



## 175th ANNUAL GENERAL MEETING

Thursday 28 March 2024, 9.30hrs

Caudan Arts Centre, Port- Louis

Speech of the President of the MCCI, Mrs Namita Jagarnath Hardowar

*“Empowering a sustainable legacy through a sense of purpose and  
responsibility”.*

It gives me immense pleasure to welcome you today to the 175th Annual General Meeting of the Mauritius Chamber of Commerce and Industry (MCCI). It has been my distinct privilege to serve as the President of this long-established institution for the past two years, following two years as Vice President.

Together, throughout these four years, we have navigated through a series of unprecedented challenges that have left an indelible mark on both the local and global economies. The traditional concepts of **planning and predictability** have been fundamentally altered and supplanted by a new era characterised by **responsiveness and agility**. We have, together, witnessed challenges such as the

Covid-19 pandemic and the conflict between Russia and Ukraine along with their ramifications on global economies and geopolitical stability.

As we reflect on these events, we must recognise that our **collective efforts** have been crucial in overcoming adversity and fostering resilience. We have successfully overcome these seemingly insurmountable challenges through **collaboration and perseverance**, and as I bid farewell as the President of the MCCI today, I am filled with a sense of **collective achievement**. Our combined efforts have undoubtedly contributed to the economic resilience of the country and its subsequent resurgence in growth.

**Ladies and Gentlemen,**

As we celebrate our achievements, it is also essential for us to acknowledge that our **resilience remains fragile**, and there are several **inherent risks** within our landscape. The ongoing conflict in the Middle East alongside potential threats of further escalation underscores the **short-term risks and structural vulnerabilities** facing economies, including disruptions in the global value chains, energy supply and prices. Additionally, the effects of **climate change have become increasingly undeniable**, evidenced by unprecedented weather events locally and globally.

Subdued growth and continued tight monetary policy from our main trading partners, coupled with diminished consumer confidence in the after-wake of additional revenues in Europe and North America, present further complexities.

As we approach the midpoint of the implementation of the **2030 Agenda for sustainable development**, it is evident that the world remains vulnerable to disruptive shocks, including the climate crisis, escalating conflicts, commotion in global trade, skewed labour markets and **widening gender gaps** amongst others. With practiced tightening monetary policy, shift to protectionism and other conjunctural economic banes, the 2030 Sustainable Goals Agenda unfortunately appears compromised.

### International Context

#### **Ladies and Gentlemen**

In 2023, the global economy displayed unexpected resilience amid stringent monetary policies and diverse policy directions. Several major economies demonstrated considerable resilience, supported by strong labour markets, which in turn supported consumer spending. Nonetheless, **vulnerabilities remain due to ongoing conflicts**, the impacts of climate change, and the delayed effects of steep interest rate hikes, amongst other factors. Additionally, the global economy still

grapples with heightened debts, resulting from successive shocks. Against these challenges, the global economy is expected to **sustain its growth at a rate of 3.1% for both 2023 and 2024, with a slight increase to 3.2% in 2025**, according to the latest publication by the International Monetary Fund (IMF) in January 2024.

In the United States, economic growth is expected to decline from **2.5% in 2023 to 2.1% in 2024 and further to 1.7% in 2025**. This slowdown is attributed to the delayed impacts of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets, all of which are expected to dampen aggregate demand.

The euro area's growth is expected to rebound from an estimated **0.5% in 2023**, which was influenced by significant exposure to the war in Ukraine, to **0.9% in 2024 and 1.7% in 2025**. The recovery will be driven by stronger household consumption as the effects of the shock to energy prices diminish and inflation decreases, supporting real income growth.

In sub-Saharan Africa, growth is expected to increase from an estimated **3.3% in 2023 to 3.8% in 2024 and further to 4.1% in 2025**. This growth trajectory is attributed to the diminishing negative effects of previous weather shocks and gradual improvements in supply issues. Overall, emerging markets and developing

economies are forecasted to maintain a growth rate of **4.1% in 2024, increasing slightly to 4.2% in 2025.**

The recovery prospects for many developing countries, particularly vulnerable and low-income nations, remain bleak, making a full recovery from pandemic losses increasingly difficult. Disrupted value chains, debt service pressures, and weakened industries in these economies predict subdued growth in the medium term. These challenges further impose on Mauritius to be more focused in its quest for renewed competitiveness and adoption of an independent and inclusive growth strategy to damp the effects of the depicted international structural scourges.

