Mission Statement

To serve and promote

the interests of the business community

in playing a leading role in

the economic development of Mauritius

Serving Business since 1850

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Council Members 2008 - 2009

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Speech of the President

Speech of the President

It is my pleasure and privilege to welcome you at the 160th Annual General Meeting of the Mauritius Chamber of Commerce and Industry. I would like to thank you for the interest you take in the activities of our institution and for your active support to its mission. My special thanks to our Ministers who have honoured this event with their presence and who will, in a moment, share their thoughts with us on issues of common interest to the Government and the business community.

As you all know the main purpose of our AGM is to review the activities of the Chamber during the past year and to approve our action plan for the coming year. In addition we have established a practice, which is becoming a tradition, alongside other well-established traditions of our institution, to share, on this occasion, with our guests and members, our views on the main economic challenges facing our country. This exercise, which has been dubbed as our predicament on 'the state of the economy', is quite ambitious.

Given the complexities of the unprecedented global economic crisis in which our country finds itself to-day, I would have happily skipped this exercise and moved to the business of the day. But when you are the President of the Chamber you have to observe the tradition, however demanding it can be. And my task this morning is indeed daunting. When Mr. Ben Bernanke speaks of lack of visibility and other world renowned economists are confused, it would be quite foolhardy on my part to attempt to discourse on this global mess.
However, we can have some legitimate interrogations on our own fortunes in this turmoil.

We have been hearing in recent weeks and months how a growing number of countries, mostly the developed ones, entered into recession. We have followed the forecasts of the Bretton Woods institutions, which have turned more pessimistic as the global crisis has deepened.

The latest figures of the IMF, released only last week, are a negative global growth in 2009, ranging between –0.5% to –1%, with a –3.5% for developed countries. These figures compare with a 3.4% positive growth rate in 2008 and 5.2% in 2007. World trade volume is expected to contract by almost 5% in 2009 compared to a growth of 4% in 2008 and over 7% in 2007. It is to be noted that these figures are significantly worse then those released two months ago by the IMF. However, when you are far from the action, these macro figures might not convey the extent of the damage on the ground. I would like to quote an extract from an article in a recent issue of 'The Economist' which illustrates the magnitude of the crisis. I quote "In Germany December's machine-tool orders were 40% lower than a year earlier. Half of China's 9,000 or so toy exporters have gone bust. Taiwan's shipments of notebook computers fell by a third in the month of January. The number of cars being assembled in America was 60% below January 2008". End of quote.

So how are we doing, in this nightmare scenario? Quite surprisingly we did quite well in 2008. And based on existing data, the prospects for 2009 are not that bad.

Let me first review the performance of the economy in 2008. The GDP growth rate of 5.2%, although slightly lower than in 2007, was very satisfactory, especially given that all sectors registered positive growth rates, albeit lower than forecasted for some sectors. Per capita income increased by an impressive 22% in dollar terms, although helped to some degree by the appreciation of the rupee. Investment increased by 3%, with a 9% growth in private investment.

Unemployment went down from 8.5% in 2007 to 7.8% in 2008. Foreign direct investment remained almost at the record level reached in 2007 and the overall Balance of Payments showed a surplus of Rs. 4.6 billion.

In spite of the lack of visibility on prospects for the future development of specific sectors, there are no signs of panic among our economic operators, which is a major asset. Some sectors have already been affected, especially the tourism, property development and construction sector. Others are under threat like the textile and clothing sector, the local manufacturing sector or the local trading sector. However, the global picture, which is emerging at this point of time is that the positive growth expected in some sectors, especially the ICT, financial intermediation and other services can compensate the potential negative performance in other sectors to enable the country to remain in positive territory by the end of the year. Will it be the 2% forecast by the IMF in its latest estimates or higher as announced by the Deputy Prime Minister and Minister of Finance? As confessed by the latter, we do not have 95% of the answer. Much will depend on developments outside our control.

But let me hasten to add that the positive growth scenario in 2009, and even better prospects for 2010, will only materialize if the world start coming out of the crisis by end of 2009 and move in a renewed growth path in 2010. Otherwise we shall probably be in recession and confronted to a scale of economic and social problems we have never experienced since independence.

Before I elaborate on the doomsday scenario, which we hope will not happen, it is important to spend some time on the first scenario, under which the Mauritian economy remains in positive growth territory throughout the crisis. If this scenario was to materialize, and there are strong chances of it being so, it will be a testimony to the soundness of the economic strategy launched in 2006 and to the resolve of the various sectors of the economy to proactively address the challenges which confronted them. By leveling the incentive regimes, introducing the uniform low tax regime, opening the country to foreign investment and talent, facilitating business and consolidating the Budget, the new strategy has undoubtedly created the new environment which has delivered in the form of new sources of growth, higher growth rates, lower unemployment rates, lower Budget deficits and greater fiscal space.

The business community, on its part, has taken in its stride the phasing out of the Multi Fibre Agreement, the significant cut in the export price of sugar on the EU market, the deep cuts or elimination of import duties, the changes in the business environment in Mauritius and abroad to deliver higher levels of performance.

It is the combination of these two crucial elements, which explains the greater resilience of the Mauritian economy. It is thanks to them that we might still be standing by the end of 2009 when so many, other countries would have been knocked down.

Resilience is however, a relative concept. We can only resist up to a point beyond which we shall also fall. We have been fortunate to be spared from a financial meltdown experienced by the major developed economies which has led to a severe credit squeeze. On the contrary, in Mauritius our financial system is generally free of toxic assets and is still flush with liquidity. The danger should not come from this direction, at least not in the initial stage. The pressure will emanate from the other factor which has already brought so far many economies in recession : a level of contraction of demand on the local market or export markets that renders the operations of a wide range of enterprises or sectors unsustainable. In some way it is what our tourism industry is currently undergoing, but in a much more extreme manner. The inability to rescue these enterprises leads to closures, mass unemployment and massive defaults on debt obligations

Speech of the President (continued)

both from business and households, which in turn put the whole financial system at risk.

This is the doomsday scenario.

As we said earlier, the dynamics which can lead to such a situation is not in our hands. But again how prepared are we to react to such a situation. I am afraid to say that the nation needs a wake up call : the odds are against us!
First, what is the capacity for Government to intervene, as has been the case in other countries? This capacity is limited because we do not have the resources of the large developed countries.

It is true that the 2006/2007 and 2007/2008 Budgets, by putting the economic rationale first managed to create some fiscal space. However, although income redistribution is a legitimate objective of budgetary policy, in our view, the 2008/2009 Budget did too much and unfortunately too early. The size of the salary compensation, however justified it may be, and other handouts have completely eroded the fiscal space. Just as a matter of comparison, the implementation of the PRB would cost to Government an amount in excess of Rs. 13 billion by December 2010, whereas the total budgeted expenditure under the ASP by that date is Rs. 10.4 billion. Again while the ASP is a one-off expenditure programme, unless renewed, the expenditure under the PRB and other recurrent expenditure are inbuilt in the Recurrent Budget. We were of the view, when the Budget was presented, that any significant reduction of revenue of Government could lead to higher levels of deficits.

With recent adverse developments in various sectors, revenue of Government is already falling behind Budget targets. If the economic situation was to deteriorate further, the fiscal space will just not be there to provide the scale of support needed to lift the economy out of a major recession. Of course, we can always have recourse to higher levels of Budget deficits and Public Debt. Unfortunately we are not the USA which can afford a deficit in excess of 10% of GDP.

Second, taking preventive measures is one thing; but actually dealing with the casualties of an economic recession is otherwise complex. The measures contained in the ASP and the structures put into place to ensure its implementation represent a pro-active response to improve performance in an environment of almost "normal" conditions. So much so that the Chamber would be in favour of making of the National Steering Committee and other supporting structures a permanent feature of the public-private sector partnership in the implementation of the economic programme of the country.

However, because we have been exposed so far to a limited impact of the economic crisis, we have had time to put into place a structure, the Mauritius Transitional Support to Private Sector, MTSP, which tries to address the problems of enterprises threatened by insolvency. But so far, the MTSP has dealt with a few cases and the Co-Chairman, who are with us to-day, can testify how painful and protracted this process is. Just imagine if we had hundreds of enterprises in difficulty, is it feasible to deal with them the way we are doing now? We need to find ways to accelerate the process so that funds can be made available to enterprises at a quicker pace.

This remark brings to my third point : if micro management is an inevitable process to release funds to deserving enterprises, we should also be addressing better the macro-economic fundamentals. On this count, let us make one thing clear. Our capacity to ride through the crisis, and to

eventually rebound afterwards will depend on one central pillar : the competitiveness of our enterprises. Therefore, the thrust of our macro-economic policy orientations during the whole crisis should be on this factor. By giving more or equal importance to other objectives, the action of Government to promote the competitiveness of our enterprises is being diluted and in some cases actually undermining its effectiveness.

I shall take some risks and mention two such objectives although we all know how sensitive they are : employment and purchasing power.

It is perfectly legitimate for any responsible Government to promote employment and fight unemployment. But to make the preservation of jobs the main objective of the ASP and other programmes and the central pillar to counter the economic crisis, send the wrong signals to the country. In an economic crisis no country can have the luxury to save jobs at all costs; the reasonable objective should be to save viable enterprises which can continue to employ people over the medium term. Some enterprises will have to cut jobs while others will have to close down in an economic crisis. And jobs will be lost. The emphasis of Government action should be to assist those viable enterprises which have chances of making it and facilitate the closure and redeployment of workers in enterprises which have no future. Let us send the right signals to the business community, to workers and the population at large. Otherwise, if the crisis was to hit us more seriously, not only saving jobs will be an unsustainable policy; the expectations created by such a policy will compound the difficulties of managing the crisis.

The objective of improving purchasing power, although again a legitimate pursuit in normal times, is completely out of tune in a crisis situation. With due respect to both the Minister of Business and the Minister of Consumer Protection, contracting demand in times of hardship automatically forces prices down, eroding margins and forcing traders to sell below costs. And there is no product whose demand is so inelastic to resist that downword pressure. The collapse of the price of oil and other commodities is a clear illustration of this phenomenon. In addition, now that the Competition Commission is being put into place, we should leave to this independent body the task to oversee the workings of the market. Enterprises having to face the challenges of an impending crisis should not be further shackled by unnecessary administrative requirements which impinge on their competitiveness.

The pursuit of higher purchasing power can also have other pernicious effects. We have witnessed last year how the attempts to use the appreciation of the rupee to counter the impact of the dramatic increase in the price of oil and other commodities on the CPI actually resulted in a major erosion of the competitiveness of our export industries and significantly undermined their capacity to face the crisis. The collateral damage done was certainly not in proportion with the gains in purchasing power as the products in question represented only a small fraction of the consumer's basket. There were certainly other means to come to the rescue of consumers.

Another adverse impact of the policy to promote the purchasing power of the population, irrespective of our economic fundamentals has gone almost unnoticed. In an open economy like ours, increasing consumption with stagnant or even falling exports of goods and deteriorating terms of trade have multiplied the balance of trade deficit by 6 over seven years, from less than Rs. 10 billion to Rs. 64 billion. More significantly as mentioned in the IMF Press Release after their recent visit "the Current Account Balance deficit is expected to rise further to 11% of GDP, notwithstanding falling prices for food and fuel". For the sake of comparison, the Current Account deficit of the USA which is considered unsustainable over the long term by most economists, was less than 5% of the American GDP in 2008.

Although the overall balance of payments is still positive thanks to record high levels of FDI and other capital movements, it is clear that the current levels of deficit of the Current Account are unsustainable in the long run. In fact what latest figures indicate is that attempts to counter the effect of the economic crisis by stimulating demand are highly risky.

I have given you some illustrations of the undesired perverse effects that the pursuit of some social objectives, however laudable they are, can have on our ability to face the current crisis. Let me now give you the perspective of our Chamber on the thrust of our economic policy in these troubled times.

As I said earlier, the anchor of our policy orientations should be the competitiveness of our enterprises. This implies in

Speech of the President (continued)

fact three elements : first, support to our enterprises to enhance their internal resilience; second, improvement of the environment in which they operate in Mauritius; and third, a positive contribution in their terms of engagement with competitors both in domestic and export markets.
These three elements have in turn several components. But I shall focus on the critical areas which require urgent policy decisions.

On reinforcing the internal resilience of enterprises, in time of crisis, the key factor is quick access to financial resources on concessionary terms. In spite of the Manufacturing Adjustment and SME Fund having been put into place since nine months, actual disbursements to enterprises to date are very small. The conditionalities attached to qualify for support are so rigorous that they are acting as a barrier. We understand that some due diligence is necessary, but access to funds cannot be subjected to requirements which apply in a normal economic situation. The state and the banks have to take some higher risks as is the case in all countries affected by the crisis. If the crisis, had hit us with the severity recorded elsewhere, the impact would have been crippling, because the response would have been too slow. And this might still happen if appropriate adjustments are not made.

On the improvement of the business environment, we have to recognize that much has been achieved in recent years. But there are some areas which require decisive action : economic infrastructure and utilities and the regulatory environment. On economic infrastructure and utilities there still seem to be a systemic issue regarding the decision process to implement major projects, and the actual design and implementation of these projects. As a result all major projects regarding the port, the airport, the road infrastructure and the provision of energy and water continue to register huge delays. And this is reflected in the latest figure regarding public investment, which has fallen by 19% in 2008 after a 25% fall in 2007. I am not sure that the structures put into place to implement the ASP can alone unblock the situation.

On business facilitation the road traveled so far is impressive, as illustrated by the various "Doing Business Indices". And the decision, taken in 2008/2009 Budget, to give a moratorium to various authorities issuing trade permits to justify their existence or they would be otherwise abolished, is certainly a bold one. We do hope Minister Gowressoo, that the Committee established for that purpose and chaired by your Ministry will deliver according to expectations.

However, while we are all busy working to make the regulatory framework more business friendly, we have noticed that there are some unilateral initiatives in some quarters to bring new barriers through the back door. The regulations on melamine free imports last year and the ban on advertisement on alcoholic drinks this month are two illustrations of such initiatives. Whatever be the motivation for such initiatives, it is clear that they have been initiated without due consideration to their impact on the business environment. To prevent such occurrence, we feel that there is need to put into place a system of Regulatory Impact Assessment, on the model designed by UNIDO, before any new regulation is promulgated.

Finally, on the terms of engagement with foreign competitors, the new economic environment call for novel approaches. Maybe the time has come for the provision of direct support to our exporters, as being done increasingly by many countries to get their enterprises out of the crisis. On the domestic front, the possible impact of the global economic crisis combined with the food crisis of last year should trigger a new approach to our trade liberalization policy. The ASP has provided for a freezing of the program of reduction of duty on import for the next two years. Beyond this temporary measure consideration should be given to a rethink of the liberalization program in the light of recent developments while maintaining our commitment for a more open trading system.

And then there is the exchange rate policy. The large swings noted since 2006 are destabilizing for our economic operators. And a significant appreciation of the rupee as a prelude to the global economic crisis was the last thing that our exporters needed in the circumstances. Although we are aware that the movements of the exchange rate do obey to a number of variables, the monetary authorities should pursue a policy which put the maximum chances on the side of our economic operators.

We are confronted with an exceptional adverse economic perspective. Our message this morning is let us focus on our prime asset : the competitiveness of our enterprises. Let put the economy first. Not in words. But in deeds.

President's Report for the Year 2008

President's Report

1. OVERVIEW

During the past year, the implementation of two major projects initiated in 2007, the Mauritius Cargo Community Services and the Business Network Facilitation System for our Vat and Duty Refund services at Plaisance Airport, alongside the further consolidation and development of the existing services of the Chamber, was already a serious challenge for our institution.

In 2008 the Chamber embarked on several new initiatives in the fields of trade facilitation (with a new project on Electronic Certificate of Origin), communications (a film project), training (ICT tools for SMEs), arbitration (a major review of the Arbitration Court) and CSR (a new partly EU-funded project to promote reading skills in ZEP schools).

Major changes in the legislative and regulatory environment required that the Chamber be proactive at all times: comprehensive submissions when consulted, as was the case for the 2008/2009 Budget or the new Arbitration Act, and strong representative action when the interests of the business community were threatened by unilateral administrative decision, as illustrated by the new regulation on melamine free imports and the one on alcoholic drinks. Threats of public intervention in the market following huge variations of the prices of commodities on the international markets and wide fluctuations in the exchange rate of the Rupee kept the Chamber very busy on this front during the whole year.

This already heavy agenda was further compounded by the global economic crisis. Our Chamber was in the front line with the JEC to provide to Government the proposals of the private sector on the policy orientations needed to respond to the crisis. And the Chamber has been actively participating in the implementation of the 'Additional Stimulus Package'.

In addition, our Chamber developed further its CSR activities and continued to pursue its objective of achieving higher governance in its internal management.

To deliver effectively on all these fronts, the Chamber has had to reinforce its internal capabilities by recruiting additional staff, especially an Operations Manager.

The financial situation of the Chamber has remained comfortable in 2008 in spite of a fall of income in some revenue streams.

2. CONSTITUTION AND MEMBERSHIP

As a multi-sectoral membership organization, the Chamber attaches great importance to the representative character of its membership. Although its membership already encompasses almost all sectors of the economy, the Chamber continued to expand and consolidate its membership base in 2008. Through networking events and meetings organized with non-members, it has put across the advantages of being a member of the Chamber to potential members, especially from the new emerging sectors. As a result, 19 new members joined our institution. It is felt that there is a great potential to further increase the membership of our Chamber. However, to achieve this objective two important conditions have to be met.

First, the Chamber has to better communicate on its services and initiatives and engage more directly with potential members. Action has been initiated in this direction with a new communications strategy discussed later.

Second, the Council felt that there was a need to review the Constitution of the Chamber to ensure a better representation of the various sectors of the economy, especially the emerging ones, on the composition of the Council. As the Constitution dates back to 1986, some other provisions needed also to be brought in line with the new economic environment and governance standards. To this effect a special Sub-Committee of Council was established to review the Constitution of the Chamber. Chaired by the President of the Chamber and its membership made of former Presidents, the Committee has had several meetings. It is expected that the Committee will complete its work during the coming months and the proposals for amendment of the Constitution will be presented to an Extraordinary General Meeting for approval.

Since several years the Chamber has also sought to address the issue of its representative character by having a structured relationship with some sectoral organizations which chose to become members of the Chamber. This collaboration was started with the Association of Mauritian Manufacturers in 1995. Since then the Chamber has developed its relations with other organizations.

(a) Cooperation with the Association of Mauritian Manufacturers

Our partnership with the Association of Mauritian Manufacturers is taking a new dimension. Besides the administrative back up that the Chamber provides to AMM there is a closer collaboration between our two Associations on policy issues. The work done at the level of the Industrial Development Task Force (IDTF), reviewed later, is a good example of fruitful cooperation.

The joint efforts made to minimize the impact of the trade liberalisation policy on the local industrial sector have also given tangible positive outcome in the Additional Stimulus Package.

(b) Collaboration with the Association Professionnelle des Transitaires

The hosting of the Secretariat of the Association Professionnelle des Transitaires (APT) has been operational since the year 2005. So far, this collaboration between our two organizations has been very successful. The Chamber has been providing the necessary facilities for the Secretariat of the APT and is responsible for all the administrative and secretariat task of the Association. This close collaboration between our two organisations has further enhanced our contribution towards our common objective of trade facilitation.

(c) Outsourcing and Telecommunications Association of Mauritius (OTAM)

President's Report (continued)

During 2008, the Chamber continued to host the Secretariat of the Outsourcing and Telecommunications Association of Mauritius (OTAM).

Moreover, a Memorandum of Understanding was signed between the Chamber, the National Computer Board and OTAM for collaboration in training and in the organization of ICT regional events.

A meeting was held with the Chairman of OTAM to better structure the collaboration between the two institutions and step up the support of MCCI.

(d) Other Collaborative Initiatives

During the past year, our Chamber discussed with a number of other organizations to extend its network of structured collaborative relations to new sectors. These included the SME Chamber and the Art and Craft Manufacturers Association of Mauritius.

3. ADMINISTRATION AND FINANCE

During 2008 the Chamber has pursued its endeavour to reinforce its internal structures and to improve the working conditions of its Staff Members. Furthermore it has laid the ground to improve its financial performance by consolidating existing projects and initiating new projects to enhance its future revenue streams.

(a) Staff Matters

(i) Recruitment and Resignation

During the year 2008, there were seven new staff recruited. At the Head Office, a post of Operations Manager was created to better implement the new projects initiated by the Chamber. Mr. Anwar Kaidoo has been recruited to fill the post. Ms. Laura Shock Torap has been recruited to replace Ms. Vichittra Santokhee, Analyst, who resigned after three years of service at the Chamber. In the Finance department, the post of Accounts Clerk was created and Ms. Sabrina Samaloo is the first incumbent.

At the Centre for Business Studies, Ms. Annie Yellapachetty has been recruited as Administrative Assistant to replace Ms. Lata Dawaking who resigned after two years spent at the Chamber.

At the Duty Refund Counter, given the increased level of activities, Ms. Pramita Sham, Ms. Sonia Ameerkhan and Ms. Vaneesha Tranquille have been recruited as Clerks.

With the new recruitments, the total staff at the Chamber stands at 58, which makes it by far the largest private sector business institution in Mauritius.

(ii) Benchmarking Exercise

In order to ensure that working conditions at the Chamber compare with what obtains in similar jobs in the private sector, the Chamber carried out in 2003 a Benchmarking exercise, whose findings were used to review the organization and conditions of work. During the past year, the Chamber commissioned a similar exercise, whose conclusions were examined by the Appointment and Remuneration Committee of the Council. A phased approach has been adopted for the implementation of the Benchmarking Report.

(iii) Team Building

Team Building activities have become part and parcel of the new governance principles of the Chamber. This year, a team building exercise was organised in collaboration with Club Med at Pointe aux Cannoniers. Various sport activities combined with other fun games were organised. Such exercises are an opportunity for staff who work in four locations to interact and to know each other better in a friendly and fun environment.

(iv) Training

The Chamber was appointed as the Private Sector Liaison Officer of the World Bank in 2007. The PSLO team is dedicated to strengthening the World Bank Group's relations with the private sector in order to increase the awareness and participation of companies in development.

