



MAURITIUS

Star of the Indian Ocean

The beautiful archipelago excels as an exclusive tourism destination and is gaining recognition for its fast-growing and transparent financial services sector.

Atropical island nation of 1.3 million inhabitants located in the South Indian Ocean, Mauritius is famed both for its hospitality and its stunning natural beauty. Yet since becoming independent in 1968, the multicultural and multilingual country, with strong ties to France and the U.K., has also established itself as one of the most remarkable economic success stories in Africa.

With an estimated Rs11 billion (\$0.4 billion) of FDI predicted by Vice-Prime Minister, Minister of Finance and Economic Development Pravind Kumar Jugnauth during the 2011 Budget Speech for this year, Mauritius has earned the praise of Nobel-garlanded economist Joseph Stiglitz, who commended the country's commitment to building a diverse economy, a democratic political system and

a strong social safety net through the free education of its population—all despite the recent global economic downturn.

Prime Minister Navinchandra Ramgoolam has embarked on a third term having won elections in 2010. His party, the Mauritius Labour Party, is the major partner of the L'Alliance de l'Avenir coalition and proudly celebrates its 75th anniversary this year.

A medical doctor and a lawyer trained at the London School of Economics, Dr. Ramgoolam explains how Mauritius, declared “best run country in Africa” in 2010 by the Ibrahim Index of African Governance, has proven itself adept at turning adversity into advantage.

“Under the Labour Party, we have always looked locally and internationally,” Ramgoolam says. “Our most valuable resource is our people, and we saw infrastructure—health, transport and education—as the keys to successful development and social unity. At the same time, we keep diversifying the economy and look to external expertise. We are no longer reliant only on sugarcane, although it still occupies 15% of our export revenues.

“We have developed new pillars of tourism, communications and financial services, and in fact have become one of the world's fastest growing and most transparent offshore financial centers.”

As well as having a tax regime that is amongst the lowest in the world, the government pledges to abolish the current 80% tax on 1,850 different types of goods and turn Mauritius into a duty-free retreat within the next four years.

Mauritius has always looked up and beyond its borders to take an active role in international affairs. The country is part of the Indian Ocean Commission (IOC), the Southern African Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA), which promotes regional economic

integration through trade and investment in a market representing some 430 million Africans.

Mauritius also occupies an important negotiating position in the region, with legitimacy an important government concern. "At the end of 2010, I undertook many negotiations to establish an international tribunal in Mauritius," Ramgoolam says. "The Hague now has a permanent representative based here and we have amended the laws so that foreign lawyers can work here."

Now that the global economy is showing signs of recovery, Mauritius must seize the moment, says the Prime Minister, who unveiled a Rs12 billion (\$3.5 billion) stimulus package last year to help boost recovery. "We wish to consolidate trade with Europe, expand trade with Asia and establish ourselves as an access point to Africa," he says.

The Economic Restructuring and Competitiveness Program (ERCP) will accelerate the restructuring and modernization of the industrial sector over the next three years. In addition, the Ministry of Industry and Trade is implementing a series of measures to improve business delivery services, encourage enterprises to focus on differentiated and high value added products, and devise a strategy together with the Board of Investment to attract FDI in the manufacturing sector. It will also seek to consolidate the country's presence in traditional markets and diversify in non-euro markets and the COMESA/SADC region.

The China-financed Jin Fei Economic and Trade Cooperation Zone, currently under construction, is one of the largest ever foreign investments in Mauritius. On completion, it is expected to create around 34,000 direct jobs and bring in investment of more than Rs25 billion (\$0.9 billion.) The industrial park will allow around 40 Chinese companies to operate within the clothing industry, hardware assembly and food processing, among others.

This year has also marked a big investment in internal infrastructure for businesses that have an international outlook. New growth poles include developing sustainable energy through wind and solar power, a land-based oceanic industry to exploit the country's huge and exclusive economic zone, and more real estate projects.

A CLEAN OFFSHORE JURISDICTION

"Mauritius is blessed with one of the most politically stable and strongest economies in sub-Saharan Africa, and we are ranked 20th in the world for ease of doing business" says Minister Jugnauth. "We cannot be complacent, however. We have to continuously



La Place Belgath at Anahita World Class Sanctuary

improve. That is why we are working to better the environment and to facilitate further investment.

"We want to make Mauritius a knowledge hub, with international institutions attracting foreign students, that will in turn train and educate our own people better. They are our greatest asset."

Vaughan Heberden is chief executive of Cim Group, a leading finance and asset management group that exists within the wider Rogers Group. He took the helm during one of the worst global economic downturns in decades, yet the company completed the fiscal year 2010 with an after-tax profit of Rs411 million (\$15 million), and assets in excess in \$100 billion.