### Local context

Ladies and Gentlemen, let me now come to the local context.

Mauritius has undergone a remarkable transformation with sustained growth levelling the trend of major global economies for more than three decades. However, economic fallout from the Covid-19 pandemic in 2020 underscored our vulnerability, particularly due to our reliance on the tourism and export sectors. Despite these challenges, Mauritius has maintained macroeconomic stability through prudent fiscal management, flexible exchange rate regime and a robust financial sector, with a **GDP growth rate of 8.9% in 2022.**

Rapid growth was sustained in **2023, with growth estimated at 7.1%**. While inflation was still above the Bank of Mauritius' target range of 2-5%, prices fell during 2023, backed by lower international prices. The average **headline inflation rate declined from 10.8% in 2022 to 7.0% in 2023**. Latest figures from Statistics Mauritius indicate that the inflation rate in February 2024 stood at 6.2%. The unemployment rate has also been on a declining trend from 7.7% in 2022 to 6.3% during the third quarter of 2023.

As we look ahead to 2024, the International Monetary Fund (IMF) projects **a growth rate of 4.9%** for the country, while the local authorities present a more ambitious and optimistic outlook, with a projected growth of 6.5%. These ambitious growth rates **need to be translated into a reality to meet our socio-economic aspirations** and requires **the collective efforts of all stakeholders**.

### **Ladies and Gentlemen**

Our economic development strategy has for long been centred mainly around the pursuit of growth. Whilst growth is undoubtedly beneficial and sustainable, inclusive growth is however paramount.

A growth that fosters resilience, purpose, accountability, and inclusivity for all our workers, our youth, a growth where the vulnerable are protected and the strong are given the means to grow the national wealth is the legacy we need to build.

Such growth should not merely serve as an end in itself, but should also be accompanied **by widespread social empowerment, well-being, socioeconomic stability** and a general sense of purpose for each and every individual driving productivity and competitiveness. Looking into the rearview mirror of our achievements despite all headwinds of repetitive shocks – this vision is surely not a utopia.

Translating this aspiration into reality however necessitates **bold and rationale policies** that instil unprecedented confidence. These policies must directly address the following **imperative growth strategies**, which serve as the foundation of an independent, sustainable and inclusive economy:

1. Strengthening public-private dialogue, which has always been one of the key success factors of Mauritius.
2. Reconciling employee recognition with productivity and competitiveness
3. Enhancing sound fiscal and financial policies to avoid austerity through accelerated growth.

4. Addressing the chronic manpower shortages through the establishment of a clear, efficient, time bound migration policy.
5. Implementing continuous reforms to improve the business environment and reduce the cost of doing business and ensuring that a Regulatory Impact Assessment framework is in place.
6. Promoting business freedom by removing time-bound impositions regulating mark-ups and allowing for prices to be driven by free markets and competition, whilst safeguarding the interests of most vulnerable.
7. Accelerating competitiveness in our Port sector through the implementation of short-, medium- and long-term actions.
8. Attracting foreign direct investment and private investment through clear policies thus ensuring market certainty.
9. Supporting Small and Medium-sized Enterprises and Domestic Oriented Enterprises to diversify and improve their product base through incentives and market access to dampen the effects of increasing operational costs.
10. Facilitating the growth of our Export Oriented Enterprises through targeted promotion and supporting growth of new export-oriented products, as depicted in our comprehensive “Export Insights” report published last year.



11. Structuring a Mauritius Services Umbrella to source our unique expertise from Mauritius to the region by leveraging on the networks of MOUs and strategic alliances supported by multiple Free Trade Agreements.
12. Implementing reforms to allow more business freedom, confidence, and efficiency.
13. Investing in climate-resilient productive assets to drive productivity, efficiency, and economic growth.
14. Investing in state-of-the-art technology and AI to boost productivity and competitiveness.

### **Ladies and Gentlemen**

These ambitious growth strategies may appear daunting at first glance, but they stand as the legacy that we need to craft to revitalise our economic prosperity. In this era defined by rapid technological advancements and shifting global dynamics, embracing bold strategies has become an imperative for sustainable growth. Such initiatives are not merely lofty aspirations; they represent a calculated roadmap towards a more prosperous future, **one that fosters innovation, entrepreneurship, and equitable opportunities for all stakeholders.**

The MCCI is poised to contribute towards these ambitious growth endeavours. By fostering collaboration, advocating for conducive policies, and providing vital support structures, the **MCCI has a strong will to empower** more businesses, stimulate job creation, and foster a thriving economic ecosystem. As a **driving force** behind regional development, the Chamber recognises the imperative of embracing transformative strategies, steering communities towards sustainable prosperity, and shaping a legacy that transcends generations.

