectoral roundtables to cover the following;

- Address business constraints in the said sectors;
- Discuss the regulatory, administrative processes that can be adjusted as proposals from business
- Dialogue with political will in line with the said sectors to support the agendas of the business sectors.
- Agree on common recommendations to be taken to by the CBC for advocacy at the COMESA policy organs meetings.

3. Implementation/ Approach ;

- One day Public Private Dialogue in Mauritius.
- Have sector based round tables; the tables will consist of the key stakeholders from a particular sector; i.e. Government Ministers, regulators and the private sector companies.
- Have an audience that will include; financial service providers, ICT and business outsourcing, tourism, agriculture, manufacturing and government officials.
- Engage Corporate Companies in Mauritius to become members of the CBC.

4. Objectives ;

- To harmonize the positions of the Private Sector in Mauritius on key constraints to cross border trade in the COMESA region.
- To convene a Dialogue for the private sector in Mauritius for increased advocacy and business networking.
- Share and explore business opportunities for Mauritian businesses within the COMES region.

5. Key Topics

- Mauritius Trade and Economic Profile- Sectoral approach
- Introducing the COMESA Business Council
- COMESA Trade Regime
- COMESA Trade Facilitation Instruments and Supporting Institutions
- Trade Opportunities within COMESA
- Constraints to doing business across the region

6. Expected Outcomes :

- Increased awareness of COMESA Business Council ,
- Common Recommendations of the private sector in Mauritius adopted to be presented to the various advocacy platforms and COMESA policy organs meetings.
- Business opportunities identified and explored with the COMESA region.
- A number of business linkages and partnerships made.

7. Background- Country Trade And Economic Profile

Mauritius is an island country, off the Southeast coast of Africa, in the Indian Ocean region located towards the east of Madagascar. Mauritius is a middle income country and one of the most developed in the region with one of the leading global indicators in terms of governance, business environment and human development. Mauritius is the best performing and highest-ranked country in sub-Saharan Africa on all three indexes; WE Forum Global Competitiveness Index, World Bank Doing Business and Wall Street Journal Index of Economic Freedom.

Mauritius is a member of the COMESA (Common Market for Eastern and Southern Africa), Indian Ocean Region (IOC) and the Southern African Development Community (SADC).

Mauritian economy is well diversified, but, with a strong services sector contributing to at least 70% of the GDP. Key services include financial, tourism, ICT and retail. Agriculture and manufacturing are relatively strong, with sugar and textiles as the key agriculture products.

Economic Profile

Agriculture including Fisheries. This contributes to about 2.9% of GDP and is mainly driven by sugar and tea and vanilla exports. Sugar production and exports capture at least a third of the agriculture GDP Contribution.

Manufacturing and Textiles. The manufacturing sector is a key sector of the Mauritian economy, grew by 4.8% in 2015, from 4.5% in 2014 and accounts for about 16% GDP. The country continues to record a significant growth in the output of high value-added products ranging from complex medical devices to watch parts and diamond polishing. In 2015, Mauritius exported 39 percent of its textiles and apparel to Europe (21 percent to the U.K.), and 24 percent to the U.S. market. Output in the textiles industry was subdued in 2015 and is expected to remain so in 2016. Although Mauritius maintained a strong footprint in the textile markets of Southern Africa, exports of textiles to Europe dropped due to weak demand in that region.

Constraints;

- Insufficient skilled labour.
- Limited research and development.
- Limited diversification and integration into GVCs.
- Restrictive Rules of Origin issues in textile industries.

- Dependence on traditional markets coupled with limited access to regional market information and market access opportunities.
- Low levels of industrial competitiveness in the industrial sectors.
- Need for technology driven manufacturing industries.

Services Economy.

Services account for about 72% of the Mauritian gross domestic product (GDP), highlighting that the economy is fully service driven. Service industries are largely driven by wholesale and retail trade (PLUS 12%) and finance and insurance (+10%). Other fast growing services also include; ICT, tourism, professional, scientific, and technical activities and arts, entertainment, and recreation.