The Manager of the Communications and Promotion Division participated at the 17th PSLO Retreat in Egypt and Yemen held in June 2008.

The retreat was an opportunity to build a network of business contacts in Egypt and Yemen and to get an overview of aid-financed projects in the region and related business opportunities.

A best practice sharing among PSLOs rounded out the programme and allowed for planning of future activities to be carried out jointly by the PSLOs.

Miss Anjana Khemraz, Analyst of the Legal and Business Facilitation Division attended a 5-day Regional Intensive Course on Trade Negotiations Skills, held from 26 to 30 May 2008 in Mauritius. The training was organised by the World Trade Organisation for English-Speaking African countries and covered issues such as techniques of multilateral trade negotiations, and the dynamics of negotiations on agriculture, Non-Agricultural Market Access, services and rules within the WTO framework.

(b) Internal Audit

The Audit Committee was chaired last year by Vice-President, Mr. Kiran Juwaheer.

The Audit Committee has concentrated its work on the implementation of the recommendations of the various reports submitted by 'Ernst & Young' over the last two years, namely Book Closing Procedures, Fixed Assets, Accounting, Budgeting and Reporting, IT General Control Review, Duty Refund Counter and the Centre for Business Studies.

According to the review 80% of the recommendations have been implemented. The remaining ones are at different stages of implementation.

While expressing its satisfaction over the overall implementation of the Audit reports, the Audit Committee has been very proactive in addressing outstanding issues of concern.

The Audit Committee has also examined the quarterly accounts of the Chamber, the final accounts and the Budget and made appropriate comments to the Council which were well appreciated.

(c) Finance

The current revenue for the year 2008 has remained almost stable. Thus, with an increase in expenses, mainly in terms of new staff recruited for the Duty Refund Counter and the Head Office, the surplus for year 2008, before exceptional dividend, was logically less than last year. However, with the exceptional dividend received from our investment in 'Maurinet Ltd.', the surplus was much higher than in 2007.

On the whole, the financial situation of the Chamber remains comfortable but a decline of revenue in the last months of 2008 suggests that there is a need to follow the financial situation very closely in future.

4. DEFENCE AND PROMOTION OF MEMBERS INTERESTS

The defence and promotion of members' interests remained at the core of the Chamber's endeavours during the past year. Some of the actions of the Chamber were prompted by unilateral decisions by Government on specific issues. Other initiatives were taken to promote in a general way the interests of the business community.

(a) Local Business Environment

(i) Maximum Mark-up on Milk Powder

For several years, the Chamber has been making representations to the Government for the elimination of price control which we believe distorts competition. We have over years, in our various representations to Government, been able to substantially reduce the list of products subject to price control. Last year another major step was achieved towards this objective with the introduction of the Maximum Recommended Retail Price (MRRP) regulations which were applied on milk powder as an alternative to the price control. Under the new regulations, a Code of Practice has been established where importers work out their own MRRP for their products and their only obligation is to submit the details of their price structure to the Ministry of Business within five working days.

For the Chamber, the MRRP is an alternative to price control and could be extended to other products subject to maximum price or maximum mark-up systems. With the introduction of the MRRP and the coming into operation of the Competition Commission, the complete elimination of price control seems to be in view.

(ii) Melamine Alert on Milk Products

Following the melamine alert on contaminated milk and milk-based products from China in 2008, restrictive conditions were imposed on all imports requiring a Melamine-free certificate for each consignment irrespective of the country of origin. As a result, imports of foodstuffs were blocked at Customs and operators requested the intervention of the Chamber with the Ministry of Health and Quality of Life. After consultations with importers who brought up the problems encountered with the clearing of goods as well as the difficulties encountered in obtaining Melamine-free certificates, the Chamber made representations to the Ministry.

Following the intervention of the Chamber, the requirements for melamine-free certificates were made more flexible by the Ministry of Health, which included the acceptance of melamine-free certificates issued by foreign governments. The decision enabled the clearance of all imports from most countries.

(iii) Prices of Imported Goods

The combination, at national level, of the appreciation of the rupee and, at the international level, of the significant drop in the prices of some commodities and freight rates, has led to expectations from government and the public that prices of imported commodities should be brought down substantially. As a result, prices of both imported goods and some locally produced goods have been a burning issue for the Chamber during most of the year.

A Ministerial Committee chaired by the Vice Prime Minister and Minister of Finance was set up to review the situation relating to the impact of the abovementioned factors on the prices of goods on the local market. On a proposal from our Chamber, a 'Comité de Surveillance' was established to monitor the situation in more objective manner. Several meetings were held at the Chamber with importers and local producers to discuss the issue and, in cases, where prices have actually decreased, the Chamber urged its Members to publish the list of new prices in the press for the sake of transparency.

In addition, a Sub-Committee on Purchasing Power was also set up under the 'Additional Stimulus Package' to review the situation regarding prices and make recommendations to improve the purchasing power of consumers. The Sub-Committee was chaired jointly by the Permanent Secretary of the Ministry of Consumer Protection and Citizen's Charter and the Secretary-General of the Chamber.

There is no doubt that the initiatives and constant attention of the Chamber on the price front have been determinant in avoiding any public intervention on this issue.

(iv) Ban on Advertising of Alcoholic Beverages

Following the publications of the new regulations by the Ministry of Health and Quality of Life banning all advertising and sponsorship of alcoholic beverages as from 1 March 2009, the Chamber was solicited by manufacturers and importers of alcoholic beverages to bring up their concerns and practical problems that would be encountered with the new regulations with the Ministry.

A number of meetings were held at the Chamber with both manufacturers and importers of alcoholic beverages. The Chamber subsequently submitted two Memoranda to the Ministry of Health, the first one highlighting the problems encountered with the new regulations in terms of level playing field as well as the practical issues, and the second one making concrete proposals for a way forward. There was also a request for the setting up of Joint Public/Private Sector committee, following which, high officials of the Ministry of Health had a meeting with the Chamber to discuss the problems raised.

(v) Proposed Ban on Plastic Bags

Government took the decision to ban import and production of plastic bags as from 1st October 2008, with a few exceptions. After representations made by supermarket operators concerning the adverse impact of such a drastic measure on their activities and on consumers the Chamber participated in a working session with the Ministry of Environment and submitted a position paper on the whole issue. In that paper, the Chamber drew attention to the fact that since July 2006, supermarket operators have been charging the excise duty of one rupee per plastic bag to consumers, with the result that the quantity of plastic bags handed over to clients have dropped by 75%. Since then Government has adopted a more flexible approach but it has not yet decided on a clear policy.

(vi) Permit Review Exercise

Trade facilitation has always been among one of the priorities for our Chamber. The procedures for the issue of import and export permits have

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been subject to review by a Permit Review Committee which was set up by the Finance Act 2008. The mandate of the Committee was, firstly, to review the list of goods subject to import and export permits and the justification for maintaining these permits, and secondly, to propose simplified process and procedures for the application and issue of such permits.

The Permit Review Committee is chaired by the Permanent Secretary of the Ministry of Business, Enterprise and Cooperatives and comprises representatives of several Ministries and private sector institutions, including our Chamber. The Committee is expected to complete its work by 31 March 2009 and all unnecessary permits are scheduled to be removed by June 2009.

(vii) Anti-Dumping Legislation

The Chamber has, for several years, been pushing for the adoption of national trade remedies legislation, which includes an anti-dumping legislation. In 2008, a new draft anti-dumping legislation was proposed by the Ministry of Foreign Affairs, Regional Integration and International Trade and a Sub-Committee was set up at the Chamber to examine the draft text. One of the main recommendations of the Sub-Committee was for the complete set of trade remedy legislation comprising of anti-dumping, countervailing and safeguards measures to be enacted at one time so as to give the local industry the necessary tools to react against the different types of unfair trade practices namely subsidies and dumping as well as surges in imports.

(viii) Study on Dwell Time for Cargo

Our Chamber has been involved in several trade facilitation projects. One of our major trade facilitation initiatives in 2008 has been the carrying out of a new Cargo Dwell Time Study to assess the cargo clearance time in Mauritius.

Members will recall that the first study on dwell time for cargo was conducted in 2004 in collaboration with the Ministry of Foreign Affairs, International Trade and Cooperation and with the financial assistance of the COMESA Secretariat. The study benchmarked the port productivity against international ports and also identified main bottlenecks in the clearance of goods. A number of recommendations were made in the study so as to improve the cargo release time.

The Chamber undertook a new Dwell Time Study in 2008 with the assistance of the Commonwealth Secretariat. The objective of the new study was primarily to assess the impact of reforms following the earlier dwell time study and also to benchmark the critical aspects of cargo handling against international ports. The study was carried out by Infowave Pte. From Singapore and the findings were presented to members of the Chamber and other stakeholders during a workshop held on 25 September 2008.

A number of recommendations were made to further improve the dwell time, including the setting up of a Single Window system. The complete Cargo Dwell Time report is available on our web site.

As part of recommendations of the Cargo Dwell Time Study, a high level capacity building working session was held by the consultants from Singapore with high officials of various institutions, Ministries including Customs Department, Mauritius Port Authority and Cargo Handling Corporation Ltd. on how to ensure continuous dwell time monitoring using statistics and statistical analysis. The capacity building session, held at the Chamber, also provided an opportunity for sharing the experience of Singapore in field of port automation and in other international IT supply chain implementations.

(b) International Trading Environment

Mauritius, as a small economy, is highly open to international trade. It is therefore important to develop the appropriate trade rules that would create the conditions to do business in the most effective, legally secure and predictable environment. The past year has been particularly exceptional in terms of developments in the international trade arena and our Chamber has devoted a lot of time and efforts to international trade issues. Our key objective has been to secure the best possible access to markets for our exports whilst at the same time ensuring that our defensive interests are safeguarded.

The Chamber has worked in close collaboration with the Ministry of Foreign Affairs, Regional Cooperation and International Trade and we have been proactive on many fronts: at the level of the World Trade Organization, in the region with SADC and COMESA, with the EU for the negotiations of an Economic Partnership Agreement (EPA) and, at bilateral level, with the US and Pakistan.

(i) Joint Public-Private Sector Committee on International Trade Issues

During the year 2008, a Joint Public-Private Sector Committee on International Trade was set up under the Chairmanship of the Minister of Foreign Affairs, Regional Integration and International Trade to strategise on measures to be taken to cope with the challenges of trade liberalization and to maximize on benefits arising from multilateral/bilateral and other trade agreements to which Mauritius is a party or intends to sign.

The Chamber has been deeply committed to the trade negotiating process. We have been involved in all the trade negotiations both at national level, with the development of the national strategies and, also, by participating with government in the actual trade negotiations. The setting up of a Joint Public-Private sector Committee will provide an opportunity to devise a common long-term strategy to ensure that both the offensive and defensive interests of the country are safeguarded.

(ii) WTO

At the level of the World Trade Organization, the main developments in 2008 were, firstly, the several attempts to put the Doha negotiations back on track and, secondly, the third trade policy review exercise scheduled for Mauritius.

As regards the Doha Round of negotiations, a Mini-Ministerial meeting was held in July 2008 to try to strike a framework deal on the negotiations on agricultural and industrial (NAMA) goods. The Mauritian Delegation, which was led by the Vice Prime Minister and Minister of Finance and included the Secretary-General, participated fully in the negotiations to advance the position of

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Mauritius and other allied countries. On both agriculture and NAMA the consensus was moving towards positions which are more acceptable to Mauritius. Unfortunately, the extreme positions adopted by a few countries prevented an agreement and the negotiations failed yet once again.

There were consultations to convene another Mini-Ministerial meeting in mid-December 2008 with a view to resolving the remaining contentious issues in the Agriculture and NAMA. The strategy of Mauritius in the negotiations which is shared by the Chamber is to try to preserve the 'acquis' of the July 2008 round of negotiations and try to build on them.

(iii) Trade Policy Review of Mauritius

A delegation from Mauritius led by the Secretary for Foreign Affairs, Mr. A. P. Neewoor and comprising the Secretary-General of the Chamber was in Geneva from 23 to 25 April 2008 for the WTO Trade Policy Review for Mauritius.

The objectives of the Trade Policy Review (TPR) is to assess compliance to the WTO rules and the multilateral trading system thus enhancing the transparency of Members' trade policies. Prior to the exercise in Geneva, the Chamber had several working sessions with the WTO team that was in Mauritius for conducting the trade policy review exercise. In Geneva the Mauritian Team responded to all the queries from other Members of the WTO and the exercise was a successful one.

(iv) Regional Trade Integration

Regional trade is acquiring more significance for the Mauritian economy, especially, in terms of its importance as a market for our products.

The Chamber has been deeply engaged both at national level and in the region in the trade negotiations for SADC and COMESA, namely in the discussions for the setting up of the respective Customs Unions and, also, in the technical discussions on issues such as rules of origin and non-tariff barriers.

SADC officially launched its Free Trade Area (FTA) in August 2008. The Chamber participated in official launching as it had been in the front line in all SADC negotiations. The more so given that there has been a definite positive outcome from the implementation of the SADC Trade Protocol.

Over the past three years, there has been a substantial growth in our exports to SADC, more particularly South Africa. For 2007, our exports to the South African market amounted to Rs. 2 billion with a large share being textile and garments.

Over the past year, the Chamber has also been involved in the regional meetings for the setting up of the SADC Customs Union. In order to assess the implications of the SADC Customs Union for Mauritius, our Chamber collaborated with the Ministry of Foreign Affairs, Regional Cooperation and International Trade and Enterprise Mauritius to organize a national brainstorming session in March 2009.

At the level of COMESA as well, there were several meetings held last year in preparation for the launching of its Customs Union, which was initially scheduled for December 2008. However, the launching was for a number of reasons delayed.

One of the main developments in the region last year has been the COMESA-EAC-SADC Tripartite Summit held on 22 October 2008 in Uganda. The Tripartite Initiative aims at forging closer interaction among the three regional groups of COMESA, EAC and SADC and provides a platform for the three blocs to coordinate their positions on various trade and economic issues. The main decision of the Summit is the establishment of an enlarged Free Trade Area (FTA), made up of members of the three regional blocs with the ultimate goal of achieving a single customs union. For the Chamber, the Tripartite Initiative for the setting up of an enlarged FTA at the regional level will overcome the challenges posed by multiple memberships and it is expected that the harmonisation of trade policy regimes among the three blocs will facilitate business in the region.

(v) EPA

Mauritius initialed the Interim Economic Partnership Agreement (EPA) with the European Community on 4 December 2007 as it was critical to preserve our preferential access on the European market. The Interim EPA provides full duty free and quota free market access for all products, with a transitional period of sugar and rice. It also provides more flexible rules of origin than what was contained in the Cotonou Agreement for some products such as textiles and clothing, wheat flour, pasta and biscuits among others. In addition, it also provides for an automatic derogation for 8,000 tonnes of canned tuna and 2,000 tonnes of tuna loins to be shared among those ESA States which have initialed the Interim Agreement.

Our Chamber has been the main private sector institution involved in the EPA trade negotiations and we have been regularly participating in the technical meetings held both at regional level and with the European Commission.. EPA discussions continued in 2008 with a view to concluding a full and comprehensive EPA. The outstanding issues include trade in services, investment and private sector development as well as trade facilitation. Given the slow progress in the negotiations, it was agreed that negotiations would be pursued in 2009 with a view to conclude discussions on outstanding matters.

(vi) Seminars and Workshops

Given the role of the Chamber in regional and international trade negotiations issues, our institution was invited to participate in a number of high-level conferences, seminars and workshops.

WTO Seminar on Logistics Services

Logistics services are important for all businesses as a means to get their product and services to consumers in a timely and cost effective manner. Logistics services are also a crucial element for countries to participate in international trade.

In this context, our Chamber participated in a two-day National Seminar on Logistics Services organised by the Ministry of Foreign Affairs, Regional Integration and International Trade in collaboration with the World Trade Organisation (WTO) in July 2008. The aim was to provide participants, both from the public and private sector, with a broader understanding of Logistics Services and the General Agreement on Trade in Services (GATS) and how commitments are scheduled at the level of the WTO.

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National Workshop on WTO Domestic Regulations

The Chamber participated in a three-day National Workshop on Domestic Regulations which was organised by the Ministry of Foreign Affairs, Regional Integration and International Trade with the collaboration of the WTO.

Regulations in the services sector are complex and can relate to core government policy goals. They are often designed to meet 'non-economic' goals such as environmental or social objectives. Such regulations vary from country to country and also within countries, where local governments and municipalities are often in charge of implementing regulations. The Workshop laid emphasis on the different services falling under domestic regulations such as the procedures and technicalities in qualification requirements, technical standards, quality regulations and licensing requirements among others. The Workshop also focused on how to take specific commitments for domestic regulations under trade in services negotiations.

Sensitization Workshop on Trade Opportunities in the COMESA

A one-day Sensitization Workshop on Trade Opportunities in the COMESA Market was organised by the Ministry of Foreign Affairs, Regional Integration and International Trade in August 2008.

The Chamber participated in the Workshop given that regional integration is synonymous to an enlargement of economic space which serves as a stepping stone towards integration into the globalising world economy. Mauritius has been a founding member of the COMESA Preferential Trade Area since its creation in 1981 and acceded to the COMESA treaty upon its adoption in 1993. Total exports from Mauritius to the COMESA region increased from Rs 2.5 billion in 2000 to Rs 5 billion in 2008.

Seminar on WTO Rules Negotiations

The Chamber participated in both a Regional Seminar and a National Seminar on Rules Negotiations covering Anti-Dumping and Fisheries Subsidies held in November 2008.

The objective of the seminars was to assist participants to identify and understand the issues pertaining to the rules negotiations that are of most immediate importance to them particularly in the area of fisheries subsidies and anti-dumping.

The WTO texts and their disciplines regarding Fisheries Subsidies and Antidumping were introduced to the Participants. The basic principles and the methodology for determination of dumping and its impact on local industries were explained.

Participants included representatives from different Ministries, the Chamber and its Members and other Private Sector Organisations.

Meeting with Stakeholders on AGOA Issues

The Chamber also participated in a public-private sector meeting organized by the Ministry of Foreign Affairs, Regional Integration and International Trade with stakeholders on issues relating to the Africa Growth and Opportunity Act (AGOA) in November 2008.
The presentation made by Mr. Paul Ryberg from the African Coalition for Trade (ACT) focused on strategies to maximise the benefits of the Third Country Fabric derogation for Mauritius and on the measures to diversify exports on the US market.

The Third Country Fabric derogation will allow local industries to use fabric or yarn irrespective of the country of origin for the production of textile and apparel articles for exports free of duties and quotas into the US.

Seminar on Trade Related Issues in the Context of EPA Negotiations.

A half-day seminar on trade related issues in the context of the negotiations of the Economic Partnership Agreement (EPA) with the European Union (EU) was held in January 2009 on the initiative of the Ministry of Foreign Affairs, Regional Integration and International Trade.

During the seminar, which was attended by representatives from different Ministries, from the Chamber and from other

Private Sector Organisations. The objective of this study was to assess the implications of the trade related issues in EPA negotiations, namely competition policy, investment, intellectual property rights, government procurement, sustainable development and good governance in taxation and fiscal matters.

National Workshop on Rules of Origin

Rules of Origin are of crucial importance to our economic operators dealing with international trade. Our Chamber participated in the National Workshop on rules of origin, organised by the Ministry of Foreign Affairs, Regional Integration and International Trade, was held at La Plantation Hotel, Balaclava from the 3rd to the 5th February 2009.

The National Workshop laid particular emphasis on the definition of the concept of "originating products" and on the different rules of origin under the South African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), the Economic Partnership Agreement (EPA) and the Africa Growth and Opportunity Act (AGOA). Rules of origin confer the status of "originating products" by defining the amount of local processing, or the extent of the transformation of the product, that must be undertaken in the country from which the product claiming preferences is exported.

Regional Workshop on Non-Tariff Barriers

The Chamber participated in a regional workshop on non-tariff barriers in Johannesburg in May 2008. The objective of the workshop was to come up with a common NTBs reporting mechanism for COMESA, SADC and EAC Member States. The elimination of non-tariff barriers (NTBs) has always been a priority in the Chamber's trade facilitation agenda since they represent one of the most significant challenges to the objectives of free trade.

(c) Bilateral Agreements

The Chamber has also been active on the bilateral level as it has been associated with various government initiatives to strengthen trade and economic relations between Mauritius and some individual countries. The Chamber was represented on the various bilateral joint working groups to discuss specific issues. Our institution was also invited to form part of the public/private sector delegations to promote Mauritius in these countries.

(i) Trade and Investment Framework Agreement between Mauritius and the US

The main objectives of the TIFA aim at strengthening and expanding trade ties between Mauritius and the US. It also provides an opportunity to work more closely on a broad range of trade-related issues, including moving the WTO Doha Development Round forward and on implementing the AGOA. A digital video conference, to which the Chamber participated, was held with the US to discuss ways to increase trade between the two countries and to discuss the signing of a Bilateral Investment Treaty.

(ii) African Growth and Opportunity Act (AGOA)

One of the main achievements this year for Mauritius has been the lobbying for the 'Third Country Fabric' provision which allows beneficiary countries to source their raw materials from outside the region for use in apparel exports destined to the US market. With the worldwide recession, it is expected that the Third Country Fabric Provision will provide some flexibility to our exporters as they will now be able to source the best raw materials at the best available price.

One of the major events this year has been the AGOA Forum. The President of the Chamber formed part of the delegation led by the Deputy Prime Minister and Minister of Finance who attended the AGOA Forum in Washington and did the final lobbying for the 'Third Country Fabric'.

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(iii) Mauritius-Pakistan

The Preferential Trade Agreement (PTA) between Mauritius and Pakistan came into operation 30 November 2007. The next step is for the PTA to culminate into a Free Trade Agreement (FTA) which would go beyond trade in goods and also encompass trade in services. Both Mauritius and Pakistan recognized the need to increase trade between the two countries by sensitizing the business community on the benefits of the PTA through the organisation of trade shows and market surveys. Other issues pertaining to visa facilities for the business community and direct air links for the expansion of bilateral trade are also on the agenda. The Chamber will soon be organising a Workshop to sensitize the business community on the benefits that can be derived from the PTA.