For a country heavily reliant on international trade, foreign direct investment, tourism and international logistics, **achieving resilience** necessitates pragmatic policies specifically tailored to the global economic context.

In addition, our investment needs in infrastructure, technology, and human capital, as well as the challenges posed by structural challenges such as an ageing population **require accelerated growth to maintain a balance between fostering growth to sustain both responsible fiscal policies and uphold socio-economic aspirations.** Today, although our resilience appears robust and our growth trajectory promising, we must acknowledge the presence of **underlying vulnerabilities that pose significant challenges.**

We must steer clear of implementing fiscal austerity measures that could stifle growth and instead we should prioritise sound fiscal management. Furthermore, it is imperative that we **embrace substantial structural shifts to reinvigorate the economy, shifting away from reliance on consumption-driven growth.** More so, to meet our growth targets, it is essential to provide the necessary momentum for both traditional and established sectors experiencing slowdowns and diminishing competitiveness due to escalating costs of operations. This entails offering incentives and **adopting open policies regarding the migration of skilled labour, technology adoption, and fostering open market competition rather than relying on market regulations.**

Our economic sectors are susceptible not only to the fluctuations of global markets but also to the adverse impacts of environmental degradation and climate change. Additionally, increasing competition from other regions underscores the urgent need for Mauritius to diversify into knowledge-based and high-technology industries to ensure a more resilient economic future.

### **Ladies and Gentlemen**

The global and local contexts compel us to **reconsider our economic model.** Austerity measures are not a panacea; instead, we require growth-sustaining best

practices that emphasise **accountability, good governance, inclusivity, and responsibility.**

Therefore, the importance of an economic paradigm shift does not only impend on an economic imperative to drive confidence, consumer spending and long-term economic sustainability but is of moral and ethical imperative. Our ability to accomplish this will be our legacy. But how do we bring this forward?

**This legacy needs to be anchored on three fundamental pillars of socio-economic development:**

**1. First, Economic Sustainability**

Our commitment to sustainability is not just about being on the right side of history. It is also about securing a future that benefits our planet, our future generations, and our economy. As we move forward, we must ask ourselves: Shall we choose to embrace the targets, frameworks, and obligations set by the Sustainable Development Goals (SDGs) as financial constraints or as opportunities for growth and progress?

**(i) Fiscal Responsibility and Accountability**

When we examine sustainability through a fiscal responsibility and accountability lens, the figures paint a sobering picture. According to the Bank of Mauritius, the Budget Deficit as a percentage of GDP for 2023 is estimated at 2.9%, down from

3.9% in 2022. Despite efforts to rein in spending, total public sector debt as a percentage of GDP remains elevated, posing significant vulnerabilities and risks. Sustained efforts are essential to narrow the budget deficit to ensure long-term fiscal sustainability and resilience against future shocks.

**(ii) Fostering business and creating a conducive business climate**

As policymakers, industry leaders, and institutional heads, we bear the responsibility of upholding the highest standards of accountability and governance. Our nation's economic prosperity hinges not on resource exploitation but on fostering an environment conducive to private investment and business growth, thereby creating national wealth. Embracing policies that ensure accountability and mitigate risks remain crucial. This backs the reason for which we advocate for the setting up of a Regulatory Impact Assessment framework, ensuring decisions are data-driven and considerate of their impact on businesses and society at large.

**(iii) Sustaining economic enablers is essential**

Our development model centers on directing investments into key infrastructure and sectors that drive growth. From transportation systems to human capital development, these enablers fuel traditional sectors whilst paving the way for new industries. Our roads, ports, logistics systems, and airline connections have been

fundamental to our textile and tourism sectors' success. Likewise, our port and logistics facilities have been *“la raison d’être”* of our seafood industry.

Investing in our youth and enhancing our human capital have been pivotal in driving industries such as finance and ICT. Maintaining the competitiveness of these enablers is considered crucial for our economic resilience and global standing. We must prioritise investments to enhance port competitiveness, promote training and education, and integrate human capital development into our economic agenda. Additionally, bold decisions, such as implementing policies for economic migration, are necessary to sustain our economic momentum.