Financial services; Mauritius has one of the best developed financial services sectors in sub-Saharan African (SSA) and this sector is a prominent driver of economic growth in the country. The financial services sector has been growing at an average of 5% over the past three years, with this growth being aided by Mauritius' favourable tax status, with substantial funds directed through the country before being reinvested in markets such as India and other SSA countries.

Constraints

- **Limited diversification of products and markets.** There is need to look at Afro-centered products and markets.

Tourism and tourism related- industries also contributed strongly to the country's GDP growth in 2015. Tourist arrivals reached 1.15 million in 2015, an increase on the 1.03 million arrivals in 2014. The government and tour operators are successfully opening up Mauritius to an increasing number of tourists from markets outside Europe, particularly Asia and mainland Africa. Earnings from tourism are expected to exceed USD 1 billion in 2015 and the industry, which accounts for 7% of GDP, is expected to grow by 6% in the short-to-medium term.

Constraints

- **Air accessibility issues.** Being an island country more than 95% of regional and international tourists travel by air. Air travel is concentrated around the traditional tourists. Need to look into air accessibility issues from a regional perspective to promote regional tourism and reduce dependence on traditional sources.
- **Infrastructure challenges,** including airport size and capacity which leads to congestion especially during peak times.

The ICT and business process outsourcing sector continues to establish itself as the "third pillar" of the Mauritian economy, contributing 6.4% of the GDP in 2014-15. Since 2002 the number of ICT firms working in Mauritius has risen from 70 to 575 (including Microsoft, HP, and Oracle). At yearend 2012 the sector employed over 17,000 workers.

Mauritius has also progressed in network readiness with ICT prowess and leadership in Africa, displaying a first-class environment characterized by the ease for starting a business, a conducive regulatory environment for ICT development, favorable laws on ICT; and stiff competition among Internet and telephony providers.

Constraints

- **Cyber security issues-** There is need to strengthen national and regional policies on cyber security.
- **Human skills development-** should increase the human skills base.
- **Internet connectivity and speed.** The economy suffers from erratic and slow connectivity, failing to make it even to the top 50 globally in the NetIndex 2015 rankings.

Trade Profile

2015- Merchandise Trade Outlook	
Intra-COMESA Trade to Total Trade	5% 397 million US\$
Mauritius Top COMESA Export markets	Madagascar Seychelles Kenya Comoros Rwanda Others
Mauritius Intra COMESA Exports	US\$ 225.7Million US\$
Mauritius Top Exports products	Sugar, Woven fabrics of cotton, textiles, Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
Mauritius Top COMESA Import Markets	Kenya Egypt Madagascar Seychelles Swaziland Others
Mauritius Intra COMESA Imports	US\$ Million 171
Mauritius Top Imports products- intra COMESA	Sugar, Cotton, textiles carded/combed; Bars & rods of iron; Food preps; Yellow fin tunas
Global Trade	7,018.8US4Million
Imports	4,617.2- petroleum, fish , vehicles
Exports	2,401.6- apparel, fish, textiles, sugar
Key markets	EU, UAE, USA, South Africa, Switzerland, India

Export potential

Mauritius has the potential to act as a trade gateway to mainland Africa, and play a key role in COMESA. Textiles, jewelry, prepared tuna and fruits, undenatured ethyl alcohol, carbides, waste and scrap of primary cells are products for which there is significant export potential to the COMESA market. Its total extra-COMESA exports have the potential to increase intra-COMESA trade by US\$ 1.9 billion- merchandise trade.

The services trade in COMESA is yet to be fully explored. With the growth and the strength of the services sector in Mauritius, businesses can take advantage of the novice growth in other countries to expand their services profiles and trade.

8. Seminar Participants

- Businesses
- Corporates
- SME businesses
- Sectoral and Apex Associations- manufacturing and services
- Government ministries

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