"We encourage our staff to come up with their own ideas and to think outside borders. This is the way we move forward," says Heberden. "The last three years have been record years. This is due to a restructuring exercise as part of our diversification plan. In 2010 we became the first insurer to split our businesses."

Cim Group brings together 14 subsidiaries regrouped into clusters of Retail, Global Services, Insurance and Investment, and Technology and Outsourcing. "We run from retail finance right through to asset management, stockbroking, and fund management, so we have got an exceptionally broad value-chain that differentiates us from our competition within Mauritius," Heberden says.

Cim prides itself on its business ethics and combines local and international skills. "There is an enormous amount of talent within



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the country that needs to be combined with expertise from the outside world," Heberden says. "We have links with Harvard Business School and have invited managing directors from HSBC and Standard Chartered to share their knowledge."

Cim Group has grown remarkably well during an exceptionally difficult period, which Heberden attributes to the fact that financial services in Mauritius are "well insulated and regulated. The country has performed exceptionally well as a growing financial services jurisdiction, mainly due to the strength of the Indian-Mauritius double taxation treaty.

"With the skill set we have established, we are now looking beyond our borders to Europe, India, and Africa. Our intention is to become one of the major financial forces in the whole region. We believe that in Mauritius there is the potential to significantly increase assets under management through insurance and pension fund linked products."

In the meantime, Rundheersing Bheenick, Governor of the Bank of Mauritius, believes the country weathered the financial crisis thanks to its strict regulations and because most banks were not heavily invested abroad. "The Mauritius Credit Information Bureau, set up by the Bank, halved the level of non-performing loans from 4.2% to 2.1% in the past three years."

Given the banks' profitability, he advocates an ambitious approach to the future. "Our banks should increase lending, and Mauritius should develop the industry of offshore banking where, while we do not claim to be the cheapest jurisdiction around, we are a stable jurisdiction for quality niche markets," he says.



Dr. Navinchandra Ramgoolam
Prime Minister



Rundheersing Bheenick
Governor, Bank of Mauritius



André Viljoen
CFO, CIO and Acting CEO
Air Mauritius

GLOBAL CONNECTIVITY

In its plans to become the economic powerhouse of the region, Mauritius recognizes the vital importance of local and global connectivity. This has meant substantial investment in public infrastructure this year, including improvements to the existing airport.

Serge Petit, CEO of Airports of Mauritius Co. Ltd., explains that a new passenger terminal, designed in partnership with Aéroports de Paris, will open at Sir Seewoosagur Ramgoolam International Airport on schedule in October 2012.

"The airport will allow us to increase capacity and cater to 4.5 million tourists annually by the year 2015," Petit says, noting that the number of passengers has already doubled in ten years. This is not the only plan coming to fruition, however. "We are also widening and repaving the existing runway to accommodate larger aircraft."

The airport also needs to cater to larger and larger quantities of cargo, and there is an additional plan to develop a cargo village, for which Lufthansa Consulting have been brought in to do the master planning. The village will incorporate an integrated airport city, a logistics center and a cargo registry area under public and private ownership.

"It will span 62 hectares, and will unfold over the next three years," Petit says. "We are looking for international developers to assist with the implementation of the infrastructure, in partnership with the Board of Investment."

In the meantime, a large local Mauritian group will develop a diverse commercial and hotel area. "We need to review and improve our transit facilities in order to service the drive to be a hub; to create a bridge that will serve the regional market in Africa, and to integrate the Jin Fei zone, for links with China," Petit says. "There are a lot of opportunities there. Our master development plan calls on developers from Asia and Europe. It brings professionalism, new ideas and an international culture."

Airports of Mauritius Co. Ltd. are 80% shareholders of the Mauritius Duty Free Paradise Company Ltd. (MDFP), which is 20% owned by the State Investment Corporation Ltd. (SIC). Located within the premises of SSR International Airport, MDFP covers an area of 296 square meters and 822.5 square meters in the arrival and departure shopping sections, respectively.

International products, including alcohol, tobacco, perfumes, jewelry and electrical



appliances are all on offer. There is also an ambitious project to “brand Mauritius” with the creation of its own made-in-Mauritius “Scent of Paradise” brand: a range of lifestyle products ideal as souvenirs and gifts. In 2008, MDFFP won the Most Distinctive Retailer in Africa award from by *Gulf-Africa Duty Free* magazine (issued by Global Marketing Company). Tax-free shopping will ensure Mauritius furthers its reputation as a destination for inexpensive luxury items, and tourists can buy goods in all currencies.