(iv) Bilateral Economic Agreement with South Africa

The Secretary-General of the Chamber, Mr. Mahmood Cheeroo, formed part of a high-level delegation to South Africa led by the Minister of Foreign Affairs, Regional Integration and International Trade, Dr. Arvin Boolell, in February 2009. The objective of the visit, was to sign a Bilateral economic cooperation agreement to strengthen economic ties, to promote investment opportunities and to enhance trade cooperation between Mauritius and South Africa.

The agreement was signed by Hon. Dr. A. Boolell and Mr. Mandisi Mpahlwa, Minister of Trade and Industry of South Africa. The Secretary-General and the Managing Director of BOI made presentations to the assistance present at the signing ceremony, on the prospects for more intense business relations between the two countries.

The agreement also provides for cooperation at private sector level to further develop trade and investment between South Africa and Mauritius. Our Chamber will be called upon to play a vital role in this context.

(d) National Economic Policy

During the past year our Chamber continued to participate in the national economic policy formulation which shapes the economic future of our country. Every year the privileged vehicle for this contribution has been the preparation of the National Budget. The Chamber submitted its proposals through its Memorandum on the Budget.

In addition, following some measures contained in the 2008/2009 Budget, which had the potential of adversely affecting some local industries, our Chamber was called upon to work with the affected operators to identify measures which can mitigate the adverse impact.

More importantly, as the global crisis unfolded in the second half of 2008, we were solicited to make proposals to contain as much as possible the negative effects on the local economic fabric and we were eventually invited to participate in the implementation of the 'Additional Stimulus Package' (ASP).

(i) Memorandum on the 2008/2009 Budget

As is the case every year, the Chamber presented to the Ministry of Finance a number of requests for consideration during the preparation of the 2008/2009 Budget. In our memorandum to the Minister of Finance our observations and recommendations focused on two main elements: signs of vulnerabilities in the economic structure and important changes in the world economic context.

Among the specific issues in our Memorandum which called for new policy orientations, the following had high priority : Food security, renewable energy, the need for a minimal protection to the local manufacturing sector and the need to have a better balance between capital and recurrent expenditure.

The 2008/2009 did lay a lot of emphasis on food security and renewable energy. Unfortunately the full implementation of the PRB Report inflated further Recurrent Expenditure while the urgent need for additional economic infrastructure did not get the same treatment in the Capital Budget.

In addition, in spite of the assurances given to the Chamber during the Budget consultations, duties on a number of products manufactured locally were either substantially reduced or abolished.

(ii) Post-Budget Consultations

Operators adversely affected by the reductions or abolition of import duties on their products requested the Chamber to make representations on their behalf to the Minister of Finance. Meetings were held with the Minister of Finance and temporary solution found to the immediately most vulnerable industry, that is the poultry industry, and the 'Industrial Development Task Force' (IDTF) was tasked to identify measures which could mitigate the adverse impact on other industries. The IDTF, which is co-chaired by the Secretary-General, had consultations with operators from the various industries and recommendations were made to the Minister of Finance.

(iii) The 'Additional Stimulus Package'

As Government was preparing its response to the global economic crisis, the Minister of Finance had consultations with all major stakeholders, including our Chamber. The Chamber shared its views directly with the Minister and also channeled the core issues through the JEC, which submitted a comprehensive memorandum to the Minister of Finance. The issues on which our Chamber agreed forcefully were :

The need to give the local manufacturing sector a respite on the trade liberalization process;

An urgent effective operationalization of the Manufacturing and SME Fund, to give proper assistance to industry;

The pursuit of an exchange rate policy that keep in view both the interests of exporters and the high level of imported inflation; and

The need to delink the assistance to economic operators with the reduction in the prices of consumer products on the local market.

In the ASP, the reduction of duty programme was frozen for two years. On the other three proposals of the Chamber, the response has also been positive.

A National Steering Committee, comprising High Officials of the public sector and representatives from the private sector, has been set up to oversee the implementation of the ASP. Both the President and the Secretary-General form part of the Steering Committee. In addition, the President has been selected to co-chair the Sub-Committee on Industry and the Secretary-General to co-chair the one on Purchasing Power.

(iv) Other Contributions

In addition to the structured contributions mentioned earlier, the Chamber has also had

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the opportunity to put across its views on a number of issues in committees or Task Forces set up to examine specific policy orientations.

(e) Industrial Development

Since several years the Chamber has been in favour of the design of a new industrial development strategy given the profound changes which have taken place in the conditions of access to export markets, new sources of global competitiveness and major policy changes at home. Last year witnessed an initiative of the Ministry of Industry on this subject.

The 'Industrial Development Task Force' (IDTF), which was set up as a result of the concerted effort of the Chamber and the AMM, made a significant contribution to the sector.

A joint MCCI-Ministry of Industry Committee was also set up to favour a more holistic approach to horizontal issues affecting industry.
Finally, our Chamber took a number of initiatives to defend and promote the interests of the industrial sector in various fora.

(i) Industrial Development Strategy

During the year, after discussions with the Chamber and other stakeholders, the Ministry of Industry finalized the terms of reference for a study on a new Industrial Development Strategy for the country. Our Chamber, had several exchanges with the selected consultant, Mr. Siegfried Jenders, and actively participated in the workshops to validate the findings of the study which is being finalized.

Our Chamber was also part of the consultative process for two other studies undertaken by the World Bank to support the development of the industrial sector, especially the SMEs.

We were also part of the discussions to put into place in Mauritius a UNIDO project under its 'Industrial Modernization Upgrading Programme'.

It is hoped that all these initiatives will help to provide a new coherent approach to the development of the industrial sector in Mauritius.

(ii) The 'Industrial Development Task Force' (IDTF)

On a joint proposal from our Chamber and the AMM, Government decided in 2008 to set up the IDTF whose co-chairman were the Secretary-General of the Chamber and the Chairman of 'Enterprise Mauritius'. The Secretariat of the IDTF was provided by the Chamber. The IDTF has consultations with operators of the local industrial sector on the basis of which it made recommendations to the Ministry of Finance for a comprehensive support programme to the sector. These recommendations led to the establishment in the 2008/2009 Budget of the Manufacturing Adjustment and SME Development (MASMED), with a budget of Rs. 500 million. The MASMED has now been entrusted to execute the programmes identified by the IDTF for the local manufacturing sector. Under the ASP the amount devoted to the MASMED was doubled to cater for the needs of other segments of industry.

When it was found out that the reduction or abolition of duty in 2008/2009 Budget has unduly affected some industries, the IDTF was tasked to identify measures which can mitigate the adverse impact. The main thrust of the work of IDTF has been to identify all impediments which stand in the way of a level playing field between locally produced goods and imports. The recommendations of the IDTF which pertain to whole range of regulations and standards and their effective application, have been submitted to Government for remedial action.

The results achieved in favour of the local manufacturing sector through the IDTF are a vivid illustration of the benefits of the collaborative effort between the Chamber and the AMM.

(iii) MCCI – Ministry of Industry: Standing Committee on Industry

In view of the challenges underlined earlier, there was a need to have a more structured interaction with the Ministry of Industry. In February 2009, a Standing Committee between the Chamber and Ministry has been set up. The Committee is chaired by the Minister and meets once every month. We expect that through this forum, practical problems affecting the manufacturing industry could be dealt with alongside other deeper policy issues.

(f) Business Facilitation

Trade and business facilitation is one of the core activities of our Chamber. During the past year, the Chamber further developed its services to Members, particularly in the Duty/VAT Refund Services at the airport. New developments were also noted with regards to our Arbitration services.

(i) GS I Barcoding Service

The GS1 Barcoding service was revamped in the form of improved communications through a special dedicated webpage on the MCCI's website. We also introduced LEARN, an online learning platform where GS1 subscribers can log in and take short courses on a wide range of subjects related to the GS1 Barcoding system. Examples of short courses include "Basic Concepts of GS1 Barcoding Standards", "Supply Chain Management", "Developing and Implementing EANCOM".

The number of GS1 subscribers increased by 25% in 2008, an encouraging trend showing increasing acceptance and use of the GS1 standards system, which aims essentially at increasing the efficiency of the supply chain process.

(ii) ATA Carnets

The ATA carnet, which the Chamber issues since 1984, facilitates duty-free temporary imports of certain categories of goods in a number of countries. The ATA carnet is currently accepted in a total of 66 countries, with two new countries – Montenegro and Ukraine – joining the ATA Carnet Convention in 2008.

The Chamber issued ATA carnets for goods of a total value of around Rs 30 million in 2008.

(iii) Delivery of VAT Free/Duty Free Goods and Refund of Vat/Duty

The setting up of a secured and integrated computerised network, the MCCI Business Network Facilitation Services (BNFS), is

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now well advanced. MCCI is using the new software since October and more than fifty Duty / Vat Free Operators are already on the system through either the vocal server (phone –based) or the computer-based options. In addition to the network installation (servers, software, etc.) the computer-based options provide the necessary equipment (a PC, a modem and related equipment and software) to operators against a monthly fee. However, due to the high initial investment in training and equipment, many operators could not join the network. In this context, the Chamber has made a request for funding to the - tune of Rs 4.2 million to the Decentralised Cooperation Programme of the European Union, in order to provide assistance to the SMEs to join the network. With more than a hundred operators expected to join the BNFS in 2009, the network will henceforth comprise almost all operators in the Duty/ VAT Free/Paid business. The Mauritius Revenue Authority (MRA) is also expected to be linked with the BNFS in 2009 both at Customs and VAT levels.

(iv) Arbitration

In the field of arbitration, a major step forward was made in 2008 through the introduction of the International Arbitration Act, which became a law on 15 December 2008. During the past decade, the Chamber, which runs a Permanent Court of Arbitration since 1996, made several representations to successive Governments for the introduction of the appropriate framework for arbitration to develop in Mauritius. It was further to these representations that the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards was eventually adopted by Parliament in 2001 and promulgated in 2004. We also collaborated with the State Law Office on the draft International Arbitration Bill, which is based on the UNCITRAL Model Law.

The introduction of this Act is definitely a major positive factor for the development of arbitration in Mauritius. Since Mauritius is now the only country of this region to have adopted the UNCITRAL Model law. An increase of interest in Mauritius as an arbitration venue can be foreseen. During 2009, we shall focus on major initiatives involving the setting up of training programmes in techniques of Alternative Dispute Resolution, and the sensitization of operators and legal professionals on the benefits of commercial arbitration.

(v) Intellectual Property Rights (IPR)

Intellectual Property Rights has been one of our key fields of advocacy over the past five years, and we maintained the same commitment in the subject during 2008. This year, collaboration was initiated with the World Intellectual Property Organisation and this is expected to continue next year for the elaboration of an IPR development plan.

We plan to continue our IPR awareness campaign next year to sensitize operators to the importance of protecting their IPRs as crucial business tools, especially in current times of uncertainty and financial crises.

(vi) Competition

The Chamber has been an active proponent of the introduction of a Competition framework for Mauritius during the past decade, and has made representations in favour of a sound competition policy for the country, which would replace price control and promote the self-regulation of markets.

The Chamber participated in various consultations with the Government in relation to the introduction of the Competition Act 2007, and pursued representations in view of a legal framework which, while being in conformity with international standards, remains fair and transparent and serves the interests of both the business community and consumers.

During 2008, Parts I and II of the Competition Act 2007 were proclaimed to come into operation on the 24th October 2008.Part II of the Act provides for the setting up of a Competition Commission, which will consist of 5 commissioners to be selected from the public sector, private sector and academia and appointed by virtue of their qualifications and experience in law, economics, accountancy, or commerce. Main functions of the Commission will be to conduct hearings, determine the existence of restrictive business practices, and impose penalties and remedies in response to identified anti-competitive practices.

On 5 March 2009, the Chamber organised an information workshop for the benefit of its members on the Competition Act 2007, and on the functions and powers of the Competition Commission, which will be set up in the coming six months.

Mr. John Davies, the newly appointed Executive Director of the Commission, was the main speaker during this workshop. He presented salient aspects of the Act and of the Commission, and expressed the importance of maintaining a close dialogue with business operators, throughout the process of setting up the Commission and drawing out the guidelines which will be used to enforce the Act. Members present had many questions to put to Mr. Davies, who fully participated in a very interactive discussion session.

(vii) ICT and Telecommunications

In additional to its support the OTAM, the Chamber continued during the past year to address broader issues in the ICT and telecommunications sector.

Hence, linkages were established with other ICT organizations of Europe and of the East African/Indian Ocean region to exchange on how to improve the business environment for the sector. Major developments in terms of regional collaboration, training activities and reinforcement of policy dialogue are foreseen during 2009.

The Chamber also continued to be represented on the Information and Communication Technology Advisory Council (ICTAC) during 2008.

(viii) Electronic Certificate of Origin

The Chamber, in an endeavour to bring along more innovation in its services, has embarked on a new project, the Electronic Certificate of Origin.

The Chamber has been issuing non-preferential Certificates of Origin over the last 50 years. Some eight thousand certificates are being

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issued yearly. Currently operators, customs brokers, forwarding agents purchase blank Certificates of Origin, fill them in manually and bring them to the Chamber for approval and signature.

The Electronic Certificate of Origin will consist of a web-based system for the application and delivery of the Certificate of Origin. Web-based online service provides cost effective services worldwide and this will allow exporters to apply anytime and thus save time. The new application will be developed with special security features to prevent forgeries of the original Certificate of Origin.

The new electronic system is being tested and will be in operation very soon.

(g) Promotion

In 2008, to ensure the proper defence and promotion of the interests of its Members, our Chamber participated in many seminars and workshops where issues of interest to Members were discussed.

It also organized meetings to sensitize Members on issues that affect their business and on business opportunities which exist between Mauritius and other countries.

The MCCI has also developed its information services to keep the business community apprised of the latest trade and business information.

(i) Presentation on Malaysia's Timber Industry and Trade

In the context of a market visit to Mauritius, Réunion Island and Madagascar, a presentation on "Malaysia's Timber Industry & Trade" was organised jointly by the MCCI and the Malaysian Timber Council (MTC) on the 9th October 2008

at the Labourdonnais Waterfront Hotel, Caudan.

The objective of the visit of the delegation was to enhance trade relations and increase timber trade. B2B meetings were also organised to exchange ideas with Mauritian operators and seek trade opportunities in the timber sector.

(ii) Information Meeting on the Business Opportunities between Russia and Mauritius

As Members are aware, a Memorandum of Understanding was signed between the MCCI and the CCI of the Russian Federation in May 2008. The objective of the MOU is to strengthen business relations between our two countries.

Although there has been no further development since then, both parties feel that there are avenues for further cooperation in many sectors. The CCI of the Russian Federation has proposed that a business delegation visits Russia in order to enhance trade between the two countries.

In this context, our Chamber organized on the 12 February 2009 an information meeting on the business opportunities which exist between Russia and Mauritius. Mr. Dimitri Tuarev, the first Counsellor at the Russian Embassy attended the meeting. The

participants were of the view that there are areas which can be exploited.

It was proposed that a business mission to Russia be organized in collaboration with Enterprise Mauritius around September 2009.

(h) Publications & Website

The Chamber publishes a variety of documents and reports which aim at disseminating information to its Members and wider business community both in and outside Mauritius. Also, to enhance its effectiveness the Chamber has a website where latest news and trade and economic information are easily available.

(i) Annual Report

This is the Chamber's leading publication. Each year, in addition to the President's report which gives an account of the Chamber's activities, the Annual Report combines the economic review for the past year with the Chamber's view on the state of the economy. An updated list of Members as well as their lines of business are also available in this publication. The Annual Report is circulated to Members to the Ministries and government bodies, to embassies and to foreign organizations. The 2007 issue was released in May 2008.

(ii) The Mauritian Economy in Figures

An annual publication, "The Mauritian Economy in Figures' is designed to be a handy instrument for businessmen and other interested parties who need to have a comprehensive yet condensed view of the Mauritian economy. The 2007 edition was released in June 2008.

(iii) Chamber News

The Chamber News is sent weekly via e-mail to Members. This electronic bulletin endeavours to bring to Members the latest news on the domestic, regional and international scenes which can have an impact on their business. Information on trade fairs and business opportunities are also available through the Chamber News.

The format of the Chamber News has been again redesigned in May 2008, to make it more user-friendly.

It is to be noted that the Chamber News has entered in its 10th year and issue No. 500 will be released at the end of 2009.

(iv) CCI Info

The CCI Info, half-yearly publication, is more analytical and examines deeper trade and economic issues. It also focuses on events organized by the Chamber. The magazine is also circulated to a wider audience.

The 40th issue focused on import of commodities and the main theme of the October issue was trade facilitation.

(v) Website

The Chamber's website gives an overview of Mauritius across the different sectors of

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activity. The contents are regularly upgraded to cater for the increasing demand for trade information.

The project of redesigning our website has been one of our main tasks of 2008 and the new website is expected to be launched in May 2009.

(vi) Setting-up of a Business Information Network

In October 2006, a seminar on "Gestion de l'information commerciale" was organised jointly by the International Trade Centre, the 'Organisation Internationale de la francophonie' and the 'Centre Hollandais pour La Promotion du Commerce' with the objective of finding ways and means to improve the flow of business information among countries of the Indian Ocean Commission. It was felt that there are many business opportunities which can enhance trade and investment in the Indian Ocean Commission (IOC) Region. But one of the factors which hinder trade expansion is the non-availability of business and trade information on each country.

One of the recommendations of the seminar was to set up a 'Regional Focal Point' under the aegis of the IOC Secretariat whose role would be to collect, process and disseminate data through a portal.

Many positive developments have taken place during the past year.

Each IOC Member country, except Réunion Island, has set up its national focal point. In Mauritius, it is our Chamber which has been appointed as the National Focal Point.

Regarding the regional Business Information Network, the Regional Focal Point was launched by the Secretary-General of the IOC, Mr. Callixte d'Offay, during the 4th Forum Economique des Iles de l'Océan indien held in Comoros Islands in October 2008.

Following a proposal from the International Trade Centre and the IOC, the MCCI has been entrusted with the management of the IOC Regional Focal Point. In this context, a Memorandum of Understanding was signed between the two organizations on 10 December 2008.

The portal is accessible on the following address:-
http://www.maurice.relais-infocom.net

(i) Documentary Film: "100% Challenge"

In 2008, the Chamber took the initiative of producing a documentary film to showcase the contribution of the local companies in the economic development of Mauritius, with a focus on their history and development, their products and the people who have contributed to their success.

The Mauritius Broadcasting Corporation has agreed to collaborate with the MCCI in this initiative. An editorial team, chaired by the President, has been set up in that respect.

The film comprises six episodes of 26 minutes each and will be broadcasted twice per month, on MBC Channel 1 and MBC Channel 2 respectively.

The first episode will be broadcasted on 21 April 2009 at 20.20 hrs on MBC Channel 1.

The implementation of this project has been made possible thanks to the sponsorship of 6 Members of the Chamber.

5. Regional and International Activities

Our Chamber participated actively in the various initiatives launched at regional level with a view to developing further regional business relations and to providing an interface with the regional governmental organizations.

During the past year, our Chamber was also active on the international scene. 2008 witnessed a consolidation of the cooperation between our Chamber and its existing partners as well as the establishment of new links with several foreign organizations.

(a) L'Union des Chambres de Commerce et d'Industrie de l'Océan Indien

It is to be recalled that our institution is a founding Member of the UCCIOI and is represented by Mr. Marday Venkatasamy, Past President, who has played a very active role to consolidate further the organization.

The signing of a Memorandum of Understanding between the Indian Ocean Commission and the Union des Chambres de Commerce et d'Industrie de l'Océan indien in 2007 in Mauritius paved the way for the organization to participate at IOC meetings where economic issues are raised. Several developments have taken place in 2008.

First, our Chamber was elected chair of the organization at the Annual General Meeting held in Comoros Islands in October 2008.

Second, the UCCIOI was admitted as a Member of the 'Conférence Permanente des Chambres Consulaires africaines et françaises'.

Third, the Chairperson of UCCIOI, Mr. M. Venkatasamy was invited by the IOC to form part of the 'Mission de médiation' to Madagascar in February 2009 in the context of the serious political instability which took place in the country. The 'mission de médiation' led by Mr. Sultan Chouzour of Comoros comprised among others, the Past President of the Republic of Mauritius, Mr. Karl Offman and Mr. Callixte d'Offay, the IOC Secretary-General.

There is no doubt that UCCIOI has gained international recognition since its launching in 2005 and that its voice is being heard. We are very confident that the UCCIOI will continue to play a dynamic role at regional level and will consolidate its role as the voice of the business community for the IOC region.

(b) Incoming Delegations

(i) Delegation from Rwanda

A delegation from the Private Sector Federation of Rwanda visited our Chamber in April 2008 in the context of a study tour. Members of the delegation were apprised of the role and functions of private sector institutions in Mauritius. It was also an opportunity for them to discuss trade and investment issues

(ii) Delegation from Uganda

A high-level delegation, led by the Minister of Local Government of the Republic of Uganda, Hon. Hope Mwesigye met with representatives of the MCCI on the 28th April 2008.

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The objective of the meeting was to discuss avenues of cooperation between Mauritius and Uganda.

(iii) Delegation from CCPIT Guangdong

A high-level delegation from the China Council for the Promotion of International Trade

(CCPIT) Guangdong Sub-Council visited the Chamber on the 9th September 2008. The delegation was led by Mr. Xiao Zhiheng, Honorary President, CCPIT Guangdong.

A Memorandum of Understanding was signed between the MCCI represented by Mr. Ahmed Parkar and Mr. Si Qingwei, Vice President CCPIT Guangdong Sub-Council on this occasion.

(iv) Delegation from Cape Coast Chamber

A meeting between members of a delegation from the Cape Coast Chamber in Cape Town, South Africa and Members of the MCCI was held at the Chamber on the 16th September 2008. The delegation was led by Ms. Someshni Naidoo, President of the Cape Coast Chamber.

