

# BUILDING MSME COMPETITIVENESS THROUGH VALUE CHAIN INTEGRATION

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# The Left-out of the Global Value Chain

- Small island economies with no natural resources
- Countries locked in mono crop culture
- Countries with import substitution strategies

## **The protective measures:**

- Preferential Trade Agreements (AGOA/LOME) GATT/WTO

## **The emergence of Value Chain concept**

- Regional/Global Value Chain
- Low-end products / high-end products  
*(Labour arbitrage/IP, Technical knowhow)*

# Connecting to Value Chain

- The impetus

Multilateral Trade Agreements:

Trans-Pacific Partnership.(TPP)/Trans-Pacific Strategic Economic Partnership Agreement (TPSEP or P4)

- Value Chain Mapping

New policy decisions – Mauritius a case study

Focusing on services segment:

- Logistics/Distribution Network
- Finance/Banking/Insurance
- R&D
- Technology

# Mauritius – a case study



**POPULATION**  
approx. 1.3 million people



**OFFICIAL LANGUAGE**  
English



**WIDELY SPOKEN LANGUAGES**  
French, Creole and Asian languages



**LAND MASS**  
2,040 km<sup>2</sup>



**EXCLUSIVE ECONOMIC ZONE**  
2.3 million km<sup>2</sup>



**GDP PER CAPITA**  
USD 10,000 (2014) –  
Upper-Middle Income



**REAL GDP GROWTH RATE**  
3.4% (2015)



**ADULT LITERACY RATE**  
89.8% (2011)



**MOBILE PHONE PENETRATION RATIO**  
121.7% (2014)

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## RANKING OF MAURITIUS IN AFRICA

- Recognized among the first six countries which are recommended to people wishing to relocate
- One of the leading States in the African region for ease of doing business and good governance.

### RANKINGS OF MAURITIUS ON INTERNATIONAL INDICES



World Bank Doing Business Survey 2016

2016 Index of Economic Freedom (Heritage Foundation)

Economic Freedom of the World 2015 (Fraser Institute)

Global Innovation Index 2015

World Economic Forum Global Competitiveness Report 2015-2016

Mo Ibrahim Index of African Governance 2015

Social Progress Report 2015

Global Information Technology Report 2015

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## 1. INFRASTRUCTURE & CONNECTIVITY

- A reliable and expanding logistics platform with modern infrastructure
- A well-maintained road network
- An efficient port with deep-water quays
- An international airport with a modern terminal, and an airport city catering for high-value cargo
- Connectivity: Mauritius is connected with the global business by submarine fibre optic cables: SAFE and LION.

## 2. FISCAL INCENTIVES

- Income tax, corporate tax and VAT at a harmonized rate of 15%
- Tax-free dividends
- No capital gains tax
- Foreign tax credit of 80%
- Duty-free & VAT-free facilities for goods and equipment imported in Freeport zones
- Tax holiday over 8 years under the SMART CITIES SCHEME
- Tax holiday over 8 years for Bio farming projects
- A ten-year exemption from income tax on all income, inclusive of income from external sources, under the MAURITIAN DIASPORA SCHEME.

## 3. BUSINESS ENVIRONMENT

- Rule of law and political stability
- Security of assets
- No minimum capital requirement for the incorporation of a company
- 100% foreign ownership
- No exchange control
- Incorporation of a company in 3 working days
- One-stop shop for launching of business
- Seamless and transparent process for the issuance of permits and authorizations

## 4. OTHER ADVANTAGES

- Time zone allowing round-the-clock global transactions
- Bilingual (English & French) pool of professionals in all fields of business
- Qualified & multi-skilled workforce
- Trusted International Financial Centre
- Well-regulated and transparent jurisdiction
- Banking services: full range of services from international service-providers
- OECD white-listed international business platform

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## NEW ECONOMIC PILLARS

The 2015-2019 Government Programme emphasizes the development of new economic pillars.

New sectors with high growth potential comprise:

01



Development of Smart Cities

02



Development and growth of the ocean economy

03



Bunkering and transshipment

04



Implementation of "Duty-free shopping" nationally

05



Healthcare & Lifesciences

06



Seaport development and improvement of Freeport services

07



High-precision engineering

08



Professional Services

09

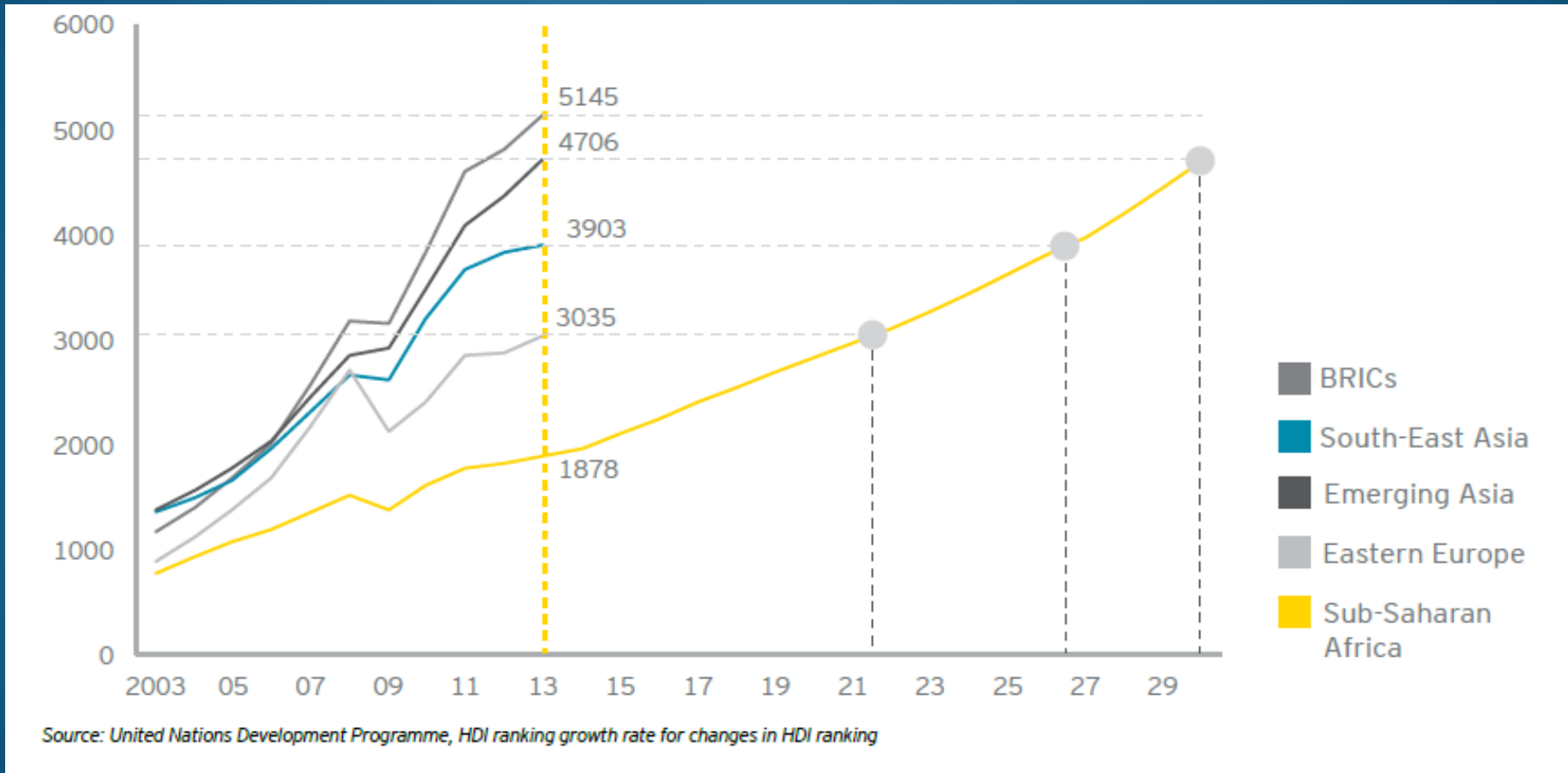


Technology, Innovation and Communications

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## Integrating the Regional Value Chain - Africa

GDP By 2030, in terms of per capita income, SSA will reach the level where Emerging Asia is today





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## The New Africa strategy

- Integrating Regional Trade Organisations such as SADC, COMESA, the Indian Ocean Commission and Indian Ocean Rim Association.
- Membership of Regional Multi-disciplinary Centre of Excellence (RMCE), AFRITAC, the IMF Africa Training Institute and the COMESA Fund.
  - The Africa Centre of Excellence - that showcases and facilitates investment in Africa through business intelligence and networking.
- The Mauritius Africa Fund with Government seed capital of MUR 500 million as equity financing for viable projects in any African country
- A Freight Rebate Scheme
- A subsidized Export Credit Guarantee Insurance Scheme
- Enhanced Government to Government collaborations in the setting-up of Special Economic Zones in several African countries.
- Fiscal Incentives for headquarters companies
  - A 25% refund of the cost of freight per container exported to specific countries in Africa up to USD 300 per 20-foot container.
- 38 Double Taxation Avoidance Treaties + IPPAs