Petit believes that with a good strategy, Mauritius will easily compete as a ‘Duty Free Island’ with the likes of Dubai and Singapore. “Most tourists arrive here from Europe, so there is a need to discover the right product mix to respond to that market,” he says. “The bulk of the Duty Free will go to the regional market. Again, we have to define which products will match expectations. If we focus on this, we can fast-track the development of the ‘Duty Free Island’ concept.”

RECORD NUMBERS

Tourism is flowering in Mauritius, with receipts increasing by 10.5% in 2010. Despite the sluggish world economy, the country welcomed a record number of visitors last year: 934,827 tourists, up a staggering 7.3% from 2009. In 2011, the country is forecast to receive close to 1 million visitors, earning it \$1.3 billion.

Minister of Tourism and Leisure Nandcoomar Bodha explains

that while ambitions are high—Mauritius aims to triple its annual revenues from tourist shopping to Rs20 billion (\$0.7 billion) by 2020—this would not be at the expense of quality of service.

“It is not about numbers, it is niche,” he says. “The industry must be sophisticated, sustainable and safe. This means controlling-growth and keeping the standards of service.”

Having established itself in the sugar business a century ago, CIEL Group has diversified considerably, branching out into textiles, investment, real estate, tourism, and eco-tourism. It is now one of the leading industrial and investment groups based in Mauritius. Group chairman P. Arnaud Dalais believes that internationalization has been key to the success of the group.

“The interationalization of our activities, mainly in Africa and Asia, have been in line with our country’s development strategy,” he says. “With the commitment of our 22,000 team members, we will continue to grow globally and remain open to partnerships, both locally and internationally.”

The government’s decision to open up property ownership to foreign buyers through the Integrated Resort Scheme (IRS) gave CIEL the opportunity to develop the Anahita World Class Sanctuary. Today, Anahita comprises 150 luxury residences which have already been built and delivered to their owners, a beautiful beach village for residents, a golf course designed by Ernie Els, and a five-star Four Seasons Hotel. “The impact on the eastern coast of Mauritius

“The new terminal will allow us to cater to 4.5 million by 2015.”

Sergi Petit, Airports of Mauritius

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has been huge. It has created thousands of jobs, as well as offering a real Mauritian lifestyle to owners of the villas and their guests," Delais says.

The Group's investment success has also become a source of pride for Delais. "The Kibo Private Equity Fund is the first of its kind that we have been developing," he says. "We have now already invested nearly 60% of the fund and our target is that by the beginning of 2012, a total of 30 million euros will have been invested. We plan to create a second fund which should attract investors who, like us, believe that Eastern Africa and the western part of the Indian Ocean hold great potential for the future."

FLYING HIGH

Air Mauritius, the national carrier of Mauritius and a key player in cargo shipment, where about 36,000 tons are carried annually, is the fourth largest carrier in sub-Saharan Africa and four-time Best Airline in the Indian Ocean Region. Perhaps most impressive of all, the airline has managed to turn its fortunes around.

Despite the challenges and setbacks to global air travel in 2010/11, including the exceptional events of the Icelandic volcano eruption, severe European snowstorms, Middle Eastern unrest, and the natural disaster in Japan, the Air Mauritius Group and the Company managed to post reasonable profits for the year ended 31 March 2011, recording a profit 10.3 million euros and 9.3 million euros respectively, compared to a loss of 6 million euros and 6.9 million euros for the previous year. André Viljoen, CFO, CIO and acting CEO, explains how the airline has risen above the economic downturn by looking to its strongest local resources while at the same time keeping its ambitions internationally focused.

Collaboration is key, he stresses. "This year, we are working with the Ministry of Tourism and Mauritius Tourism Promotion Authority to ensure their growth predictions and ours are similar, so that we put capacity wherever they expect growth," he says. "We are extremely fortunate to have a highly skilled, dynamic group of employees. This has been central in recovering our loss and turning the business back into profit. Our objective now is to build on this. "We have worked hard in valuing, inspiring and motivating our staff. We run collaborative workshops dealing with the management of financial security, engagement and face-to-face communication."

The airline is also important as a means to promote the image of the country abroad. "Air Mauritius is 'Brand Mauritius,'" he explains, stressing that the airline has always acted as an international ambassador. "We are the bridge to the world, and we represent Mauritius in the world."

The airline has taken the brand image of Mauritius as "the Island in the Sky," which places emphasis on the extraordinary natural beauty of the country, and depicted it in the new cabin design, with an omnipresent lagoon and ocean, the green of the palm trees and the sugar cane fields, the colorful and rich ocean and the exotic flowers.

