MAURITIUS: The perfect gateway to Africa

The island nation is a dynamic trade and investment hub for the continent

Mauritius’ continuous, decades-long economic growth shows no sign of slowing down, with its gross domestic product (GDP) expected to rise by 3.9 percent in 2019 as it cements its place as a diverse trade and investment hub for Africa.

Ivan Collendavelloo, Deputy Prime Minister and Minister of Energy and Public Utilities, gives some reasons why the country has this role: “It is the eastern-most part of Africa, has a privileged position in the Indian Ocean, and is a member of the African Union and other economic blocs. We have a buoyant financial system and a safe and secure system of law.”

Minister of Tourism Anil Kumar Singh Gayan highlights further reasons that the idyllic archipelago is not just a perfect, year-round vacation destination: “We have a vibrant global business sector and stability. In the World Bank’s ease of doing business rankings, we are 20th in the world.” “Which makes us an ideal base for companies investing in Africa,” adds Collendavelloo.

With a blueprint in place to grow its financial sector, Mauritius, from its $1 billion to $1.9 billion by 2030, Mauritius is poised to become Africa’s number one financial services centre. As its oldest and largest retail and corporate bank, Mauritius Commercial Bank (MCB) illustrates the strength of the country’s financial sector. Its operations span across its domestic market, it is a regular recipient of high-profile international awards and caters for a wide range of clients, although “Our main pillars are retail, micro and small- and medium-sized enterprises, and private wealth customers. We are also strong in corporate banking,” says CEO P.V. Rao.

“Mauritius ticks all the boxes,” adds Harvesh Seegolam, CEO of the Financial Services Commission (FSC), the renowned non-banking financial services regulator that is implementing the IFC development plan, which focuses on cross-border investments, corporate finance and banking, and private wealth. A priority for Seegolam is advancing the FSC’s numerous international collaborations. “Last year alone, we signed agreements with our U.K., French, Russian and Maltese counterparts. Also a priority is positioning Mauritius as the region’s center for fintech.”

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Future growth will focus on “Consolidation, diversification, internationalisation, modernisation, digitalization and capacity building,” he states. Parent group SBM Holdings also provides non-banking services like insurance and asset management, modernization and advisory services. “We are a fully integrated institution that supports investors operating along the Africa-Asia corridor, using Mauritius as a financial gateway,” says Koon Chong Li Kwong Wing.

Our country is Serving you worldwide

Mauritius’ second-largest bank, SBM Bank, which also has a presence in the Seychelles, India and Kenya, is another example. With 25 percent of its domestic market, it is a regular recipient of high-profile international awards and caters for a wide range of clients, although “Our main pillars are retail, micro and small- and medium-sized enterprises, and private wealth customers. We are also strong in corporate banking,” says CEO P.V. Rao.

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To enhance its position as a modern business hub, improve the lives of residents and mitigate against climate change, the country is investing and modernizing its energy and utility sectors. The government-owned Central Electricity Board (CEB) is an example of how utilities are advancing. It generates 40 percent of Mauritius’ electricity via thermal and renewable plants, and buys the other 60 percent from independent producers as the entity responsible for electricity’s transmission, distribution and sale.

80 percent of Mauritius’ power comes from imported fossil fuels, with the rest from local biomass, hydro-power, solar and wind. “The target is for 35 percent renewables by 2025. Mauritius has a lot of sun and space for solar panels on top of homes, buildings, everywhere. So, instead of utility-based generating stations, we are giving customers the opportunity to generate their own electric power,” CEB’s acting general manager M. Shamsuddin Malcom notes. An important part of this is the Home Solar Project, where photovoltaic kits are installed for low-income households that benefit from free electricity and selling excesses back to CEB. “We are targeting 2,000 installations a year,” he says.

As well as solar, CEB has invested in onshore wind farms, is considering offshore generation technologies and has established a subsidiary company, CEB Green Energy, to promote green energy. However, to fulfill energy demands in the shorter term, “CEB is working on a 120MW liquefied natural gas plant that will cut our carbon dioxide emissions by 50 percent,” states Malcom. CEB is also modernizing its transmission network by introducing state-of-the-art substations and meters to create a smart grid that passes data through its extensive fiber-optic network. To unlock the opportunities of this network, another subsidiary, CEB FiberNet Company has been set up to exploit it as Mauritius’ second broadband backbone. This company is further increasing connectivity by being part of a consortium that is building a submarine cable to connect Mauritius with South Africa.

Similarly, Mauritius’ energy utility, the CEB, is investing in indigenous energy solutions to ensure that Mauritius is able to meet its renewable energy targets. The island nation is a dynamic trade and investment hub for Africa.

Equally important for the economy is air connectivity and the national airline Air Mauritius, which is responsible for about 50 percent of the country’s air traffic, states CEO Somas Appavou. “We are the islands’ bridge with the rest of the world for passenger traffic and trade.” The airline’s quality and safety standards have made it the World Travel Awards’ leading Indian Ocean airline 14 times in the last 17 years, he says. “As soon as customers board our aircraft, they should feel like they are on vacation in Mauritius.”

The airline currently flies to 24 destinations on four continents but its new sustainable business model will see it “simplify our network, consolidate operations and then expand,” he states, noting that the expansion will focus on Asia and Africa, and be enabled by a fleet renewal program that has seen it become the first in the southern hemisphere to operate the next-generation, fuel-efficient A350neo. Investment in people is also important to the airline, which opened a flying academy in August. “Going forward, we will continue to look at opportunities that are in the best interest of our company and our nation,” says Appavou.
A robust and diverse economy that welcomes investors

Having found success in many traditional sectors, Mauritius is now positioning itself as an international hub for innovative services.

From a mono-crop economy resting on the cultivation of sugar cane, Mauritius has successfully transformed itself into a robust, broad-based, diversified, innovative and knowledge-driven economy.

To achieve this, the country has consistently implemented a strong, growth-oriented developmental strategy, with a primary focus on diversification. These policies have enhanced the local economy’s resilience, which now rests on a number of pillars: agribusiness, export-oriented manufacturing, tourism, financial services, property development and real estate, information technology and business process outsourcing, the Mauritius Freeport and logistics, and seafood. Over the past five years, the country has enjoyed a sustained average annual growth in gross domestic product (GDP) of 3.9 percent. With a per capita income of $11,200, Mauritius is presently categorized as an upper-middle income country but its developmental policies are geared to transforming the island into a high-income economy. In this context, the Economic Development Board (EDB) is working to broaden the economic base by consolidating traditional sectors and attracting investment in new ones.

Mauritius is moving up the value chain in established sectors while tapping into new opportunities in services, which represent 75 percent of the economy.

The country will capitalize on disruptive technologies to bolster its competitiveness and unlock innovative solutions, which will play an instrumental role in positioning it as a modern and sophisticated investment and trade hub.

New growth poles and prospects for the Mauritian economy

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