(v) Visit of Shanghai CPPCC to the Chamber

A working session with a high level delegation from Chinese People's Political Consultative Conference (CPPCC) Shanghai was organised at the Chamber in collaboration with the National Economic & Social Council on the 10th October 2008.

The delegation was led by Hon. Feng Guoqin, Chairman of Chinese People's Political Consultative Conference (CPPCC) Shanghai Committee.

(vi) Meeting with Delegation from Shanghai Federation of Industry and Commerce

A meeting with a delegation from the Shanghai Federation of Industry and Commerce was organised by the Chamber on the 3rd November 2008.

The delegation was led by Mr. Ji Xiaodong, Vice-Chairman Shanghai Federation of Industry and Commerce.

In this context, a Memorandum of Understanding was signed between the MCCI and the Shanghai Federation of Industry and Commerce

(vii) Visit of SADC Heads of Customs to the Chamber

A meeting between representatives of the Chamber and a delegation of Heads of Customs from SADC countries, was held at the Chamber on the 25th November 2008. It was an opportunity for the delegates to be apprised of the role of the Chamber in the field of trade facilitation.

(c) Outgoing missions

The Fourth 'Forum Economique des Iles de l'Océan indien'

A twelve-member delegation led by Mr. Ahmed Parkar, participated at the 4th edition of the Forum Economique des Iles de l'Océan Indien held from the 21 to 23 October 2008 in Comoros Islands.

The Forum was organized under the aegis of l'Union des Chambres des Commerce et d'Industrie de l'Océan indien. Around 275 participants from the IOC countries as well as from Mayotte and the Gulf countries participated at the event. The

Forum addressed key economic issues namely the EPA, the ICT sector and the Maritime transport. It was marked by the launching of the IOC Regional Portal by the Secretary General of the Indian Ocean Commission, Mr. Callixte d'Offay.

The next edition of the FEIOI is scheduled to take place in Mayotte in October 2009.

(d) Visits of High Dignitaries

2008 was an eventful year in terms of the number of personalities who visited the Chamber

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(i) Visit of the High Commissioner Designate of the Republic of Cyprus to the Chamber

H.E. Mr. Argyros Antoniou, High Commissioner designate of the Republic of Cyprus to the Republic of Mauritius met with representatives of the Chamber on the 2nd April 2008.

The High Commissioner of Cyprus expressed the wish that trade relations between the two countries be strengthened. Both parties felt that the relations between the private sector institutions of both countries could be formalised through the signing of an MOU.

(ii) Visit of the High Commissioner of Singapore to the Chamber

H.E. Mr. Haider M Sithawalla, High Commissioner of Singapore to the Republic of Mauritius met with representatives of the Chamber on the 27th June 2008. Discussions centered on the organization of focused bilateral trade and investment missions.

(iii) Visit of the Ambassador Designate of the Kingdom of Saudi Arabia to the Republic of Mauritius to the Chamber

The Ambassador Designate of the Kingdom of Saudi Arabia to the Republic of Mauritius, H.E. Mr. Mohammed Mahmoud Ali Al-Ali, paid a courtesy call on the representatives of the Chamber on the 6th November 2008.

(iv) Visit of the President of the Chamber of Commerce and Industry of Antananarivo to the Chamber

The Chamber received Mr. Andrianarivelo Razafy, the President of the Chamber of Commerce and Industry of Antananarivo on the 13th August 2008.

(v) Visit of the Consul of Mauritius in Italy

The Consul of Mauritius in Italy paid a courtesy call to the representatives of the Chamber on the 13th August 2008.

(vi) Visit of the Consul of Mauritius in Belgium

The possibility to enhance partnership between the Mauritian and Belgian enterprises was raised during a courtesy call on the 14th August 2008 by Mr. Robert Wtternwulghe, the Consul of Mauritius in Belgium.

(vii) Visit of the Honorary Consul of Mauritius in Zambia to the Chamber

Mrs. Rekha Parmar, Honorary Consul of Mauritius in Zambia paid a courtesy call on representatives of the Chamber on the 10th November 2008.

(e) Strengthening of Relations with other Organisations

(i) Signing of MoUs

The past year witnessed the formalization and consolidation of our relations with existing and new partners, both at local and international levels.

(ii) Local Level

MCCI-Mauritius Revenue Authority

An MoU was signed between the MCCI and the MRA on 12 November 2008. The objective of the MoU is to strengthen further the cooperation between the two organizations.

The MoU was signed by the President of the MCCI, Mr. Ahmed Parker and the Director-General of the MRA, Mr. Sudhamo Lal.

Both parties agreed that the focus of their cooperation would be trade facilitation.

MCCI – Indian Ocean Commission

A Memorandum of Understanding between the MCCI and the IOC was signed on 10

December 2008. The objective of the MoU was to entrust the MCCI with the responsibility of the management of the IOC Regional Portal.

As mentioned earlier, the MCCI has been appointed as the Regional Focal Point for the IOC Portal which links the national portals of the other IOC countries.

The MoU was signed between the President of the Chamber, Mr. Ahmed Parkar and the Secretary General of the IOC, Mr. Callixte d'Offay.

MCCI – ZEP Partnership

A Memorandum of Understanding was signed between the MCCI and the Ministry of Education and Human Resources on 18 June 2008 at Bambous A Government School.

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The MoU represents an important framework for the close collaboration between the Ministry and the Private companies regarding the various programmes in the ZEP schools.

(iii) International Level

MCCI-CCPIT Guangdong

As mentioned earlier, a Memorandum of Understanding was signed between the MCCI and the China Council for the Promotion of International Trade – Guangdong Sub-Council on 9 September 2008.

The objective of the MoU is to strengthen trade and economic relations between China and Mauritius. The agreement was signed between the President of the Chamber, Mr. Ahmed Parkar and the Vice-President of the CCPIT Guangdong Sub-Council, Mr. Si Qingwei.

MCCI – Shanghai Federation of Industry and Commerce

As also mentioned earlier, a Memorandum of Understanding was signed between the MCCI and the Shanghai Federation of Industry and Commerce on November 2008.

The agreement aimed at enhancing cooperation between the private sector organizations of both countries.

It is worth mentioning that the Chamber has to date, signed 21 agreements of cooperation with the private sector organizations of 12 countries.

A Memorandum of Understanding provides for cooperation and coordination between the signing parties. It's a 'door opener' for privileged information and contacts.

Our Chamber is proud to mention that over the years, it has been able to develop and consolidate its relations with so many private sector organizations abroad. Thanks to this network, our institution has become the first point of contact for foreign business delegations visiting Mauritius.

6. ANNUAL DINNER

The Annual dinner is scheduled for Friday 20 March at the Hilton Hotel. The Guest Speaker will be Mrs. Claudia Wiedey-Nippold, Head of Delegation & Ambassador of the Delegation of the European Commission to the Republic of Mauritius, Comoros and the Republic of Seychelles, who would address the audience on the theme "Mauritius and the EU - a proven partnership during a period of global turbulences". The Prime Minister, Senior Ministers, members of the Diplomatic Corps, High Officials of the Public Service and other Guests are expected to attend.

7. THE IMAGE OF THE CHAMBER

Our institution is the oldest non-profit making organization in Mauritius. It is respected both at national and at international levels. Its long history of almost 160 years and its breadth of influence have made of it a unique institution of the private sector.

However, in spite of its central position, it seems that the role and activities of our institution are not well-known to the entire business community and to the public in general.

The challenge is to create and deliver clear and consistent messages on the Chamber's projects and initiatives with a high-level of integration.

After discussions at Council level it was agreed that the Chamber hire the services of PR company to assist the Chamber to consolidate its image. 'AdvantEdge Public Relations and Corporate Events' was selected to act as the Chamber's PR consultancy. Since its appointment in June 2008, the company has developed a comprehensive public relations plan in line with the set core objective of better positioning the MCCI as the main private sector organisation in Mauritius. The aim is to make its key audiences better understand and subsequently advocate its role and support its activities.

The plan comprises a four-fold strategy which relates to the institution, its operations, media relations and Member relations. Some projects have already been implemented while others are being worked upon by the PR company.

8. CENTRE FOR BUSINESS STUDIES

The Centre for Business Studies has continued its consolidation since it has moved in the new premises at Ebène Cybercity in 2005. On the one hand, it lays very

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strong emphasis on the quality of its existing courses; on the other hand it is working with new partners to enhance its offer of services. A new emphasis is being laid on short courses for the business community.

(a) Existing Courses

It is to be recalled that the Centre offers three mainstream specialization areas to school learners in the 2-year French Higher National Diploma Courses ("Brevet de Technicien Supérieur (BTS)") in the fields of Information Technology, Marketing and Management of SME's. These training programmes result from a collaborative effort with the "Académie de la Réunion" the awarding body, the "Rectorat de la Réunion", the coordinator for of the examinations, and the Lycée La Bourdonnais, a pedagogical partner in the project. The courses are organized under the aegis of the French Embassy

In addition, two French Bachelor courses namely, the 'Licence de Sciences de Gestion' and the 'Licence Professionelle en Commerce Eléctronique'. The former is a joint initiative with the University of Poitiers whereas the latter is a partnership with the IUT of Saint-Pierre, Réunion Island.
The Centre is also presently involved in the delivery of two Master's courses:

the MAE, i.e. 'Master Administration des Entreprises', which is the equivalent of a Master's degree in Business Administration(MBA).

the MMI, i.e. 'Master Sciences du Management, Spécialité Management International', which is the equivalent of a Master's degree in International Business.

(b) New Courses

The Portfolio of courses has been enriched with the launching of a new diploma course in Accounts and Finance (Diplôme Universitaire en Comptabilité-Finance) in September 2008. The launching of this new curriculum forms part of the MOU which our Chamber has signed with the "Chambre de Commerce et d'Industrie France-Maurice". A foundation course to enable persons not holding the minimum entry requirements for this diploma was organised between February and June 2008.

These new programmes result equally from the collaboration with the University of Poitiers in France.

The CBS will start delivering courses to SMEs on "ICT" as a development and innovative tool by the end of March 2009. The courses which have been tailor-made for SMEs is being financed under a project of Decentralised Cooperation Programme of the European Union.

(c) Short Courses

So as to better satisfy the growing demand for more organizational effectiveness in the business community in Mauritius, the CBS has planned the launching of a series of short courses addresses to professionals and non-professionals. Two seminars on effective communication techniques were held in February and July 2008..

(d) Award of Certificate Ceremony 2008

Two award of certificate ceremonies were held in 2008. The first one which took place at the Cyber Tower was meant to reward all the successful students in the 2008 BTS examinations. It is to be highlighted that average success rate for the three BTS was 85%. The Minister of Education and Human Resources, Hon. Dr. Vasant BUNWAREE and the French Ambassador, H. E Mr. Jacques Maillard participated in this function.

A second award of certificate ceremony was held in December 2008 where 56 students were rewarded for their success in degree and post graduate courses.

(e) **International Training Programme on Intellectual Property Rights in Manufacturing"**

A three-day training programme was organized from 18 to 20 February 2009 in collaboration with the Confederation of Indian Industry (CII) under the aegis of United Nations Industrial Development Organisation (UNIDO). The emphasis of this training was on IPR issues and Enhancing technology driven export competitiveness aimed at increasing the international business cooperation capacity of SMEs in Mauritius.

Twenty participants attended this training. Given the success of the programme, CII and UNIDO intend to organise similar training programmes with the MCCI in the coming years

9. CORPORATE SOCIAL RESPONSIBILITY

Last, year, special attention was given to CSR activities. In addition to its existing projects, the Chamber's commitment to CSR activities has been extended to new initiatives. The development of CSR activities at the Chamber reflects the growing expectations of the community and the stakeholders of the evolving role of the private sector in society.

Following a call for project proposal from the Decentralised Cooperation Programme of the European Union, the Chamber submitted three projects for approval. The overall objective of the DCP, launched in September 2005 by Mauritius and the European Commission Delegation, is to alleviate poverty through the capacity building of Non-State Actors and job creation.

Two of these projects, the first one to help SMEs to connect to the Business Network Facilitation Services of the Chamber, and the second to deliver courses in ICT to SMEs, have already been presented earlier. The third one relates to our support to the ZEP schools.

(a) **Zones d'Education Prioritaires**

It is to be recalled that the MCCI has been entrusted with the management of the Ministry of Education/Private Sector ZEP Project in April 2007. The philosophy of the ZEP is based on the premise that positive reinforcement is required to create favourable learning conditions for children living mostly in the less developed regions.

The ZEP Project took a new dimension in 2008 with the two main developments:-

(i) Renewal of the MoU

First, the renewal of the Memorandum of Understanding between the Ministry of Education and the MCCI which took place on 18 June 2008 at 'Bambous A Government School'. The Memorandum provides the framework for the coordination of the support of private enterprises to ZEP schools.
The MoU was signed between the Minister of Education, Hon. D. Gokhool and the President of the MCCI.

A brochure on the ZEP project was also launched on that occasion.

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(ii) Promotion o f Writing and Reading Sessions in ZEP Schools

The Chamber submitted a project to the Decentralized Cooperation Programme whose objective is to raise the level of English and French in ZEP Schools.

It has been awarded a grant of Rs 4.2 million partly to support this project.

The contract between the MCCI and the DCP entered into force in September 2008 and the implementation period is 18 months. Our Chamber is working in collaboration with the 'Fondation Espoir et Développement' on this project.

10. NEW PROJECTS

After many years without any major project, our Chamber embarked in 2004 in the largest project of its long history, the building in Ebène Cybercity, an investment of over Rs. 30 million completed in 2005.

Since then our Chamber has been operating in a new mode, trying to capitalize on every opportunity to either consolidate an existing service or develop a new service which can bring value to the business community while consolidating the financial position of the Chamber.

Thus, in 2006 the Chamber embarked on a first project to computerize our Duty/Vat Refund Services and decided to build a brand new counter at Plaisance. Both projects were completed that year.

In 2007, our Chamber was prompted to implement the second phase of the computerization of the Duty/Vat Refund Services much earlier than it had initially planned. This project of an estimated cost of Rs. 8 million is still under implementation.

That same year the Chamber in association with a number of public and private organizations decided to put into place a 'Cargo Community System' an investment estimated at Rs. 150 million. The Chamber has actually invested Rs. 16.5 million in the company, MACCS Ltd., which is currently putting in place the CCS. In spite of the fact that the implementation is being done by the company, our Chamber provided all the administrative and financial support during the first half of 2008 to launch and render the company fully operational. We are still quite involved in the operation.

Last year, as has been described earlier, our Chamber was successful in obtaining financing under the DCP of the European Union for three projects : the MCCI Business Network Facilitation Services for SMEs with a project value of Rs. 5.6 million, the ICT Programme for SMEs for a project value of Rs. 5.5 million and the Project for the Promotion of writing and reading in ZEP schools for a project value of Rs. 4.2 million.
We have also initiated a project for the issue of Electronic Certificate of Origin in a partnership with 'Mauritius Network Services'.
As mentioned earlier, we have also embarked on a major project which, although not requiring any significant

investment from MCCI initially, will radically change the scope and mode of delivery of our arbitration services.

In an attempt to project a better image of the Chamber and the Business Community in general, our institution had initiated a film project which could eventually cost Rs. 5.5 million.

Finally, our property at Ebène with the existing building has the potential for further development both for expanding our training services and developing new services. The Sub-Committee of the Council on the Ebène Development project has initiated work in this direction.

This impressive list of projects initiated over a short period of time is a clear illustration of the determination of our Chamber to be proactive in its endeavour to consolidate its position as a main provider of key services to the business community.

At the same time the implementation of these projects represent a major challenge for our institution.

11. PROSPECTS

The review of the activities of our Chamber over the past year has revealed how extensive the reach of our institution is to-day and the number and quality of projects under implementation testify of its capacity to change and to take advantage of new opportunities.

This capacity to engage efficiently on so many fronts is the result of the strengthening of the internal structures of the Chamber, which has entailed the recruitment of qualified staff and has significantly increased the operating costs of our institution.

The continuous delivery of high quality services will depend on the capacity of our institution to retain and motivate the dedicated staff to strive for even higher levels of performance. In this regard the findings of the Benchmarking Exercise on conditions of service at the Chamber, will have to be used to make the necessary adjustments. This exercise will normally add to the operating costs of the Chamber and should not have been a subject of concern in normal circumstances.

In fact, the reinforcement of the structures of the Chamber has been done in recent years in a context of sustained growth in the revenue-earning activities of our institution. The global economic crisis, which has started to affect the Mauritian economy, has already had some negative impact on some of the revenue streams of the Chamber. If revenue was to fall more significantly in future, while costs are escalating, the current healthy financial situation of the Chamber can be at risk.

It is, therefore, of utmost importance that expenditure be clearly monitored to have maximum value for money. At the same time implementation of revenue-earning projects should be expedited to increase the resilience of the Chamber. Of special significance are the BNFS and MACCS projects.

Apart from the financial challenges in 2009 and beyond, the image of our Chamber as an open, non-discriminatory and efficient service provider to the business community has to be enhanced. The exercise to review the constitution has to be completed at the earliest to ensure that representation at Council level reflects the current structure of the Mauritian economy and the access to our Chamber, both to individual enterprises and sectoral associations be as simple and open as possible.

The exercise initiated last year to improve the image of the Chamber through a professional communications

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campaign has to be pursued. In the increasingly competitive environment in which our Chamber will have to operate effective communications will be key to its success.

The challenges faced by our Chamber are normally quite daunting. But these challenges are being compounded by the economic crisis which is threatening our national economic fabric.

However, I am confident that our Chamber will weather these turbulences thanks to our internal strengths.

It has been a great experience for me to preside over the activities of our institution. I would like to thank my fellow Council Members for all their support during my term office, especially Vice President Kiran Jawaheer, who chaired the Audit Committee and Past President Azim Currimjee who chaired the Building Committee and the CBS Board of Governors. My thanks also to all Members who served in various Sub-Committees of Council and other instances set up to address various issues. Thank you also to all the Members of the Chamber who provided their valuable comments to us and participated in the events organized by our Chamber.

Finally, a special word for the Secretariat of the Chamber, which under the leadership of the Secretary-General, did a remarkable job and provided effective support to Council and to the President.

Ahmed Parkar

MCCI Audit Committee

TERMS OF REFERENCE

Audit Committee

The Role of the Audit Committee is to establish formal and transparent arrangements for considering how it should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

It is useful that the Audit Committee has written terms of reference which deal clearly with its authority and duties.

The following Terms of Reference are thus proposed:

1. Membership and attendance

1.1 The Committee shall be appointed by the Council and shall comprise of a Chairman and at least 3 other Council members, who should be clearly independent of management and, as far as possible, free from any direct conflict of interest.

1.2 The Chairman of the Council shall not be a member of the Committee.

1.3 The Chairman of the Committee should have relevant financial knowledge.

1.4 In the absence of the Committee Chairman, the remaining members present shall elect one of their numbers present to chair the meeting.

1.5 The Committee may ask the Council Chairman, Secretary General, Finance Officer and any relevant senior management to attend meetings.

2. Secretary

2.1 The Audit Committee shall appoint the Secretary to the Committee who shall not be the Secretary-General.

3. Quorum

3.1 The quorum necessary for the transaction of business shall be 3.

4. Frequency of Meetings

4.1 The Committee shall meet quarterly and at such other times as the Chairman of the Committee shall require.

14.2 Meetings will be arranged to tie in with the publication of the Chamber's financial statements, prior to its presentation to the Council Meeting where accounts or financial statements are to be approved.

4.3 Meetings can be requested by the external or internal auditors if they consider one is necessary.

5. Notice of Meetings

5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.

5.2 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded in advance to each member of the Committee and any other person required to attend.

6. Proceedings at Meetings

6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The Committee Members shall declare their interest as soon as a conflict or potential conflict of interest arises.

7 Reporting Responsibilities

7.1 The Chairman shall report to the Council and make whatever recommendations the Committee deems appropriate.

8. Annual General Meeting

8.1 The Chairman of the Committee shall attend the Annual General Meeting and any other meeting where issues of relevance to the Audit Committee are likely to be raised.

9. Duties

9.1 Internal Control and Risk Assessment

9.1.1 The Committee shall keep under review the effectiveness of the Chamber's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks as well as the management of those risks by the Chamber.

9.2. Internal Audit

9.2.1 The Committee shall consider applications for the post of and recommend the appointment of the internal auditors; any dismissal of the post holder should be considered by the Committee.

9.2.2 The Committee shall consider and approve the terms of reference of the internal audit function, and shall be advised of the planned programme of audits and the reason for any change or delay in the programme.

9.2.3 The Committee shall review the management of financial matters and focus upon the independence allowed to the internal auditors.

9.2.4 The Committee shall review promptly all reports on the Chamber from the internal auditors.

9.2.5 The Internal Auditors shall be given the right of direct access to the Chairman of the Committee.

9.3 External Audit

9.3.1 The Committee shall consider and make recommendations to the Council as regards the appointment and re-appointment of the Chamber's external auditors.

9.3.2 The Committee shall meet with the external auditors at least twice each year, once at the planning stage, where the scope of the audit will be considered, and once post audit at the reporting stage, and shall ensure that any auditor's management letters and management's responses are reviewed.

9.3.3 The Committee shall keep under review the relationship with external auditors including (but not limited to):

9.3.3.1 the independence and objectivity of the external auditors;

9.3.3.2 the consideration of audit fees which should be paid as well as any other fees which are payable to auditors in respect of non-audit activities; and

9.3.3.3 discussions with the external auditors concerning such issues as compliance with accounting standards and any proposals which the external auditors have made vis-à-vis the Chamber's internal auditing standards.

9.4 Financial Statements

9.4.1 The Committee shall keep under review the consistency of accounting policies on a year to year basis.

9.4.2 The Committee shall review and challenge where necessary the Chamber's financial statements taking into account:

9.4.2.1 decisions requiring a major element of judgement;

9.4.2.2 the extent to which the financial statements are affected by any unusual transactions;

9.4.2.3 the clarity of disclosures;

Audit Committee (continued)

9.4.2.4 significant adjustments resulting from the audit;

9.4.2.5 the going concern assumption;

9.4.2.6 compliance with accounting standards; and

9.4.2.7 compliance with legal and regulatory requirements in so far as they relate to financial issues.