**(iv) Ensuring the financial sustainability of our businesses**

Over the years, our success has been built on a foundation of diverse policies, underpinned by a steadfast commitment to openness. Our interventions have always been tailored to meet the demands of both the monetary landscape and market dynamics, with competition serving as a crucial tool in maintaining inflation equilibrium.

However, today, our operators and SMEs face mounting challenges. Escalating labour and energy costs, coupled with unrestricted competition from abroad, strain their resources. Meanwhile, regulatory constraints and markup limitations hinder their ability to reinvest, diversify products, and tap into new markets. This restrictive

approach poses a significant barrier to the growth of our manufacturing sector. Therefore, we advocate for a return to policies that champion free-market principles and competition, particularly in the current environment of normalized inflation and economic growth, whilst ascertaining the protection of the vulnerable and most needy.

**(v) Sustainability in our capacity to respond to climate change**

Addressing climate change is imperative for our long-term sustainability. The World Economic Forum warns of the significant risks that climate change poses to profitability, including disrupted supply chains and consumer preferences shifting towards environmentally conscious businesses. We must prioritise investments in climate-resilient infrastructure and facilitate the transition to renewable energy sources to mitigate these risks and ensure a sustainable future for generations to come.

**Ladies and Gentlemen**

The MCCI is fully committed to making this needed transition smooth, and advocates for the following:

Firstly, **addressing the disproportionate burden of climate impact on our economy** and raise funds to build climate resilience infrastructures, be it in the port, airport, roads, drainage systems, etc.

Secondly, **expediting our energy transition by facilitating private sector investments in renewable energy.** While acknowledging progress in policy, more decisive actions are needed to streamline permit acquisition, connection agreements, and finance de-risking.

Lastly, **encouraging and supporting adoption of innovative processes and technologies creating resilience to climate change induced effects.** As a few examples, I will extend the need for national deployment of online teaching facilities which could be coupled with broader perspectives of coding and AI literacy for all, the importance of adopting new agricultural practices aligned with the new environment paradigm and the essential need to incentivise the deployment work from home facilities during cyclones and torrential rain to ensure business continuity while ensuring safety of all.

**Ladies and Gentlemen,**

I now come to the second centre point, which is:

## **2. Economic Independence**



Economic independence goes beyond mere subsistence; it involves ensuring self-sufficiency in vital economic inputs crucial to our growth and resilience strategies: Human Capital, Technology, Quality Digital Infrastructure, Food, and Energy Security.

Despite seeming paradoxical, in today's complex global economy, we must pursue this independence while concurrently **fostering diversified and resilient interdependence networks**, particularly in markets. Recent crises emphasize the significance of both economic independence and regional interdependence as essential drivers of resilience and sustained medium-term empowerment.

Ladies and Gentlemen

### **i. Human Capital Independence**

Human Capital is the knowledge and skills accumulated by people over their lifetime that enable them to realise their potential as productive members of society. When we talk about investing in Human Capital, we mean investing in people – investing in our future. Quality investment in people has enabled Mauritius to graduate to a sophisticated and complex economy supported by skilled labour.

In today's landscape, the demands on our industries have become more intricate, requiring a diverse range of expertise beyond the capacity of our current

population. Striking a balance is essential: ensuring a high-quality workforce to maintain competitiveness in our established sectors while simultaneously nurturing the skilled talent necessary to propel emerging economic pillars forward. It is imperative to provide **targeted training** to address industry needs and to generate sufficient output for sectors such as AI, Blockchain, Automation, and Biotechnology.

In addition, there is a collective responsibility to establish and execute a **comprehensive and swift migration strategy**, facilitating the inflow of foreign labour essential for driving the required growth that benefits all stakeholders. This **migration policy is urgent**, as it will not only address the need for additional workforce but also provide us with exposure to new processes and skills, thereby incentivizing investment in crucial sectors such as education, health, and leisure. This, in turn, will foster growth and cultivate a shared sense of progress amongst our people.