The branding encapsulates the philosophy of looking beyond borders. "Mauritius has a strategic position in the world," Viljoen says. "We have never had an isolated mentality. What makes us unique in many markets is our direct flights. Europe remains a key market, predominantly Paris and London, and we are increasing flights to India, Singapore and China, as well as re-balancing our flights to Africa and the Indian Ocean region."

While volatile oil prices are an issue, Viljoen believes that with preparation Air Mauritius is able to weather the storm. "We can

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weather the price of \$100 a barrel," he says. "The Euro conversion rate to U.S. dollar has compensated via increase. Experts today have said that they think the fuel prices will, in fact, come back. But the key thing is to be prepared."

As a public company listed on the Stock Exchange of Mauritius, Air Mauritius encourages open communication with all stakeholders to sustain a win-win situation. It carries out its operations with high integrity and transparency and has developed responsible corporate policies which reflect best practice in governance and world-class operating standards.

CYBER HUB

Ambitions are also high within the communications sector, with Minister of Information and Communication Technology Tassarajen Pillay Chedumbrum looking to transform Mauritius into an important cyber-hub. "By the year 2015, we aim to make ICT the first pillar of our economy," he says. "The Rs1.5 billion budget earmarked for the industry is very promising."

The Lower Indian Ocean Network (LION), inaugurated last year, marks a huge milestone for the country. This underwater, 1,070-kilometer fiber cable system links Madagascar, Mauritius and Reunion Island. LION II is to be operational this year, along with SEACOM, dubbed 'the African Internet'. "Currently we have around 20,000 people working in

"4G wireless is available, but we need more investment."

Bashir A. Currimjee, EMTEL



the sector. We have unveiled an ICT academy and are building a second info-park in Rose Belle to join the Ebene Cyber City," he says.

Mauritius Telecom, in partnership with France Telecom, invested in the LION II network. CEO Sarat Dutt Lallah summed up the challenges and the huge investment opportunities the industry offers. "We have to re-invest 20% of profits back into the business to keep up with technology," Lallah says. "Training is essential, and the presence of multinational companies additionally makes the island more visible and a destination of choice for the ICT sector."

EMTEL, the first operator of mobile telephony in the Southern Hemisphere, aims to bring in a full range of services, that are 20 times faster and 10 times cheaper. Although Chairman Bashir A. Currimjee sees the ICT sector as a source of employment and a major contributor to GDP, there is a call for more investment. "4G wireless is available, but needs optical fiber underground and undersea."

INVESTMENT PARTNER

Mauritius has clearly created a conducive environment and put in place appropriate measures to attract investment. During the period 2008 to September 2010, the main sources of FDI were U.K., France, India and South Africa.

The Board of Investment (BOI) is the government's official investment promotion agency, a 'one stop shop' that facilitates investment in the country. It is viewed both locally and internationally as a strategic partner for any investor wishing to benefit from the thriving business environment in Mauritius.

Managing director Prakash Maunthrooa looks at just how far the country has come in recent years, thanks to astute fiscal management and a visionary approach. "Mauritius has not only weathered the economic downturn but learned from it," he says. "We balanced property development with our traditional manufacturing and agro-industry and looked to emerging sectors such as ICT/BPO and Financial Services, and new sectors such as the Duty-Free paradise. The government has opened the economy, not only to investors, but also professionals to come and set up shop in Mauritius. From our privileged position, we are now set to make Mauritius the 'Gateway to Africa'." ●

Mauritius: Your Global Business Platform

As Mauritius strives to create a competitive global business platform, the Board of Investment (BOI) has put at the disposal of the international business community a personalized range of services to attract investments and talents to the country.

BOI's team of professionals, each specialized in their respective sector, are well equipped to provide invaluable guidance for successful business launches in Mauritius. "We've developed a strong partnership with the private sector by improving the investment climate and encouraging innovation," says Prakash Maunthrooa, managing director of BOI.

Mauritius provides a powerful strategic geographic platform to connect Europe to Africa, Asia to Africa, and Africa to several key regions. A multi-faceted springboard that has cultural and historic ties with all of its partners, the country is as renowned for its people and stunning natural beauty as it is respected for its versatile business acumen and governance.

Mauritius gives investors a unique value proposition to enter new markets with confidence and security—two factors that are arguably the most important variables for a risk-averse global community that has only seen signs of improvement in recent months. "The credibility of our institutions, the rule of law, security, a bilingual workforce and its excellent track record are all strengths that set Mauritius apart," Maunthrooa says. "As for BOI, our key words are: stability, substance, sustainability, security, and sophistication."

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