9.5 Other Matters

9.5.1 The Committee shall be responsible for co-ordination of the internal and external auditors.

9.5.2 The Committee shall oversee any investigation of activities which are within its terms of reference.

9.5.3 The Committee should, on a regular basis, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and make recommendations thereon to the Council.

9.5.4 The Audit Committee shall take up on an ad-hoc basis specific issues connected with Finance and referred to it by the Council. In this case, other Members of the Council will have to be co-opted on the Committee. Representatives of Management must also be present.

10. Annual Report

10.1 A section of the Annual Report of the Chamber will be devoted to the Terms of Reference of the Audit Committee and its composition.

Economic Review & Economic Data

Economic Review (continued)

1. World Economic Outlook

The global economy has been markedly stricken by the major crises hitting its food, energy and financial markets in 2008. While the imbalances in the food and energy markets resulted into soaring food and fuel prices at the beginning of the year, the turmoil that plagued the US subprime mortgage market in 2007 turned into a severe global financial crisis which subsequently led to the collapse of major financial institutions, stock markets crash and a credit freeze.

Although commodity prices reversed sharply because of favourable global supplies prospects and falling consumer demand, the amplification of the financial crisis triggered a simultaneous recession in developed countries and a sharp slowdown across developing ones.

World growth, estimated by the International Monetary Fund, stood at 3.4% in 2008, down from 5.2% in 2007. World trade volume decreased from 7.2% in 2007 to reach 4.1% in 2008 because of lower consumer demand stemming from the global financial crisis.

	2007	2008	2009 *Projections*	2010 *Projections*
World Output	**5.2**	**3.4**	**0.5**	**3.0**
Advance economies of which	2.7	1.0	-2.0	1.1
United States	2.0	1.1	-1.6	1.6
Euro Area	2.6	1.0	-2.0	0.2
Japan	2.4	-0.3	-2.6	0.6
Other Advanced economies	4.6	1.9	-2.4	2.2
Emerging and developing economies	8.3	6.3	3.3	5.0
Africa	6.2	5.2	3.4	4.9
Commonwealth of Independent States	8.6	6.0	-0.4	2.2
Central and eastern Europe	5.4	3.2	-0.4	2.5
Developing Asia	10.6	7.8	5.5	6.9
Middle East	6.4	6.1	3.9	4.7
Western Hemisphere	5.7	4.6	1.1	3.0
World trade volume	**7.2**	**4.1**	**-2.8**	**3.2**

Source: World Economic Outlook Update (January 2009), International Monetary Fund.

With regards to advanced economies, output growth dropped to 1.0% in 2008 from 2.7% in 2007. In the United States growth decreased from 2.0% in 2007 to 1.1% in 2008 because of negative contributions from exports, personal consumption expenditures, equipment and software, and residential fixed investment.

Europe has also been hardly hit by the crisis as almost every country in the Euro zone was in recession at the end of 2008. According to the IMF, the Euro zone and the Central and Eastern Europe registered respective growths of 1.0% and 3.2% in 2008, against 2.6% and 5.4% in 2007.

The Japanese economy encountered a deceleration of -0.3% in 2008 because the main factors influencing its growth — corporate investments and net exports— were negatively affected by the credit crisis, the stronger yen, and a tumbling U.S. economy.

Even in the midst of the economic crisis, developing Asian economies posted healthy, though lower, growth rates in 2008. Indeed, output in the area fell from 10.6% in 2007 to reach 7.8% in 2008.

With regards to East Asia and the Pacific, real GDP rose by 8.5% in 2008, down from 10.5% in 2007. Moreover, as a result of the deterioration in the United States and Japan, export growth of the region (exclusive of China) decreased from 10.1% in 2006 to 5.2% in 2008. Consequently, manufacturing output fell from 5% growth in 2007 to -5% in 2008.

Growth in emerging and developing economies reached 6.3% in 2008 compared to 8.3% in 2007. It is to be noted that there were increasing signs of slowing economic activity in developing countries even before the international credit channels froze. This was mainly the result of a decline in investment in developing countries reflecting the slowing growth in the high-income economies, falling equity markets and reduced international capital flows and constrained consumer spending.

Even if it has been argued that the relationship between Africa's GDP and World GDP has weakened due to significant structural changes and the emergence of countries like China, African growth has nonetheless contracted by 1.0% to reach 5.2% in 2008. Slower global growth arising from the global financial turmoil and the volatility in commodity prices were the main reasons behind this deceleration.

2. Mauritius Economic Outlook

Owing to the fact that Mauritius, as most developing countries, is not integrated in the modern, complex and fragile financial network, it has been preserved in 2008 from the devastating impact of the financial crisis which gradually spread over the developed world and large emerging economies. But as the impact of the meltdown spread to the real economy, Mauritius started by the end of the year to feel the pinch of the recession which has violently shaken the economic foundations of the world leaders.

Globally our country did well in 2008 in terms of economic growth and employment, in spite of the fact that sugar prices were again reduced and that export oriented enterprises and tourism suffered the consequences of the international consumption crisis. But, the disequilibrium of our external account has reached unprecedented heights and constitutes a very serious warning.

2.1 National Accounts

Economic performance in 2008, as indicated by Gross Domestic Product, was quite satisfactory and stable. Real growth rate stood at 5.2% in 2008, slightly lower than in 2007. GDP at current basic prices is estimated at Rs 231.8 bn, 12% higher than in 2007. Taxes on products, 'net of subsidies' increased by approximately the same percentage to reach Rs 32 bn.

GDP per capita at market prices increased by 11.6% to Rs 207, 915 in 2008. In terms of US dollar and Euro, GDP per capita registered higher growth rates because of the appreciation of the Rupee. It increased by 22% from $5,854 in 2007 to $ 7, 165 in 2008, and by 14% from 4, 260 Euro to 4, 884 Euro.

	Unit	2004	2005	2006	2007	2008
GDP growth rate	%	+4.8	+2.3	+5.1	+5.4	+5.2
GDP at current basic prices	**R Bn**	152.4	162.2	182.0	206.9	231.8
GDP per capita	**Rs**	142,336	149,049	164,669	186,813	207,915
GDP per capita	**US$**	5,090.7	5,010.1	5191.3	5,854.4	7,164.5
GDP per capita	€	4,098.4	4,028.4	4,082.0	4,269.0	4,884.1
Exchange rate (average 12-month)	**US$ to Rs**	27.96	29.75	31.72	31.91	29.02
Exchange rate (average 12-month)	**€ to Rs**	34.73	37.00	40.34	43.76	42.57

The relative stability observed in real growth rate of GDP in 2007 and 2008 does not exclude significant fluctuations from a sectoral point of view. While the highest growth rates in 2008 were recorded in Banking (12.9%), Construction (11.0%) and Business activities (10.8%), it is noted that growth rate in Construction was much higher in 2007 with 15.2%, and that of banking much lower with 7.9%. In addition, the 'Hotel and Restaurant' sector, which hit an exceptionally high growth rate of 14% in 2007, grew by only 3.1% in 2008, while the Textile sector was rather stagnant (0.2%) after a surprising growth rate of 8.5% in 2008. On the other hand, the Sugar sector showed a relative improvement with a growth rate of 5.5% in 2008

Economic Review (continued)

after a large contraction of 13.6% in 2007. A greater stability was noted in 'Transport and Communication' and 'Other Services' with growth rates of 7.2% and 8.3% respectively.

Sector	2007	2008
Sugar	-13.6	+5.5
Electricity, gas and water supply	+3.4	+4.5
Construction	+15.2	+11.0
Wholesale & retail trade; repair of motor vehicles,		
motorcycles, personal and household goods	+4.5	+4.6
Hotel and restaurant	+14.0	+3.1
Transport, storage and communications	+7.6	+7.2
Financial intermediation:	+7.5	+10.1
Of which, Banks	+7.9	+12.9
Real estate, renting and business activities	+7.6	+7.6
Of which, Business activities	+10.0	+10.8
Other community, social and personal service	+8.0	+8.3
Textile	+8.5	+0.2

The changing economic environment has a noticeable impact on the relative importance of different sectors in the economy. Thus, the share of the construction sector in GDP, which was 5.6% only two years ago, is now 7%. Two other sectors which have gained in importance are 'Finance' and 'Hotel' which represent 11% and 8.7% of GDP respectively in 2008, compared to 7.4% and 6.2% in 1998. At the other extreme, the direct contribution of the sugar industry in the economy has been falling continuously. From 7.2% ten years ago, it has dropped to only 2.5% in 2008. Similarly, the share of the manufacturing sector has dropped considerably from 22.3% in 1998 to 18.8% in 2008.

2.2 Investment

If GDP growth was satisfactory, the same cannot be said of investment, which appeared to be below expectations. Investment growth which peaked at 19% in 2006, after a rather stagnant two-year period, decelerated to 8.6% in 2007 and further down to 3% in 2008. This 3% growth of GDFCF appears to be somewhat low in regards to a GDP growth of more than 5% at which the country is aiming. However, if aircraft, considered as an exceptional item, is excluded, then the growth rate of the GDFCF in 2008 works out to 6.5%, which is more satisfactory and in accordance with the general level of activities.

	Unit	2004	2005	2006	2007	2008
Gross Domestic Fixed Capital Formation (GDFCF)	R Bn	38.1	39.7	50.0	59.2	64.8
Private sector investment as a % of GDFCF	%	69.3	70.4	68.3	78.2	83.0
Public sector investment as a % of GDFCF	%	30.7	29.6	31.7	21.8	17.0
GDFCF /GDP at market prices	%	21.6	21.4	24.3	25.1	24.6
Annual Real Growth of GDFCF	%	+2.2	-1.9	+19.0	+8.6	+3.0
Private investment growth rate	%	+16.3	-0.3	+15.1	+24.0	+9.2
Public investment growth rate	%	-19.8	-5.4	+28.3	-24.7	-19.2

Private sector investment has recorded a growth rate of only 9.2% in 2008 compared to 24% in 2007. On the other hand, public sector investment, after contracting by 24.7% in 2007 decreased again by 19.2% in 2008. If aircraft is not included, the drop appears less dramatic. Nevertheless, the figures relating to public investment may give rise to some serious concern, because over the last five years, public investment (excluding aircraft) has dropped by 37% in real terms. But on the other hand, this drop has been largely compensated by an increase of 80% in private investment during the same period. This contrasting evolution has resulted in an increasing share of private sector investment in total GDFCF, rising from 61% in 2003 to 83% in 2008, and a corresponding decrease in the share of public investment.

Overall, the investment rate – measured by investment as a percentage of GDP at market prices – dropped from 25.1% in 2007 to 24.6% in 2008.

GDFCF By type of capital goods	Unit	2004	2005	2006	2007	2008
A. Building & construction work	%	**-0.3**	**-5.3**	**+6.7**	**+16.9**	**+13.2**
Residential building	%	-2.3	-10.5	+10.3	+5.5	+19.3
Non-residential building	%	20.1	-12.1	+3.9	+49.2	+12.2
Other construction work	%	-24.2	+16.8	+6.3	-17.4	+6.0
B. Machinery and equipment	%	**+6.2**	**+3.4**	**+36.9**	**-1.0**	**-11.6**
Passenger car	%	+39.5	-14.1	+4.2	+29.9	+5.7
Other transport equipment	%	-40.3	+2.8	+296.5	-38.2	-42.2
Other machinery and equipment	%	+14.0	+7.7	+3.1	+14.6	-5.8

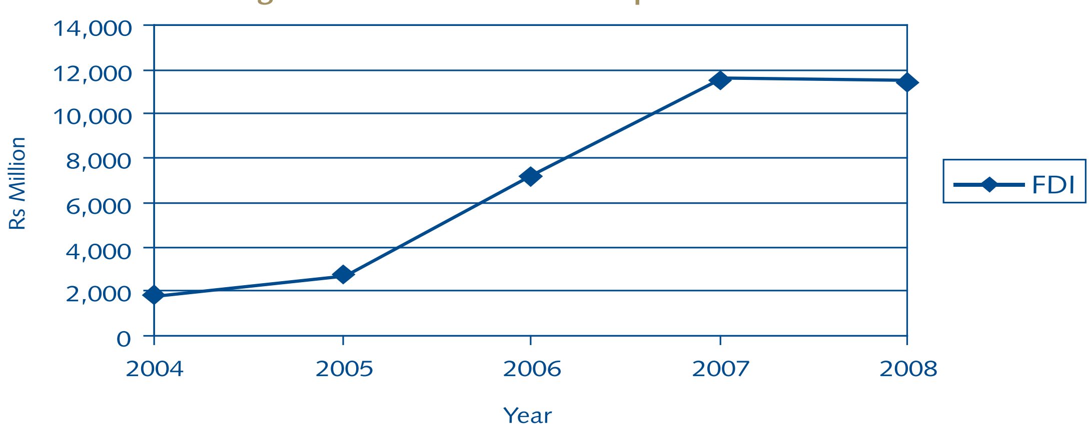
The breakdown of investment by "type of capital goods", while giving some insight into the structure of the economy, points at the same time to what appears to be a weakness. Thus, if on the one hand, "Building and construction work" which represents 67% of GDFCF, grew by 13.2% in 2008, on the other hand, investment in "Machinery and Equipment" dropped by 11.6%.

Similarly, the breakdown by "Industrial use" confirms the expansion in "Real estate" and "Hotel" which together represent nearly 50% of total GDFCF in 2008 compared to 40% in 2007. Thus, while investment in property development continues to grow, investment in the production capacity of the country is moving in the opposite direction.

2.2.1 Foreign Direct Investment

Mauritius continued to enjoy a high volume of FDI in 2008. Driven by investment in 'Hotel' and 'Financial Intermediation' sectors, FDI increased by 157% in 2006 and by 59% in 2007 to reach a record figure of Rs 11.5bn in 2007. In 2008, in spite of the global recession, Mauritius attracted FDI to the tune of Rs 11.4bn, almost at the same level as 2007.

Foreign Direct Investment for the period 2004-2008



Economic Review (continued)

FDI by sectors

The main sectors which benefited from FDI were again "Hotel", more precisely IRS, and "Financial intermediation". An important amount of FDI also flowed to the 'Real estate and business activities' sector. The main countries of origin for FDI in 2008 were: UK (Rs 2 bn), India (Rs 1.9 bn), South Africa (Rs 1.4 bn), France (Rs 1.2bn), USA (Rs1.1 bn) and United Arab Emirates (Rs 0.8 bn).

Sector	Unit	2003	2004	2005	2006	2007	2008
Total FDI	**Rs M**	**1,966**	**1,797**	**2,807**	**7,222**	**11,514**	**11,419**
Agriculture	Rs M	-	484	19	26	12	447
Manufacturing	Rs M	127	387	263	181	271	149
Hotel and restaurant	Rs M	103	121	536	2610	5979	3985
Financial Intermediation	Rs M	1311	392	481	3593	4056	4564
Real estate, renting and business activities	Rs M	109	228	759	473	1030	1888
Others	Rs M	316	184	749	339	166	387
Direct Investment abroad	**Rs M**	**1156**	**970**	**1942**	**1134**	**1826**	**1612**
Net Foreign Direct Investment	**Rs M**	**810**	**970**	**865**	**6,088**	**9,688**	**9,807**

2.3 Consumption and Savings

While GDP growth rate has declined by 0.2 percentage point, consumption expenditure, on the contrary, has increased by the same percentage from 3.9% to 4.1%. Nevertheless, consumption growth remains below GDP growth, and this, from a general point of view in the present circumstances, could have been considered as positive, if it were not for the downturn in savings as observed below. It is to be noted that Household expenditure, which makes up 84.7% of total consumption, grew by 4.9% compared to 4.5% in 2007, spurred by substantial salary compensation for public employees and lower income tax rates. Overall Government consumption expenditure recorded a negative growth of -0.1%, down from +0.8% in 2007, in line with Government policy to streamline expenditure.

	Unit	2004	2005	2006	2007	2008
Consumption						
Final consumption expenditure:	Rs M	136,880	154,717	174,846	196,636	226,299
Households	Rs M	111,837	127,349	145,491	165,790	191,642
General government	Rs M	25,043	27,368	29,355	30,846	34,657
Final consumption expenditure as a % of GDP at market prices	%	78.0%	83.5%	84.7%	83.5%	85.7%
Real Final Consumption growth	%	+7.2	+7.1	+5.5	+3.9	+4.1
Household	%	+7.8	+7.3	+5.9	+4.5	+4.9
General Government	%	+4.6	+6.1	+3.8	+0.8	-0.1
Savings						
Gross National Savings	Rs M	39,701	32,189	35,384	49,833	49,885
GNS as a % of Gross National Disposable Income	%	22.5	17.2	16.8	20.2	18.1

As far as savings are concerned, what was thought to be the beginning of a new trend last year has been short-lived. As a matter of fact, the savings rate rose to 21.2% in 2007 but dropped to 18.9% in 2008. But what is more worrying is that while Gross National Disposable Income increased by 12.1% in current rupees, savings went up by a mere 0.1%, showing that the marginal propensity to save has dropped to 0.01. This tendency can probably be linked to the fact that interests on savings are now being taxed.

Mauritius being a very open economy, the impact of more consumption and less savings is felt directly at the level of the balance of trade. In addition, the resource gap, which is the difference between savings and investment, has again increased, now for the fourth consecutive year. It went up from Rs 9.3 bn in 2007 to Rs 14.9 bn in 2008. This is translated by a further deterioration of the current account.

2.4 External trade

As far as external trade is concerned, the situation has deteriorated further, raising the issue of the sustainability of such a trend.

Exports dropped by 1.9% from Rs 69.7 bn in 2007 to Rs 68.4 bn in 2008 while Imports went up by 9.6% from Rs 121 bn to Rs 132.6 bn, resulting in a deficit of Rs 64.2 bn in 2008 compared to a deficit of Rs 51.3 bn in 2007. Between 2004 and 2008, the deficit has been multiplied by three.

This negative evolution can be judged also in terms of GDP. Thus, the ratio Import of Goods/GDP has increased from 50.1% in 2004 to 57.2% in 2008, indicating that imports are increasing at a much higher rate than GDP, which illustrates the higher dependence of the Mauritian economy on imports. As for exports, the reverse trend is observed, and this makes the external trade situation more problematic. The ratio Export of Goods/GDP dropped from 36% in 2004 to 29.5% in 2008. As a result the ratio of the "Balance of Trade in Goods deficit/GDP" doubled, going up from 14% to nearly 28% during the period. In light of the significant reduction of the contribution

Rs Billion

	2004	2005	2006	2007	2008
Domestic Exports	43.7	42.1	47.6	50.5	46.7
Re-export	9.0	17.0	21.3	13.8	12.7
Ships' stores and Bunkers	2.2	4.1	5.1	5.4	9.0
Total Exports (f.o.b)	54.9	63.2	74.0	69.7	68.4
Total Imports (c.i.f)	76.4	93.3	115.5	121.0	132.6
Balance of trade in goods	-21.5	-30.1	-41.5	-51.3	-64.2
Balance of trade in goods (excluding freight)	-16.0	-23.5	-34.5	-43.9	-56.5
Trade in services					
Export	40.0	47.7	53.1	68.8	72.2
Import	28.1	35.3	41.9	49.2	54.6
Balance of trade in services	11.8	12.4	11.2	19.6	17.6
Overall trade balance in goods and services	-4.2	-11.1	-23.5	-24.3	-38.9

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Economic Review (continued)

country to review its development strategy. Concerning Imports of goods, the following table shows the major increases in 2008:

	Increase in Rs M	Percentage increase
Fish and fish preparations	1,481	21.0%
Rice	601	49.6%
Dairy products	565	23.1%
Other food	724	19.1%
Tobacco	572	90.9%
Textile fibres	565	32.5%
Fuels	6,172	27.8%
Oils and fats	432	37.7%
Chemicals	1,001	10.6%

On the credit side, Domestic exports fell from Rs 50.5 bn to Rs 46.7 bn. This represents a drop of 7.5%, pointing out that the situation is worse than it appears when Total Exports are considered. Re-exports also fell, by 8.0% from Rs 13.8bn to Rs12.7bn. Such evolution probably indicates that it is more difficult than it is believed to exploit the possibilities that theoretically exist in this sector. Ships' stores and Bunkers registered an increase of 64.5% from Rs 5.4 bn to Rs 9.0 bn due to higher prices of oil.

On the services account, exports are expected to increase to about Rs 72.2 bn and imports to Rs 54.6 bn. Thus the balance of trade in services would register a surplus of about Rs 17.6 bn compared to a surplus of Rs 19.6 bn in 2007.

However, this surplus is now too low to compensate for the deficit of the merchandise account. The situation is very far from that which prevailed in 2003, when the surplus of trade in services was higher than the deficit of trade in goods. The overall deficit of trade in goods and services has further deteriorated, from Rs 24.3 bn in 2007 to Rs 38.9 bn in 2008.

The balance of the Current Account, which comprises Income and Transfers in addition to Goods and Services, is crucial to the economy. If there is a deficit, then there is a necessity to finance it from foreign sources. The Current Account was positive until 2003. Since then it has fallen in a deficit which has grown rapidly to Rs19.4 bn in 2006.

In 2007 however the deficit was lower with Rs13.4 bn. In 2008, it is expected to worsen and would be around Rs 27.7 bn. A deficit of that magnitude, if maintained, is indeed very worrisome. It represents about 10.5% of GDP and as such Mauritius would be categorised as a high risk country from an external payments perspective.

Fortunately for us there have been substantial inflows of capital, and Net International Reserves have increased from Rs 85.8bn in December 2007 to Rs 90.2 bn in December 2008; and the overall Balance of Payments would show a surplus of Rs 4.6 bn for 2008.

2.5 Inflation

In 2008, the economy continued to be plagued by high level of prices. From 8.8% in 2007, inflation rate rose to 9.7% in 2008, the highest since 1994 in spite of an appreciation of the Rupee. The average exchange rate vis-à-vis the Dollar moved from 31.91 in 2007 to 29.02 in 2008, showing an appreciation of 10% of the Rupee. The Consumer Price Index went up from 108.2 in December 2007 to a peak of 117.2 in October 2008 and thereafter decreased to 115.5 in December 2008.