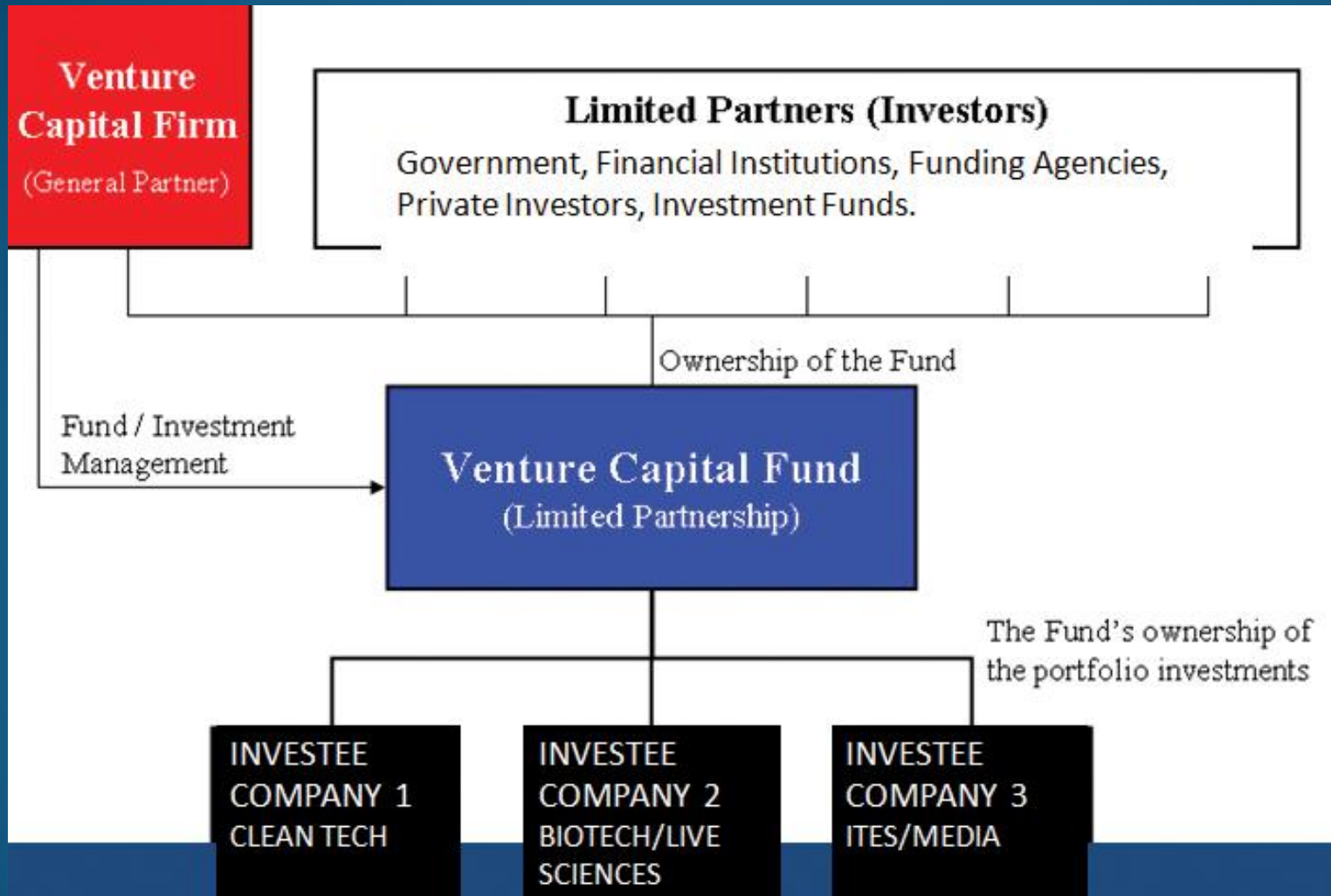
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## The New Africa strategy (Cont'd)

- Developing policies for a sustainable economy for African States
- Support Services ecosystem:
  - R&D
  - Training & Skill developments (Knowledge hub)
  - IT/Digitalisation
  - IP (WIPRO)
  - Finance – AFRINEX (African Multi-Assets Exchange)
  - eCommerce trade platform
  - Business incubator hub
  - Freeport distribution hub
  - Precious stones & minerals vault facilities
  - Logistics facilities
  - Trade Financing

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## The Africa Venture Capital Fund



First closing of USD100 million, target 10 to 15 investments in the next 4 to 5 years. Final fund size target of USD 500 million.

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## Conclusion

- Fair trade v/s Shared Value Concept
- Environmental & social cost factor

THANK YOU

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Supporting business integration