	Unit	2004	2005	2006	2007	2008
Consumer Price Index		83.5	87.6	95.4	103.8	113.9
Headline inflation	%	4.7	4.9	8.9	8.8	9.7
Core 1 inflation	%	3.1	4.4	7.4	5.0	8.7
Core 2 inflation	%	2.9	3.4	7.2	5.7	6.1

The highest increases were recorded in the following sub-indices:
The Food index, making up 29% of the CPI, increased by 11.7%; "Transport", representing 15% of CPI, went up by 6.6%; the 'Restaurant and Hotel' sub-index showed the highest increase with 13.6%, but its share in the index is much lower with 4.3%.

It is to be noted that Core 1 inflation rate (which excludes the food sub-index) as calculated by the Bank of Mauritius, rose sharply from 5% to 8.7%, while Core 2 inflation rate (excluding energy and administered prices from Core 1) moved from 5.7% to 6.1%. All these figures show how the country has been affected by rising prices abroad, on which it does not have much control.

Thus, the Import Price Index in 2008 was 166.2 compared to 153.6 in 2007, showing an increase of 8.2%, with the sub-index "Oils and Fat" recording an increase of 47%. Two other sub-indices showed substantial increases: "Food" and "Fuels", while the remaining five (crude material, manufactured goods, chemicals, machinery and transport equipment and miscellaneous manufactured products) posted slight decreases.

It is also interesting to note that the construction price index went up from 151.4 in December 2007 to 167.2 in December 2008 (giving an increase of 10.4%) with a peak of 170.0 in October 2008.

Price increases of imported inputs account partly for the increase in Producer Price Index for the Domestic Oriented Manufacturing Sector, from 146.4 in 2007 to 169.7 in 2008. The increase of 15.9% which is much higher than that of the Import Price Index shows that in 2008 local inputs had a greater impact on prices of locally produced goods than imported goods.

2.6 Employment

According to CSO estimates employment, excluding foreign workers, increased astonishingly by 16,900 in 2008, compared to an increase of 3,500 in 2007. This increase of 16,900 is the highest ever recorded in the local employment history. The bulk of increase in employment was scattered across small and medium enterprises operating in the 'Hotel and Restaurant', 'Construction' and 'Wholesale and trade' sectors. Unemployment rate in 2008 went down from 8.5% to 7.2%. This is the third consecutive year that there is an improvement in the overall labour situation. In 2005 unemployment rate was 9.6% and at that time there were fears that it would cross the 10% mark. Fortunately for the country, there has been a turnaround of the situation.
Male labour force in 2008 increased by 2,000 while female labour force rose by 8,500, after a drop of 1,700 in 2007.

However, a caveat is necessary: the figures published by the CSO are the results of a survey called Continuous Multi-Purpose Household Survey covering 11,280 households and therefore these results are not a direct measure of employment and can be only approximate figures subject to sampling errors.

Figures relating to foreign workers are probably more accurate. After an increase of 4,900 in 2007 there was another increase of 2,400 last year, giving a total number of 24,000 foreign workers in 2008. Similarly, the results of the survey of employment in large establishments carried in March are more reliable.

Employment in large establishments, which represents about 60% of total employment increased by 6,070 from 299,395 in March 2007 to 305,465 in March 2008. The main sectors which account for this

Economic Review (continued)

	2004	2005	2006	2007	2008
Labour Force (Mauritian)	531.3	542.5	548.4	548.9	559.4
Male	347.8	349.6	351.4	353.6	355.6
Female	183.5	192.9	197.0	195.3	203.8
Employment (Mauritian)	486.7	490.6	498.6	502.1	519.0
Foreign workers	17.5	16.6	16.7	21.6	24.0
Total employment	504.2	507.2	515.3	523.7	543.0
Unemployment	44.6	51.9	49.8	46.8	40.4
Male	20.0	20.2	19.2	18.6	14.6
Female	24.6	31.7	30.6	28.2	25.8
Unemployment rate (%)	8.4	9.6	9.1	8.5	7.2

increase are: "real estate and business activities" (+1900), "Hotel" (+1900), "Financial intermediation" (+1400) and "Construction" (+1000). On the other hand, "Agriculture" registered a drop of 2 600 mainly due to restructuring of the sugar industry.

2.7 Public Finance

The Budget speech was the occasion for the Minister of Finance to present a medium-term perspective of Government development strategy. That strategy consists of three main components:

2.7.1 Ease of doing business

During the last two years, appreciable progress has been made in streamlining procedures to start and operate businesses. This action is being pursued and the focus is now on reducing the number of licenses, facilitating the entry and stay of foreign investors, registration of property, improving financial services, etc. Also, in order to sustain the growth momentum, Government is now devoting more resources to tertiary education.

2.7.2 Modern infrastructure

Government strategy is based to a large extent on the development of a modern infrastructure. This includes, among others, the road network, harbour bridge, bus-way corridor, air-passenger terminal, cruise terminal, a modern city at Highlands, Tianli project, Bagatelle Dam and low-cost housing estates.
While all these projects appear to be relevant and would certainly contribute to improve the environment for doing business and the living environment for the population, what seems lacking is a global perspective and an effective implementation mechanism which are crucial for the realization of these projects. In addition, for some of the projects like Tianli and Harbour Bridge, which will require the mobilisation of significant resources, it is imperative that they are implemented in a way that maximizes the benefits to the local economy, especially in terms of employment.

It can also be observed that, while Government is proposing to invest huge amounts of money in road network in order to ease traffic congestion, little is being done to directly limit the number of vehicles by appropriate measures as is the practice in many congested cities worldwide.

2.7.3 Energy and Food Security

In spite of the potential that exists, Mauritius has not been proactive enough in the past in the areas of renewable energy and food security. It is encouraging that, in the Budget Speech of last year, Government has made serious commitment on these two critical sectors. However, it can be deplored that in the case of renewable energy, there is still no clear established policy. Nevertheless, with the Maurice Ile Durable project it should be possible to chart out a program of actions. Concerning food self-sufficiency, the situation appears more promising, with a clear strategy, including a regional component. On this latter aspect, much would depend on the political stability in the region.

	Unit	2004/5	2005/6	2006/7	2007/8 *Revised*	2008/9 *Budget estimates*
Total Revenue	**Rs Bn**	36.1	39.2	42.2	53.2	61.6
Total Revenue/GDP	%	19.9	20.0	19.2	21.5	21.9
Total Expenditure	**Rs Bn**	45.1	49.6	51.6	61.5	70.9
Total Expenditure/GDP	%	24.9	25.3	23.5	24.8	25.2
Primary Balance	**Rs Bn**	-1.8	-3.0	-0.6	2.4	1.7
Overall Balance	**Rs Bn**	-9.0	-10.3	-9.4	-8.3	-9.3
Overall Balance/GDP	%	-5.0	-5.3	-4.3	-3.4	-3.3

The Budget Estimates for 2008/9 show that Revenue is expected to increase by 15.7% to reach Rs 61.6bn, and Expenditure by 15.2% to Rs 70.9 bn. In terms of GDP, a small increase is noted both in Revenue and Expenditure. The overall deficit would be Rs 9.3 bn, compared to Rs 8.3 bn in 2007/8; but in terms of GDP, a slight improvement is noted, from -3.4% to -3.3%. As a percentage of GDP, Public Sector Debt is expected to decrease from 59.1% in June 2008 to 55.7% in June 2009.

Globally the Budget appears to be balanced, and even presents some improvement. It can be argued that the ratio Expenditure/GDP has increased for two consecutive years. But the Minister of Finance has subsequently responded to justify the expansionary element as part of the anti-cyclic economic policy which has become prevalent throughout the world by the end of 2008. Nevertheless, it is far from being judicious to increase current expenditure by 25% with compensation of employees increasing by 35%.

Mauritius being a very open economy, this kind of expansionary measures can have only limited impact on growth, while the negative aspect is a worsening of the trade deficit.

In addition, in spite of all the infrastructural projects announced for the medium-term, the Capital budget for 2008/9 shows a contraction of 13.3% in current rupees, from Rs 11.7 bn in the previous year to Rs 10.1 bn.

Contrary to what has been happening in the developed world, the problem in Mauritius has less to do so far with decreasing consumption. The challenge is to reinforce the resilience of enterprises. In fact, Government did realize that aspect and in an Additional Stimulus Package presented in December 2008 it is the central pillar of this initiative. But in the ASP other issues were dealt with.

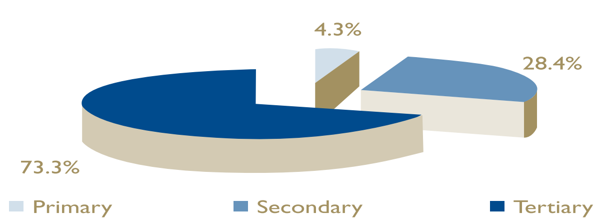
The important objectives of the ASP were to accelerate the implementation of infrastructural projects and private investment and to support various sectors. Its impact on the Budget 2008/9 would be a shifting of resources from lower priority items to meet the needs of sectors under pressure.

3 Sectoral Analysis

The share of the tertiary sector, which accounted for 63.8% of GDP at current basic prices in 1998 has gradually increased to 73.3% in 2008. This is mainly due to an increase in the percentage share of 'Hotel and Restaurant', 'Financial Intermediation' and 'Real estate, renting and business activities' over the last decade.

During the same period, the secondary sector's contribution to total output has fallen from 30.7% to 28.4% and the primary sector has decreased from 9.3% to 4.3%.

Share of Primary, Secondary and Tertiary in GDP for 2008



Economic Review (continued)

3.1 Agriculture

Statistics for 2008 show that value added in current rupees of the agricultural sector including sugar milling increased slightly by 0.6% in 2008 from Rs 11.26 bn in 2007 to Rs 11.33 bn. This is mainly due to an increase of 8.2% in the value added of the non-sugar sector. In real terms, growth in the agricultural sector is estimated at 5.3% against a contraction of -7.8% in 2008.

However, the contribution of total agriculture to GDP fell to 4.9% in 2008 against 5.4% in 2007.

The share of employment of the Primary sector in Total employment, according to the Continuous Multi-Purpose Household Survey, was 10% in the third quarter of 2008, same as in the third quarter 2007.

		2004	2005	2006	2007	2008
Sugarcane value added	Rs Bn	5.3	5.2	5.1	4.6	4.3
Sugar Milling value added	Rs Bn	1.6	1.6	1.6	1.4	1.3
Non-Sugar value added	Rs Bn	4.6	4.6	5.0	5.2	5.7
Total Agriculture value added	**Rs Bn**	**11.45**	**11.40**	**11.72**	**11.26**	**11.33**
Sugar/GDP	%	4.5	4.2	3.7	2.9	2.5
Non-Sugar /GDP	%	3.0	2.8	2.7	2.5	2.4
Total Agriculture / GDP	**%**	**7.5**	**7.0**	**6.4**	**5.4**	**4.9**
Growth rates						
Sugar	%	10.6	-9.2	-2.9	-13.6	+5.5
Non-sugar	%	5.4	-1.1	+4.5	-1.1	+5.0
Agriculture	%	8.3	-5.8	0.4	-7.8	5.3
Employment	No.	49000	48600	47900	47300	
Sugar/Total employment	%	3.8	3.7	3.5	3.4	
Non-Sugar/Total employment	%	5.9	5.9	5.8	5.6	
Agriculture/Total employment	%	9.7	9.6	9.3	9.0	

3.1.1 Sugar

During 2008, in addition to the challenges posed by a major restructuring program, the sugar sector had to face two sets of negative developments.

First, due to the reforms of the EU Sugar protocol, the sugar sector endured a further price reduction of 17% in October which resulted in a price decrease to Rs 12,500 per tonne. This accordingly affected 60% of the year's harvest.

Second, planters were deeply affected by increases in the cost of fuel, fertilizers and chemicals which were in turn reflected in high costs of production.

Value added in current rupees of the sugar sector including sugar milling declined by 5.9% from Rs 6.0 bn in 2007 to reach Rs 5.6 bn. As a percentage of GDP, sugar accounted for 2.5% in 2008 compared to 2.9% in 2007. In real terms, sugar grew by 5.5% in 2008 compared to -13.6% 2007.

While sugar cane production increased by 7% in 2008, the extraction rate for the period under review decreased to 9.98% compared to 10.31% in 2007. This is the lowest extraction rate ever recorded. It was due to excessive rainfalls over 2008 which resulted in a better crop outturn but which negatively affected the sugar yield.

Ony 427,000 tonnes were exported in 2008 against 442,000 tonnes in 2007. In nominal value sugar exports showed a decrease of 13.7% from Rs 9.6 bn in 2007 to Rs 8.2 bn in 2008. Exportation of molasses amounted to Rs 160 m against Rs 54 m in 2007.

Employment in large establishments decreased, by 15.5%, from 15,993 in March 2007 to 13,521 in March 2008.

3.1.2 Non-Sugar

Value added in current rupees of the non-sugar sector increased from Rs 5.2bn in 2007 to Rs 5.7 bn in 2008. It grew in real terms by 5.0% in 2008, against a -1.1% contraction in 2007. As a % of GDP, the sector's contribution decreased to 2.4% in 2008 compared to 2.5% in 2007.

Employment in large establishments decreased by 6.9% from 7,688 in March 2007 to 7,155 in March 2008.

tonnes

	2004	2005	2006	2007	2008
Tea (green leaves)	7229	6798	7649	8,027	8,672
Tea (manufactures)	1,482	1387	1567	1,563	1,668
Tobacco	427	357	298	316	347
Food crops	111633	96782	106902	99130	91470
Area harvested (hectares)	8603	7919	8144	7701	7081
Livestock (beef, goat, meat, mutton and pork)	3306	3304	2967	2433	2307
Poultry	30900	33000	36000	40000	42000
Fish	9430	8982	8885	5987	6006

Production of green tea leaves increased, by 8.1%, from 8,027 tonnes in 2007 to 8,672 tonnes in 2008. On the other hand, Black tea produced from green leaves rose by 6.7% from 1,563 tonnes in 2007 to 1,668 tonnes.

Tobacco cultivation which has been declining since the 1997/1998 season, registered a rise of 9.8% from 316 tonnes in 2007 to 347 tonnes in 2008. This is explained by an increase in the area under tobacco cultivation (from 252 hectares in 2007 to 259 hectares in 2008).

With regards to food crops, production decreased by 7.7% in 2008 to 91,470 tonnes because the area under cultivation decreased by 9.2% from 6,740 hectares in 2007 to 6,120 hectares in the corresponding period in 2008.

Livestock in 2008 decreased by 5.2%, from 2,433 tonnes in 2007 to reach 2,307 tonnes. This was mainly due to a significant decrease of 35.4% in pork production resulting from the African swine fever.
Total poultry production on the other hand increased from 40,000 tonnes in 2007 to 42,000 tonnes in 2008.

Fish production, which increased by 0.3% from 5,987 tonnes in 2007 to 6,006 tonnes in 2008, was mainly due to a growth of 2.6% in fresh coastal fish catch.

3.2 Manufacturing

Exclusive of sugar milling, value added of the manufacturing sector rose by 10.1% in current rupees from Rs 39.7bn in 2007 to Rs 43.7bn in 2008. Globally, real growth rate dropped from 3.3% in 2007 to 1.6% in 2008. The drop is explained by a lower performance of the food sub-sector and a rather stagnant situation in the textiles sector.

In current rupees, value added of the food sector increased by 22.1%. However the major part of this increase is due to inflation. The real growth rate is estimated at only 2.6% compared to 4% in 2007.

The 'Other' manufacturing sector experienced a 15.6% rise to reach Rs 16.1bn in 2008. Its real growth increased from -3.1% in 2007 to +2.4% in 2008, but it is lower than the forecast of 3.5%, because of low growth in the industries producing for the local market.

Economic Review (continued)

		2004	2005	2006	2007	2008
Food	Rs bn	7.3	8.3	10.1	12.3	15.0
Textile	Rs bn	12.3	10.9	12.0	13.4	12.6
Other	Rs bn	10.7	11.4	12.7	13.9	16.1
Total manufacturing	**Rs bn**	**30.3**	**30.6**	**34.8**	**39.7**	**43.7**
Food/GDP	%	4.8	5.1	5.6	5.9	6.5
Textile/GDP	%	8.1	6.7	6.6	6.5	5.4
Other sector/GDP	%	7.1	7.0	7.0	6.7	6.9
Total manufacturing/GDP	**%**	**19.9**	**18.9**	**19.1**	**19.2**	**18.8**
Growth rates						
Food	%	4.4	2.1	9.6	4.0	2.6
Textile	%	-7.2	-14.7	2.9	8.5	0.2
Other	%	6.6	0.4	1.8	-3.1	2.4
Total manufacturing	**%**	**-0.1**	**-5.2**	**4.5**	**3.3**	**1.6**
Employment	No	125200	120100	120900	122500	
Employment in manufacturing/total employment	%	24.8	23.7	23.5	23.4	

The 'Textile' industry registered a drop of 6.9% of production in current rupees. Real growth in the sector reached only 0.2% compared to 8.5% in 2007. This is mainly the result of unfavourable movements in the exchange rate, a fall in orders resulting from the tightening of credit and a lack of liquidity which stem from the financial crisis and also from the slowdown of the EU and US economies- our main textile markets. Exports by country of destination of export oriented enterprises indeed revealed respective decreases of 7% and 24% in our exports to the EU and the US in the first nine months of 2008 compared to the same period in 2007.

Total employment in the manufacturing sector exclusive of sugar milling decreased from 90,264 in March 2007 to 90,244 in March 2008. This is mainly due to lay-offs in the textile sector.

3.2.1 Export Oriented Enterprises

Activities of export oriented enterprises increased slightly by 0.4% from Rs15.58 bn in 2007 to reach Rs 15.64 bn in 2008. Its contribution to GDP amounted to 6.7% in 2008 against 7.5% in 2007.

		2005	2006	2007	2008
Value added at current basic prices	Rs Bn	12.1	13.7	15.6	15.6
Value added/GDP	%	7.4	7.5	7.5	6.7
No. of enterprises	No.	506	441	404	412
Employment	No.	66,931	64,962	67,314	62,276
Investment	Rs Bn	2.4	2.2	4.3	2.1
Exports	Rs Bn	29	33.6	37.8	34.9
Exports/total exports	%	45.8	45.4	54.3	51.1
Imports	Rs Bn	15.5	19.0	21.0	19.9
Imports of raw materials/Imports	Rs Bn	88	88.3	86.8	94.3

The total number of enterprises at the end of 2008 reached 412 against 404 in 2007. This is mainly due to an increase in the number of enterprises of the following product groups: 'Food', 'Jewellery and related articles', 'Electric and electronic products', 'Leather products and footwear' and 'Other' export oriented companies.

On the other hand, there were 35 closures in the EOE sector from December 2007 to December 2008, out of which 43% were from the 'Wearing and Apparel' sector. With regards to the number of persons employed by EOE, it decreased by 7.5% from 67,314 in 2007 to 62,276 in 2008.
Export value from the export oriented enterprises, which accounted for 51.1% of total exports in 2008, decreased from Rs 37.8 bn in 2007 to Rs 34.9 bn in 2008. This reflects the decrease in demand for our textile products which account for 41% of the EOE sector.

The value of their total imports decreased by 5.4% from Rs 21.0 bn in 2007 to Rs 19.9 bn in 2008. Imports of raw materials represented 94.3% of EOE import bills in 2008 compared to 86.8% over the corresponding period in 2007.

3.3 Hotel and Restaurant

In 2008, value added in the 'Hotel and Restaurant' sector increased by 4.1% in current rupees. This is in sharp contrast with the huge increase of 25.8% recorded in 2007. In real terms, growth rate in that sector is estimated at 3.1% in 2008, down from 14% in 2007.

The main reasons for this abrupt reversal are the higher costs of the destination and a slowdown of economic growth in our main markets during the second half of the year. A year before, expectations were high, and therefore the growth of 3.1%, which is lower than the 5.2% growth of the economy, is quite disappointing, especially in regards to the high rate of investment effected in the sector in the last two years. The share of the 'Hotel and Restaurant' sector in GDP, which rose to 9.4% in 2007, dropped to 8.7% in 2008.

	Unit	2004	2005	2006	2007	2008
Value added	Rs Bn	11.3	12.4	15.5	19.5	20.3
Value added/GDP	%	7.4	7.7	8.5	9.4	8.7
Real Growth rates	%	+2.4	+5.6	+3.5	+14.0	+3.1
Tourist arrivals	No.	718,861	761,063	788,276	906,971	930,456
Gross earnings	Rs Bn	23.4	25.7	31.9	40.7	41.2
Employment*	No.	18,476	21,035	21,341	22,026	23,881
Investment	Rs Bn	5.2	4.2	6.6	10.1	11.7
As a % of total investment	%	13.7	10.6	14.8	17.9	18.3
Real Growth rates	%	+52.2	-24.5	+46.8	+39.2	+6.6
Number of hotels	No.	103	99	98	97	102
Number of rooms	No.	10640	10497	10666	10857	11488
Room occupancy rate	%	63	63	66	76	68

*Employment in Hotel and Restaurant as at the end of March, 2004 - 2008

It was a large increase of 118,695 in tourist arrivals which resulted in the high growth rate of 2007. In 2008, the increase is only 23,485, representing a growth of 2.6% compared to 15.1% in 2007.

Economic Review (continued)

The table below shows the evolution in number of tourists from our main markets:

Together those six countries of origin represent 73% of the total number of tourists visiting Mauritius.

Country	2006	2007	2008
France	182295	240,028	260,054
% change	-17.3%	31.7%	8.3%
United Kingdom	102333	107,297	107,919
% change	7.3%	4.9%	0.6%
Reunion	89127	95,823	96,174
% change	-10.0%	7.5%	0.4%
S.Africa, Rep. of	70796	81,733	84,448
% change	21.1%	15.4%	3.3%
Italy	69407	69,510	66,432
% change	59.7%	0.1%	-4.4%
Germany	57251	65,165	61,484
% change	2.3%	13.8%	-5.6%

In 2008, number of hotels in operation amounted to 102, 5 more than in 2007. Three other hotels were not operational due to renovation works.

Total number of rooms increased from 10,857 to 11,488. Average room occupancy rate for all hotels decreased from 76% in 2007 to 68% in 2008.

Gross earnings from tourism increased by 1.2% from Rs 40.7 bn to Rs 41.2 bn, compared to an increase of 27.6% in 2007.

Investment in hotels which increased substantially from Rs 6.6 bn to Rs 10.1 bn in 2007 remained high in 2008 with Rs 11.7 bn.

Employment in "Hotel and Restaurant" increased by 8.4% from 22,026 in March 2007 to 23,881 in March 2008.The corresponding increase in the previous year was 3.2%.

3.4 Financial Intermediation

Growth rate of the Financial Intermediation sector has increased markedly over the last five years. From 4.3% in 2004, it has jumped to 7.0% in 2006. In 2008, the growth rate of that sector has again improved substantially to 10.1% compared to 7.5% in 2007. Its share in GDP has risen from 9.8% in 2004 to 11% in 2008. However, concerning investment, after a good performance in 2005 and 2006, there has been a marked deceleration in 2007 and 2008.

		2004	2005	2006	2007	2008
Value added	Rs Bn	14.9	16.8	18.9	21.6	25.4
Value added/GDP	%	9.8	10.3	10.4	10.5	11.0
Growth rate	%	+4.3	+5.4	+7.0	+7.5	+10.1
Investment	Rs Bn	0.9	1.3	1.7	1.4	1.2
As a % of total investment	%	2.5	3.4	3.8	2.5	1.9
Employment	No.	7,900	8,800	9,400	10,600	
As a % of total employment	%	1.6	1.7	1.8	2.0	

Nevertheless, it has remained one of the most dynamic sectors during the period. Employment in the sector increased from 9,293 in March 2007 to 10,673 in March 2008. The overall situation of financial intermediation has greatly improved in recent years. With high profitability and capital levels, and prudential management, they have not been exposed to the same risks as those encountered by financial institutions in the developed world.

3.4.1 Global Business

The number of global business companies totalled to 33,580 in 2008 compared to 34,090 in 2007. This is explained by a decrease of 810 in the number of GBCs 2 Licensed Companies. By contrast, Management companies increased to 121 in 2008 compared to 78 in 2007. It is to be noted that applications received for management licences indicated the interest of international law firms and international banks to enter the local market. During the period under review, the reported turnover from Management Companies was USD 90.8 bn, representing an increase of 37% over the previous year.

	2004	2005	2006	2007	2008
No. Category 1 Global Business Companies	7,445	8,061	9,035	10,372	10,672
No. Category 2 Global Business Companies	17,085	19,352	21,481	23,718	22,908
Total Global Business Companies	24,530	27,413	30,516	34,090	33,580
No. Global Funds	309	359	460	460	641
Net Asset Value (US$ billion)	12.4	26.8	35.9	49.5	
No. Management Companies	t73	78	78	78	121

3.5 Information and Communication Technology

The ICT sector cuts across various sectors. It includes activities related to Manufacturing, Wholesale and retail trade, Communication and Business services. Latest statistics refer to 2007. In real terms, the sector grew by 14.6% compared to 12.9% in the previous period. Its contribution to GDP stood at 5.7% in 2007 against 5.5% in 2006.

		2003	2004	2005	2006	2007
Value added in the ICT sector	Rs Bn	6.8	7.7	8.7	9.9	11.7
Value added/GDP	%	5.0	5.0	5.3	5.5	5.7
Growth rate in the ICT sector (%)	%	12.8	22.7	18.2	12.9	14.6
No of large*companies operational	No.	71	91	111	116	125
Employment in large enterprises	No.	5,560	6,240	7,640	8,180	10,390
As a % of total employment	%	1.9	2.1	2.6	2.8	3.5
Investment in ITES/BPO	Rs Bn	0.4	0.5	0.7	1.0	

The number of large companies operating in the sector increased from 116 in 2006 to reach 125 in 2007. With regards to employment, large enterprises increased their number of employees to 10,390 in 2007. This represented 3.5% of total employment in 2007 against 2.8% in 2006.

Total cumulative realized investment in the ITES/ BPO sector between October 2006 and March 2007 amounted to Rs 1.6bn.

Economic Review (continued)

4 Conclusion

The economic review shows that in 2008, Mauritius was to a great extent protected from the global financial crisis. With a GDP growth rate only a little lower than that in 2007, the situation can be considered as satisfactory. However, two important sectors of the economy, namely tourism and export-oriented manufacturing, which are dependent on the demand situation in Europe and the United States, suffered a setback. For the domestic-oriented food manufacturing sector, which recorded a lower growth rate, and the sugar sector which had to sustain a further reduction in export revenue, the outcome was predictable. Thus, 2008 can be said to have been characterised by much ambivalence. Other positive aspects include lower employment rate, high rate of private investment, sustained FDI and excellent performance of banking and construction sectors. On the other hand, the increasing gap in the external current account represents probably the most crucial issue that needs to be tackled urgently.

Economic Data

'Table 1: Main National Accounts aggregates

	Unit	2004	2005	2006	2007	2008
Gross Domestic Product (GDP) at basic prices	R M	152,425	162,171	182,009	206,912	231,843
Taxes (net of subsidies) on products	R M	23,172	23,177	24,319	28,549	32,046
Gross Domestic Product (GDP) at market prices	R M	175,597	185,348	206,328	235,461	263,889
Net primary income from the rest of the world	R M	-390	-239	+1,633	+7,023	+6,416
Gross National Income (GNI)						
at basic prices	R M	152,035	161,932	183,642	213,935	238,259
at market prices	R M	175,207	185,109	207,961	242,484	270,305
Net transfer from the rest of the world	R M	+1,374	+1,797	+2,269	+3,882	+5,878
Gross National Disposable Income (GNDI)	R M	176,581	186,906	210,230	246,366	276,183
Per capita GNI						
at basic prices	R	123,237	130,219	146,563	169,734	187,753
at market prices	R	142,020	148,857	165,972	192,385	213,007
Per capita GDP						
at basic prices	R	123,553	130,411	145,260	164,162	182,698
at market prices	R	142,336	149,049	164,669	186,813	207,951
Compensation of employees	R M	64,378	68,867	74,575	83,659	94,954
Final consumption expenditure	**R M**	**136,880**	**154,717**	**174,846**	**196,533**	**226,299**
households	R M	111,837	127,349	145,491	165,790	191,642
general government	R M	25,043	27,368	29,355	30,743	34,657
Actual final consumption expenditure	**R M**	**136,880**	**154,717**	**174,846**	**196,533**	**226,299**
households	R M	122,180	138,495	157,616	178,656	206,088
general government	R M	14,700	16,222	17,230	17,877	20,211
Gross Domestic Fixed Capital Formation (GDFCF)	**R M**	**38,003**	**39,731**	**50,048**	**59,170**	**64,790**
private sector	R M	26,345	27,973	34,177	46,261	53,770
public sector	R M	11,658	11,758	15,871	12,909	11,020
Gross National Saving (GNS)	**R M**	**39,701**	**32,189**	**35,384**	**49,833**	**49,885**
Net exports of goods & services	**R M**	**-4,165**	**-11,127**	**-23,301**	**-24,337**	**-32,067**
Exports of goods & services	R M	94,859	110,940	127,128	138,530	144,329
exclusive of aircraft and marine vessel		94,859	110,940	125,978	138,315	144,329
Imports of goods & services	R M	99,024	122,067	150,429	162,867	176,396
exclusive of aircraft and marine vessel		98,805	121,947	143,604	160,137	175,796

Economic Data (continued)

Table 2: Gross Domestic Product by industry group at current basic prices

	2004	2005	2006	2007	2008
Agriculture, hunting, forestry and fishing	**9,830**	**9,790**	**10,130**	**9,834**	**9,987**
Sugarcane	5,261	5,212	5,137	4,620	4,348
Other	4,569	4,578	4,993	5,214	5,639
Mining and quarrying	**87**	**88**	**101**	**96**	**97**
Manufacturing	**31,942**	**32,187**	**36,356**	**41,075**	**45,013**
Sugar	1,624	1,609	1,586	1,426	1,342
Food exc Sugar	7,283	8,310	10,137	12,300	15,018
Textiles	12,288	10,885	11,974	13,435	12,569
Other	10,747	11,383	12,659	13,914	16,084
Electricity , gas and water supply	**3,546**	**3,355**	**3,521**	**3,668**	**4,718**
Construction	**8,835**	**9,099**	**10,205**	**13,145**	**16,116**
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal and household goods	**17,327**	**19,571**	**22,534**	**25,598**	**28,580**
Wholesale and retail trade	16,350	18,446	21,246	24,137	26,860
Other	977	1,125	1,288	1,461	1,720
Hotels and restaurants	**11,296**	**12,423**	**15,500**	**19,517**	**20,271**
Transport , storage and communications	**19,682**	**20,447**	**22,169**	**24,696**	**26,369**
Financial intermediation	**14,875**	**16,766**	**18,850**	**21,607**	**25,410**
Insurance	4,200	4,675	5,154	5,700	6,300
Banks	8,990	10,141	11,477	13,317	16,200
Other	1,685	1,950	2,219	2,590	2,910
Real estate, renting and business activities	**14,679**	**16,609**	**19,071**	**22,615**	**26,831**
Owner occupied dwellings	7,247	8,177	9,102	10,675	12,272
Other	7,432	8,432	9,969	11,940	14,559
Public administration and defence; compulsory social security	**10,580**	**11,460**	**12,199**	**12,674**	**14,747**
Education	**7,087**	**7,780**	**8,440**	**9,110**	**10,302**
Health and social work	**5,087**	**5,580**	**6,266**	**6,824**	**7,979**
Other community, social and personal service activities and private households with employed persons	**5,390**	**6,007**	**6,784**	**7,981**	**9,423**
FISIM	**-7,818**	**-8,991**	**-10,117**	**-11,528**	**-14,000**
Gross Domestic Product at basic prices	**152,425**	**162,171**	**182,009**	**206,912**	**231,843**
Taxes on products (net of subsidies)	**23,172**	**23,177**	**24,319**	**28,549**	**32,046**
Gross Domestic Product at market prices	**175,597**	**185,348**	**206,328**	**235,461**	**263,889**
" Manufacturing industries previously operating with an EPZ certificate"	**13,140**	**12,108**	**13,694**	**15,584**	**15,644**

Table 3: Gross Domestic Product-sectoral real growth rates (% over previous year)

	2004	2005	2006	2007	2008
Agriculture, hunting, forestry and fishing	**+8.1**	**-5.4**	**+0.6**	**-7.4**	**+5.2**
Sugarcane	+10.6	-9.2	-2.9	-13.6	+5.5
Other	+5.4	-1.1	+4.5	-1.1	+5.0
Mining and quarrying	**+0.4**	**-3.6**	**+9.1**	**-9.1**	**+0.0**
Manufacturing	**+0.6**	**-5.5**	**+4.0**	**+2.2**	**+1.8**
Sugar	+10.6	-9.2	-2.9	-13.6	+5.5
Food exc Sugar	+4.4	+2.1	+9.6	+4.0	+2.6
Textiles	-7.2	-14.7	+2.9	+8.5	+0.2
Other	+6.6	+0.4	+1.8	-3.1	+2.4
Electricity , gas and water supply	**+4.0**	**+3.8**	**+4.0**	**+3.4**	**+4.5**
Construction	**+0.5**	**-4.4**	**+5.2**	**+15.2**	**+11.0**
Wholesale & retail trade; repair of motor vehicles, motor cycles, personal and household goods	**+5.7**	**+5.6**	**+5.5**	**+4.5**	**+4.6**
Wholesale and retail trade	+5.5	+5.5	+5.4	+4.4	+4.5
Other	+8.5	+8.0	+7.0	+6.7	+7.0
Hotels and restaurants	**+2.4**	**+5.6**	**+3.5**	**+14.0**	**+3.1**
Transport , storage and communications	**+8.1**	**+7.7**	**+7.4**	**+7.6**	**+7.2**
Financial intermediation	**+4.3**	**+5.4**	**+7.0**	**+7.5**	**+10.1**
Insurance	+5.0	+5.0	+5.0	+5.1	+5.0
Banks	+2.0	+4.8	+7.1	+7.9	+12.9
Other	+15.9	+9.5	+11.0	+11.2	+7.0
Real estate, renting and business activities	**+6.7**	**+6.5**	**+6.5**	**+7.6**	**+7.6**
Owner occupied dwellings	+5.3	+4.8	+4.4	+4.9	+4.0
Other	+8.0	+8.1	+8.5	+10.0	+10.8
Public administration and defence; compulsory social security	**+4.3**	**+5.3**	**+4.0**	**+0.5**	**+2.6**
Education	**+6.4**	**+6.1**	**+4.1**	**+2.5**	**+2.0**
Health and social work	**+7.0**	**+6.2**	**+7.9**	**+4.6**	**+5.5**
Other community, social and personal service activities and private households with employed persons	**+7.6**	**+7.2**	**+6.5**	**+8.0**	**+8.3**
FISIM	**-0.4**	**+7.3**	**+6.9**	**+7.5**	**+10.4**
Gross Domestic Product at basic prices	**+4.8**	**+2.3**	**+5.1**	**+5.4**	**+5.2**
Gross Domestic Product at basic prices excluding sugar	**+4.6**	**+2.8**	**+5.4**	**+6.1**	**+5.2**
Taxes on products (net of subsidies)	**+12.3**	**-5.5**	**-3.8**	**+5.5**	**+1.9**
Gross Domestic Product at market prices	**+5.8**	**+1.2**	**+3.9**	**+5.4**	**+4.8**
" Manufacturing industries previously operating with an EPZ certificate"	**-6.8**	**-12.3**	**+4.6**	**+8.0**	**+4.1**

Economic Data (continued)

Table 4: Gross Domestic Fixed Capital Formation at current prices by type and use

	2004	2005	2006	2007	2008
I - By type of capital goods					
A. Building & construction work	**23,042**	**23,489**	**26,705**	**34,903**	**43,647**
Residential building	7,911	7,628	8,972	10,579	13,944
Non-residential building	10,174	9,627	10,666	17,794	22,057
Other construction work	4,957	6,234	7,067	6,530	7,646
B. Machinery and equipment	**14,961**	**16,242**	**23,343**	**24,267**	**21,143**
Aircraft	219	120	5,675	2,515	0
Marine vessel	0	0	0	0	600
Passenger car	2,580	2,327	2,497	3,406	3,635
Other transport equipment	1,510	1,746	1,945	2,433	2,288
Other machinery and equipment	10,652	12,049	13,226	15,913	14,620
II - By Industrial use					
Agriculture, hunting, forestry and fishing	1,328	2,225	2,764	2,508	2,652
Mining and quarrying	2	-	1	9	29
Manufacturing	5,346	5,548	4,819	8,375	6,859
of which EPZ	(2,508)	(2,376)	(2,245)	(4,301)	(2,096)
Electricity , gas and water supply	1,783	2,750	3,251	2,131	883
Construction	744	699	938	1,589	1,867
Wholesale & retail trade and repairs	2,489	2,736	2,989	4,819	5,460
of which Wholesale and retail trade	(2,406)	(2,657)	(2,914)	(4,534)	(5,445)
Restaurants and hotels	5,185	4,193	6,558	10,127	11,744
Transport , storage and communications	4,067	4,542	10,566	8,641	6,523
Financial intermediation	945	1,336	1,665	1,436	1,219
Real estate , renting and business activities	10,005	9,509	10,534	13,627	19,464
Owner occupied dwellings	(7,911)	(7,628)	(8,972)	(10,579)	(14,544)
Other	(2,094)	(1,881)	(1,562)	(3,048)	(4,920)
Public administration and defence; compulsory social security	2,495	1,975	2,077	1,777	2,690
Education	1,167	1,326	1,002	1,106	1,523
Health and social work	693	543	594	765	1,429
Other community, social and personal service activities and private households with employed persons	1,754	2,349	2,290	2,260	2,448
Gross Domestic Fixed Capital Formation	**38,003**	**39,731**	**50,048**	**59,170**	**64,790**
GDFCF (excluding aircraft & marine vessel)	**37,784**	**39,611**	**44,373**	**56,655**	**64,190**
GDFCF as a% of GDP at market prices	**22**	**21**	**24**	**25**	**25**

Table 5: Gross Domestic Fixed Capital Formation - Annual real growth rates (%) by type and use

	2004	2005	2006	2007	2008
I - By type of capital goods					
A. Building & construction work	**-0.3**	**-5.3**	**+6.7**	**+16.9**	**+13.2**
Residential building	-2.3	-10.5	+10.3	+5.5	+19.3
Non-residential building	+20.1	-12.1	+3.9	+49.2	+12.2
Other construction work	-24.2	+16.8	+6.3	-17.4	+6.0
B. Machinery and equipment	**+6.2**	**+3.4**	**+36.9**	**-1.0**	**-11.6**
Machinery and equipment (exc. aircraft & marine vessel)	+13.4	+4.2	+3.8	+17.2	-4.1
Passenger car	+39.5	-14.1	+4.2	+29.9	+5.7
Other transport equipment	-40.3	+2.8	+296.5	-38.2	-42.2
Other transport equipment (excluding aircraft & marine vessel)	-16.3	+10.1	+8.1	+19.1	-6.9
Other machinery and equipment	+14.0	+7.7	+3.1	+14.6	-5.8
II - By Industrial use					
Agriculture, hunting, forestry and fishing	+33.8	+56.9	+16.8	-17.0	+1.5
Mining and quarrying	+150.8	-100.0	-	+619.0	+213.2
Manufacturing	+26.5	-1.8	-18.2	+63.1	-18.7
Electricity , gas and water supply	-4.8	+45.8	+11.0	-39.4	-58.7
Construction	+19.5	-10.6	+27.1	+57.5	+12.1
Wholesale & retail trade and repairs	-3.7	+3.4	+3.7	+48.2	+7.0
of which Wholesale and retail trade	-4.3	+3.9	+4.1	+42.7	+13.4
Restaurants and hotels	+52.2	-24.5	+46.8	+39.2	+6.6
Transport , storage and communications	-30.3	+5.6	+123.2	-23.2	-28.0
Financial intermediation	+15.8	+32.8	+17.5	-19.9	-16.8
Real estate , renting and business activities	+0.6	-11.5	+4.1	+16.5	+30.9
Owner occupied dwellings	-2.3	-10.5	+10.3	+5.5	+25.1
Other	+13.2	-15.5	-21.0	+79.6	+50.9
Public administration and defence; compulsory social security	+9.5	-26.0	-1.0	-21.6	+43.7
Education	-10.6	+6.1	-29.1	+1.4	+29.7
Health and social work	+15.2	-25.9	+2.8	+20.9	+79.1
Other community, social and personal service activities and private households with employed persons	-34.6	+25.2	-8.3	-9.2	+3.5
Gross Domestic Fixed Capital Formation	**+2.2**	**-1.9**	**+19.0**	**+8.6**	**+3.0**
GDFCF (excluding aircraft & marine vessel)	**+4.8**	**-1.6**	**+5.5**	**+17.0**	**+6.5**

Economic Data (continued)

Table 6: Balance of Payments

	2004	2005	2006	2007	2008
Goods and services	-4,165	-11,128	-23,301	-23,681	-38,876
Income	-390	-239	1,633	7,491	4,898
Current Transfers	1,374	1,797	2,269	3,693	6,250
Capital and Financial Account	884	9,043	10,363	2,132	20,857
Errors and Omission	2,297	527	9,036	10,365	6,871
Overall Balance of Payments	-857	-4,888	-4,573	13,880	-4,624
Net international reserves	63,994	63,304	78,598	85,834	90,164

Table 7: Employment * by Industrial Group ('000)

	2003	2004	2005	2006	2007
Agriculture & Fishing	**49.5**	**49.0**	**48.6**	**47.9**	**47.3**
Sugar cane	19.9	19.1	18.6	18.2	17.8
Agriculture(Non-Sugar)	29.6	29.9	30.0	29.7	29.5
Mining & Quarrying	**0.3**	**0.3**	**0.3**	**0.3**	**0.2**
Manufacturing	**132.0**	**125.2**	**120.1**	**120.9**	**122.5**
Sugar	2.2	2.3	2.2	2.0	2.0
EPZ	80.0	71.6	65.5	64.2	65.6
Manufacturing (Non-EPZ & Non-Sugar)	49.8	51.3	52.4	54.7	54.9
Electricity, Gas & Water	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**
Construction	**48.0**	**49.1**	**47.2**	**48.4**	**49.7**
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal and household goods	**71.3**	**74.8**	**76.6**	**78.8**	**78.4**
Hotels & Restaurants	**27.4**	**28.4**	**30.9**	**31.6**	**32.1**
Transport, Storage & Communications	**34.9**	**35.9**	**36.5**	**36.9**	**37.4**
Financial Intermediation	**7.8**	**7.9**	**8.8**	**9.4**	**10.6**
Real estate, renting and business activities	**16.6**	**18.1**	**20.0**	**21.1**	**24.7**
Public administration and defence; compulsory social security	**39.2**	**39.0**	**39.4**	**39.6**	**39.1**
Education	**25.1**	**26.2**	**27.1**	**28.4**	**28.8**
Health & Social Work	**14.0**	**14.5**	**15.0**	**15.0**	**15.6**
Other services	**31.3**	**33.1**	**33.7**	**34.0**	**34.3**
Total	**500.4**	**504.5**	**507.2**	**515.3**	**523.7**

Table 8 : Public Finance

	2004/05	2005/06	2006/07	2007/08	2008/09
TOTAL DERIVED REVENUE AND GRANTS	**36,050**	**39,220**	**42,169**	**53,222**	**61,583**
Tax Revenue	32,719	35,382	38,186	47,831	50,696
Non-Tax Revenue	2,474	3,127	3,632	4,913	6,862
Capital Revenue	414	222	29	23	0
Grants	444	489	322	454	4,025
TOTAL DERIVED EXPENDITURE AND LENDING MINUS REPAYMENTS	**45,075**	**49,564**	**51,608**	**61,542**	**70,870**
Current Expenditure	38,042	41,915	44,122	48,422	70,703
Capital Expenditure	6,345	6,960	7,111	11,682	10,117
Lending Minus Repayments	688	689	375	1,437	167
OVERALL BALANCE	**-9,025**	**-10,345**	**-9,439**	**-8,320**	**-9,287**
Financed by:					
Domestic Financing	8,541	11,494	4,974	8,560	5,665
External Financing	484	-1,149	4,465	-240	3,622
A. Disbursements	1,414	170	5,435	681	4,537
B. Amortization	-930	-1,319	-970	-920	-915
PRIMARY BALANCE	**-1,841**	**-2,989**	**-556**	**2,354**	**1,722**
OVERALL BALANCE AS % OF GDP	**-5.0%**	**-5.3%**	**-4.3%**	**-3.4%**	**-3.3%**
GDP at Current Market Prices	**180,960**	**195,760**	**219,275**	**247,840**	**281,424**

Economic Data (continued)

Table 9: Tourist Arrivals by Country of Residence

	2004	2005	2006	2007	2008
EUROPE					
France	210,411	220,421	182,295	240,028	260,054
Germany	52,277	55,983	57,251	65,165	61,484
Italy	41,277	43,458	69,407	69,510	66,432
Switzerland	16,110	15,773	16,161	17,546	16,037
United Kingdom	92,625	95,407	102,333	107,297	107,919
Austria	10,304	10,440	10,483	10,969	8,974
Spain	8,475	9,682	11,012	11,092	12,001
Belgium	8,524	8,973	9,216	10,945	11,796
AFRICA					
Malagasy Rep.	8,256	7,397	7,239	8,842	10,905
Reunion	96,510	99,036	89,127	95,823	96,174
Seychelles	7,456	10,084	12,023	14,275	10,604
S. Africa, Rep. of	52,609	58,446	70,796	81,733	84,448
Zimbabwe	2,345	2,419	1,587	1,669	1,809
ASIA					
India	24,716	29,755	37,498	42,974	43,911
P. Rep. of China	5,291	5,526	4,875	7,739	8,425
Singapore	2,329	1,789	1,862	2,020	1,758
United Arab Emirates	1,715	1,344	1,896	1,971	4,109
OCEANIA					
Australia	11,373	13,486	16,660	19,635	18,852
AMERICA					
USA	4,305	4,890	5,220	5,451	7,089
Canada	1,845	2,119	2,298	2,590	3,188

Table 10: Transport

Road traffic	2003	2004	2005	2006	2007	2008
Car	68,524	77,342	84,818	91,911	99,770	109507
(of which taxi car)	5,979	6,482	6,798	6,860	6,885	6941
Dual purpose vehicle	39,383	40,667	42,026	43,221	44,635	46021
Bus	2,460	2,457	2,560	2,612	2,753	2762
Van	22,496	23,326	23,989	24,552	24,934	25334
Motor cycle	26,744	28,646	30,927	33,936	36,969	40804
Lorry and truck	11,501	11,774	12,047	12,272	12,536	12726
Sea Traffic						
No. of vessels entering (incl fishing)	2,128	2,015	2,318	2,428	2,317	2008
Goods unloaded (000 tonnes)	4,345	4,549	4,046	4,433	5,080	5140
Goods loaded (000 tonnes)	1,203	1,304	1,197	1,253	1,179	1155
No. of passengers (Arrivals)	31,296	32,238	35,422	31,713	25,792	
Air Traffic						
No. of landings	9,455	9,316	9,705	9,211	8,543	7750
Freight unloaded (Tonnes)	20,029	22,381	23,920	21,218	22,663	17600
Freight loaded (Tonnes)	24,338	26,049	25,185	24,389	24,894	19500
No. of passengers (Arrivals)	947,774	979,322	1,029,666	1,205,013	1,151,639	

Economic Data (continued)

Table 11: Cargo Traffic

	2004	2005	2006	2007	2008
BULK CARGO					
IMPORT					
Bitumen	7,175	9,989	9,529	4,830	14,316
Soya Bean Meal	35,293	35,420	26,565	22,487	33,672
Wheat	97,730	147,850	138,917	156,705	102,818
Maize	89,134	89,043	84,519	74,078	90,349
Fertilizer	59,446	66,295	43,386	32,175	28,960
Coal	331,985	379,262	464,613	604,308	607,290
Liquid Ammonia	11,100				
Edible Oil	26,987	27,187	31,833	31,534	28,216
Tallow	1,008	1,300	700		
Cement	727,838	655,089	636,473	670,237	736,986
Petroleum White oil	691,172	698,772	659,646	671,372	710,304
Black Oil	296,700	338,107	305,024	334,425	290,937
Products Liquified Petroleum Gas	55,395	63,892	63,950	62,453	65,120
SUB TOTAL	**2,430,963**	**2,512,206**	**2,465,155**	**2,664,604**	**2,708,968**
EXPORT					
Fertilizer	380				
Sugar	485,393	466,000	467,483	365,144	357,148
Molasses	124,650	110,875	72,383	40,885	75,219
Bunker Pipe-line	98,625	111,205	128,812	109,820	133,303
Bunker Barge	46,455	51,160	47,569	61,357	66,088
Cement			6,358	5,600	6,000
Ethanol (Raw Methyl Alcohol)	2,776		3,182	7,405	4,887
Aggregates	31,557			27,881	
SUB TOTAL	**789,836**	**739,240**	**725,787**	**618,092**	**642,645**
TOTAL	**3,220,799**	**3,251,446**	**3,190,942**	**3,282,696**	**3,351,613**
GENERAL CARGO					
IMPORT	113,518	97,249	88,477	71,830	20,125
EXPORT	1,413	863	2,464	9,683	9,245
TRANSHIPMENT IN.					
TOTAL	**114,931**	**98,112**	**90,941**	**81,513**	**29,370**

Table 11: Cargo Traffic

	2004	2005	2006	2007	2008
CONTAINERISED					
IMPORT	1,040,282	933,675	958,802	1,096,460	1,195,502
EXPORT	449,822	402,687	474,583	496,219	463,668
TRANSHIPMENT IN.	894,523	759,390	785,810	1,104,416	1,094,902
TOTAL	**2,384,627**	**2,095,752**	**2,219,195**	**2,697,095**	**2,754,072**
INTER-ISLAND					
RODRIGUES IMPORT	1,528	585	855	872	885
GEN.CARGO EXPORT	9,624	7,687	6,971	3,271	1,549
TOTAL	**11,152**	**8,272**	**7,826**	**4,143**	**2,434**
ROD'S CONTAINERISED					
IMPORT	7,764	7,574	6,692	7,489	6,851
EXPORT	50,548	44,520	40,564	36,462	37,348
TOTAL	**58,312**	**52,094**	**47,256**	**43,951**	**44,199**
FISH					
LOCAL MARKET	40,001	64,156	85,217	79,184	82,030
TRANSHIPMENT IN.	20,585	30,979	42,456	36,798	31,002
TRANSHIPMENT OUT.	2,918	1,655	2,509	1,001	434
TOTAL	**63,504**	**96,790**	**130,182**	**116,983**	**113,466**
GRAND TOTAL	**5,853,325**	**5,602,466**	**5,686,342**	**6,226,381**	**6,295,154**

Economic Data (continued)

Trade (2008) by Chapter (Rs Million)

Chapter	Description	Imports (CIF)	Domestic Exports (FOB)	Re-Exports (FOB)
01	Live animals	456.8	996.4	7.6
02	Meat and edible meat offal	1,197.8	0.0	6.1
03	Fish and crustaceans, molluscs and other aquatic invertebrates	8,088.7	72.1	1,689.0
04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	3,005.1	1.5	56.9
05	Products of animals origin, not elsewhere specified or included	100.4	2.3	62.3
06	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	17.1	103.3	0.0
07	Edible vegetables and certain roots and tubers	710.7	8.0	11.0
08	Edible fruit and nuts; peel of citrus fruit or melons	636.5	75.1	7.9
09	Coffee, tea, matÈ and spices	167.5	37.4	8.6
10	Cereals	4,109.4	0.0	14.9
11	Products of the milling industry; malt; starches; inulin; wheat gluten	434.9	156.5	2.2
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	138.6	0.4	4.1
13	Lac; gums, resins and other vegetable saps and extracts	35.3	0.1	0.2
14	Vegetable plaiting materials; Vegetable products not elsewhere specified or included	15.8	0.1	0.2
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	1,622.3	11.4	44.7
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	784.3	6,067.2	190.5
17	Sugars and sugar confectionery	610.8	8,436.7	13.1
18	Cocoa and cocoa preparations	350.6	2.4	9.3
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	954.2	92.3	176.1
20	Preparations of vegetables, fruit, nuts or other parts of plants	646.0	6.3	7.9
21	Miscellaneous edible preparations	925.6	5.7	20.1
22	Beverages, spirits and vinegar	942.2	140.1	491.4
23	Residues and waste from the food industries; prepared animal fodder	664.3	353.4	9.6
24	Tobacco and manufactured tobacco substitutes	1,201.9	51.7	177.3
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	2,512.5	2.2	100.7
26	Ores, slag and ash	1.9	0.0	0.1
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	28,427.2	0.0	23.1

Trade (2008) by Chapter (Rs Million)

Chapter	Description	Imports (CIF)	Domestic Exports (FOB)	Re-Exports (FOB)
28	Inorganic chemicals; Organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	504.1	21.8	29.7
29	Organic chemicals	540.7	1.5	44.8
30	Pharmaceutical products	2,386.2	97.2	517.8
31	Fertilisers	939.0	0.6	199.7
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	821.6	48.3	41.9
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	1,276.7	22.4	109.4
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, "dental waxes" and dental preparations with a	460.4	141.2	71.3
35	Albuminoidal substances; modified starches; glues; enzymes	174.1	2.9	3.8
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations	57.7	0.0	19.0
37	Photographic or cinematographic goods	290.0	0.5	23.3
38	Miscellaneous chemical products	1,133.4	19.9	56.1
39	Plastics and articles thereof	3,551.2	202.6	454.0
40	Rubber and articles thereof	896.6	0.9	11.0
41	Raw hides and skins (other than furskins) and leather	243.0	1.1	9.8
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut)	395.8	446.6	8.5
43	Furskins and artificial fur; manufactures thereof	5.5	13.3	0.0
44	Wood and articles of wood; wood charcoal	1,561.6	33.8	28.9
45	Cork and articles of cork	2.5	0.3	0.0
46	Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork	22.1	2.7	0.8
47	Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard	21.2	12.9	3.8
48	Paper and Paperboard; articles of paper pulp, of paper or of paperboard	2,116.6	293.1	187.9
49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans	526.4	229.4	30.5
50	Silk	36.3	0.1	3.3
51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	809.3	475.8	53.1

Economic Data (continued)

Trade (2008) by Chapter (Rs Million)

Chapter	Description	Imports (CIF)	Domestic Exports (FOB)	Re-Exports (FOB)
52	Cotton	5,611.0	719.4	298.5
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	45.7	2.6	0.1
54	Man-made filaments	578.5	9.9	53.9
55	Man-made staple fibres	883.4	52.7	77.3
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	113.6	0.4	2.6
57	Carpets and other textile floor coverings	207.8	2.0	79.7
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	687.9	70.0	55.6
59	Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	235.4	2.7	9.5
60	Knitted or crocheted fabrics	205.1	324.0	36.7
61	Articles of apparel and clothing accessories, knitted or crocheted	369.4	14,261.3	1,708.3
62	Articles of apparel and clothing accessories, not knitted or crocheted	1,107.2	7,715.2	183.2
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags	362.6	63.3	83.8
64	Footwear, gaiters and the like; parts of such articles	550.1	2.8	10.8
65	Headgear and parts thereof	47.4	9.8	8.1
66	Umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof	35.8	1.7	3.0
67	Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair	20.5	0.8	0.5
68	Articles of stone, plaster, cement, asbestos, mica or similar materials	437.3	0.6	51.3
69	Ceramic products	980.6	0.8	20.8
70	Glass and glassware	682.4	279.0	12.7
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	2,782.5	2,131.3	294.9
72	Iron and steel	3,219.7	223.2	315.6
73	Articles of iron or steel	2,078.7	298.6	65.6
74	Copper and articles thereof	335.2	70.6	36.2
75	Nickel and articles thereof	3.1	0.0	0.2
76	Aluminium and articles thereof	1,033.3	139.9	216.4
78	Lead and articles thereof	2.6	0.0	0.0
79	Zinc and articles thereof	81.3	3.0	0.0
80	Tin and articles thereof	2.9	0.0	0.0
81	Other base metals; cermets; articles thereof	1.9	0.0	0.0
82	Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	372.8	4.2	23.4
83	Miscellaneous articles of base metal	797.4	15.1	26.6
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	10,149.9	59.1	752.5

85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	9,049.3	86.3	2,668.4
86	Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signalling equipment of all kinds	0.3	0.0	0.0
87	Vehicles other than railway or tramway rolling-stock and parts and accessories thereof	6,368.8	1.2	93.8
88	Aircraft, spacecraft and parts thereof	154.1	24.0	63.6
89	Ships, boats and floating structures	713.0	10.8	8.2
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	1,299.0	478.2	220.3
91	Clocks and watches and parts thereof	476.0	569.6	53.1
92	Musical instruments; parts and accessories of such articles	20.6	2.8	0.2
93	Arms and ammunition; parts and accessories thereof	5.2	0.0	0.0
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings	1,806.3	67.8	47.1
95	Toys, games and sports requisites; parts and accessories thereof	559.5	184.8	49.2
96	Miscellaneous manufactured articles	542.6	132.9	57.2
97	Works of arts, collectors' pieces and antiques	13.7	4.7	3.0

Trade (2008) by Section (Rs Million)

Chapter	Description	Imports (CIF)	Domestic Exports (FOB)	Re-Exports (FOB)
01	Live animals; animal products.	12,848.8	1,072.5	1,821.8
02	Vegetable products.	6,265.9	380.8	48.9
03	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes.	1,622.3	11.4	44.7
04	Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes.	7,079.7	15,155.7	1,095.4
05	Mineral products.	30,941.5	2.2	123.9
06	Products of the chemical or allied industries.	8,583.9	356.3	1,116.9
07	Plastics and articles thereof; rubber and articles thereof.	4,447.8	203.5	465.0
08	Raw hides and skins, leather, furskins and articles thereof; saddlery and harness; travel goods, handbags and similar containers; article of animal gut (other than silk-worm gut).	644.2	461.0	18.3
09	Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork.	1,586.2	36.8	29.7
10	Pulp of Wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard; paper and paperboard and articles thereof.	2,664.3	535.4	222.2
11	Textiles and textile articles	11,253.0	23,699.3	2,645.5
12	Footwear, headgear, umbrellas, sun umbrellas, walking-sticks, seat-sticks, whips, riding-crops and parts thereof; prepared feathers and articles made therewith; artificial flowers; articles of human hair.	653.8	15.1	22.5
13	Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware.	2,100.3	280.4	84.9
14	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin.	2,782.5	2,131.3	294.9
15	Base metals and articles of base metal.	7,928.8	754.6	684.0
16	Machinery and mechanical appliances; electrical equipment; parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.	19,199.2	145.4	3,420.9
17	Vehicles, aircraft, vessels and associated transport equipment.	7,236.3	36.0	165.6
18	Optical, photographic,cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof.	1,795.5	1,050.5	273.6
19	Arms and ammunition; parts and accessories thereof.	5.2	0	0
20	Miscellaneous manufactured articles.	2,908.3	385.4	153.5
21	Works of art, collectors' pieces and antiques.	13.7	4.7	3.0
	Total	**132,564.0**	**46,718.5**	**12,735.3**

Economic Data (continued)

TOTAL EXPORTS: MAIN DESTINATIONS FOR 2008

No	Country of Destination	FOB VALUE (Rs Million)	No	Country of Destination	FOB VALUE (Rs Million)
1	UK	20,206.7	31	PHILLIPINES	132.9
2	FRANCE	7,959.0	32	PANAMA	119.0
3	USA	3,985.3	33	DENMARK	110.9
4	MADAGASCAR	3,514.8	34	KOREA, REPUBLIC OF	110.4
5	ITALY	2,714.4	35	TAIWAN	98.8
6	SOUTH AFRICA	2,151.7	36	GHANA	93.2
7	REUNION	2,036.9	37	SOCIALIST ETHOPIA	84.4
8	SPAIN	2,001.6	38	TURKEY	84.1
9	BELGIUM	1,955.3	39	SRI LANKA	80.9
10	UAE	1,820.1	40	GREECE	77.1
11	GERMANY	1,700.6	41	VIET NAM	74.1
12	SWITZERLAND	933.6	42	POLAND	69.3
13	NETHERLANDS	799.8	43	MALTA	51.7
14	SEYCHELLES	769.1	44	TANZANIA	51.7
15	PORTUGAL	720.8	45	MOZAMBIQUE	51.4
16	INDIA	479.8	46	MEXICO	51.0
17	THAILAND	420.9	47	BANGLADESH	50.0
18	CZECH REP	340.2	48	UGANDA	49.8
19	MAYOTTE	311.0	49	IRELAND	43.9
20	CHINA	267.2	50	UKRAINE	43.2
21	JAPAN	250.2	51	BARBADOS	40.9
22	KENYA	245.6	52	ZAMBIA	40.7
23	SINGAPORE	243.6	53	RUSSIAN FEDERATION	40.0
24	AUSTRIA	215.3	54	RWANDESE REPUBLIC	39.2
25	ROMANIA	207.3	55	MOROCCO	38.1
26	AUSTRALIA	202.0	56	MALDIVES	37.3
27	COMOROS	169.7	57	SENEGAL	35.9
28	MALAYSIA	165.2	58	MARTINIQUE	35.6
29	HONG KONG	143.7	59	URUGUAY	32.5
30	CANADA	136.8	60	KINGDOM OF LESOTHO	28.1

DOMESTIC EXPORTS: MAIN DESTINATIONS FOR 2008

No	Country of Destination	FOB VALUE (Rs Million)	No	Country of Destination	FOB VALUE (Rs Million)
1	UK	20,052.8	31	MEXICO	50.9
2	FRANCE	6,723.3	32	CZECH REP	50.3
3	USA	3,678.7	33	BANGLADESH	50.0
4	ITALY	2,121.1	34	MOZAMBIQUE	46.8
5	BELGIUM	1,943.3	35	KOREA, REPUBLIC OF	41.4
6	SOUTH AFRICA	1,816.2	36	RWANDESE REPUBLIC	39.1
7	MADAGASCAR	1,658.3	37	SINGAPORE	33.9
8	GERMANY	1,402.9	38	JAPAN	33.5
9	SPAIN	1,325.6	39	THAILAND	32.3
10	REUNION	856.6	40	UAE	32.2
11	NETHERLANDS	781.4	41	IRELAND	32.0
12	SWITZERLAND	759.5	42	SENEGAL	31.9
13	PORTUGAL	604.4	43	COMOROS	28.3
14	SEYCHELLES	306.3	44	UGANDA	25.5
15	AUSTRIA	198.8	45	MARTINIQUE	24.8
16	AUSTRALIA	179.1	46	ZAMBIA	24.7
17	INDIA	173.0	47	FINLAND	24.1
18	KENYA	171.5	48	MALAWI	22.6
19	CANADA	135.2	49	SWEDEN	22.6
20	MAYOTTE	102.4	50	COTE D'IVOIRE	22.0
21	HONG KONG	99.1	51	MALDIVES	18.9
22	DENMARK	93.9	52	TANZANIA	18.8
23	PANAMA	93.4	53	ISRAEL	18.7
24	GHANA	87.9	54	ANGOLA	16.7
25	TURKEY	79.8	55	ZIMBABWE	14.8
26	GREECE	74.1	56	MOROCCO	14.6
27	POLAND	67.7	57	VIET NAM	14.5
28	CHINA	59.2	58	BULGARIA	13.9
29	ROMANIA	54.7	59	GUADELOUPE	13.7
30	SRI LANKA	54.2	60	CONGO	11.7

Economic Data (continued)

RE-EXPORTS: MAIN DESTINATIONS FOR 2008

No	Country of Destination	FOB VALUE (Rs Million)	No	Country of Destination	FOB VALUE (Rs Million)
1	MADAGASCAR	1,856.5	31	HONG KONG	44.6
2	UAE	1,787.9	32	UKRAINE	43.0
3	FRANCE	1,235.8	33	BARBADOS	40.9
4	REUNION	1,180.3	34	TANZANIA	32.8
5	SPAIN	676.0	35	RUSSIAN FEDERATION	30.1
6	ITALY	593.3	36	URUGUAY	29.1
7	SEYCHELLES	462.8	37	KINGDOM OF LESOTHO	28.1
8	THAILAND	388.6	38	SRI LANKA	26.7
9	SOUTH AFRICA	335.5	39	PANAMA	25.6
10	INDIA	306.8	40	VANUATU	24.8
11	USA	306.6	41	UGANDA	24.3
12	GERMANY	297.7	42	MOROCCO	23.5
13	CZECH REP	289.9	43	AUSTRALIA	22.9
14	JAPAN	216.7	44	NETHERLANDS	18.4
15	SINGAPORE	209.8	45	MALDIVES	18.4
16	MAYOTTE	208.6	46	NEW ZEALAND	17.5
17	CHINA	208.0	47	DENMARK	17.0
18	SWITZERLAND	174.1	48	AUSTRIA	16.5
19	MALAYSIA	159.0	49	ZAMBIA	16.0
20	UK	153.9	50	GUADELOUPE	13.3
21	ROMANIA	152.6	51	FIJI	12.7
22	COMOROS	141.4	52	LUXEMBOURG	12.3
23	PHILLIPINES	132.8	53	CAMEROON	12.2
24	PORTUGAL	116.5	54	BELGIUM	11.9
25	TAIWAN	90.9	55	IRELAND	11.9
26	SOCIALIST ETHOPIA	84.4	56	MARTINIQUE	10.8
27	KENYA	74.1	57	OMAN	7.9
28	KOREA, REPUBLIC OF	69.0	58	MONGOLIA	7.8
29	VIET NAM	59.6	59	INDONESIA	7.2
30	MALTA	47.6	60	CHAD	6.9