Ladies and Gentlemen,

## **ii. Technological Independence**

As our economy diversifies into more niche segments requiring complex analytics and handling of big datasets, building technological capacity is key in our venture

to sustain growth. Artificial intelligence provides for an **infinite spectrum of opportunities** to damp structural economic issues namely linked to lack of labour in recurrent tasks, support operational performance and bring sectoral diversification with leap frogging sophistication in our service offer. As the IMF predicts that 40 percent of jobs will be affected by AI, we are undoubtedly, on the brink of a technological revolution which would jumpstart productivity, boost growth and raise incomes around the world. It is essential that Mauritius paves the right policies and fiscal, financial and administrative frameworks to fully integrate the potential of these technologies through adoption of systems as well as building Human Resource Capacity. Mauritius should target to be **independent in terms of technological adoption and deployment capacity** and **aim to top the AI Preparedness Index of the IMF**. This index in the medium term will assess countries in terms of readiness in such areas like digital infrastructure, human-capital, labour market policies, innovation, economic integration, regulation and ethics.

### **iii. Quality Digital Infrastructure**

Furthermore, we firmly recognise the progress of Mauritius in terms of digital connectivity, there is still room for progress in terms of **international connectivity**

**and improving on latency.** Investment in such initiatives shall also foster our attractiveness to data centres thereby fully empowering our digital autonomy.

**Ladies and Gentlemen**

**iv. Food and Energy Security, Technology independence and regional interdependence strategy**

The tumultuous events of the Covid-19 pandemic, compounded by logistical disruptions and conflicts, have underscored the critical importance of achieving autonomy in key areas such as food, energy, and technology. However, it is crucial to acknowledge the constraints we face, including limited land and financial resources. Whilst striving for independence wherever feasible, we must also prioritise the cultivation of **strategic regional interdependencies**. This approach will help **mitigate our reliance on distant markets and enhance our resilience in the face of global disruptions.**

Central to our long-term development strategy is the establishment of regional value chains for essential commodities such as food, energy, and technology. By fostering collaboration within the region, we can **unlock opportunities for the creation of new industries within integrated value chain clusters**, while also benefiting from **more cost-effective and reliable sourcing options.**

In this context, the MCCI plays an **instrumental role** in reviving and strengthening regional and international networks of opportunities. As the oldest Chamber of Commerce and Industry in the Southern Hemisphere, the MCCI has a unique network both regionally and internationally.

The Chamber is among the founding members of the COMESA Business Council, the SADC Business Council, and Cap Business Océan Indien. Furthermore, the MCCI serves as the focal point of the Africa Business Council for the Southern African region.

The MCCI's extensive network presents a wealth of opportunities for the business community. With numerous Memoranda of Understanding (MoUs) signed with private sector organisations in countries across various regions, including the Middle East, Asia, South East Asia, and Europe, the MCCI is uniquely positioned to facilitate trade and investment.

The agreement with the Federation of Indian Chambers of Commerce and Industry (FICCI), for instance, not only enabled Mauritius to participate in the B20 Summit

in India last August but also opened doors for businesses to explore collaborations and partnerships with their Indian counterparts.

Similarly, the recent meeting with a high-level delegation from CCPIT Beijing has paved the way for concrete collaborations between businesses of Mauritius and China, especially in the light of the Mauritius-China Free Trade Agreement.

The MCCI's commitment to operationalising its network is evident in its efforts to create tangible opportunities for businesses. By leveraging its connections, the Chamber actively promotes collaboration and facilitates business-to-business interactions, enabling its members to expand their reach and tap into new markets. Additionally, the MCCI's focus on capacity building, as exemplified by the upcoming MoU with the Institut technologique de maintenance industrielle (ITMI) Canada, ensures that businesses have access to the necessary skills and knowledge to compete effectively in the global marketplace.

The unparalleled network of opportunities that the MCCI has cultivated positions it as a **key driver of economic growth and development**. By harnessing these connections and actively promoting collaboration, the MCCI is creating a conducive

environment for businesses to thrive and seize opportunities in an increasingly interconnected world.

The Chamber's efforts to foster regional and international partnerships, coupled with its dedication to capacity building, will undoubtedly contribute to the resilience of the Mauritian economy in the face of global challenges.

This concerted effort towards regional integration will be instrumental in strengthening our developmental capacity and ensuring sustainable economic growth.

Finally, ladies and Gentlemen, I will come to the last centre point:

### **3. Economic Inclusiveness and empowerment**

It is imperative that we **prioritise inclusiveness within our economy**, empowering every individual to contribute meaningfully to society. By fostering such inclusiveness, we not only drive economic growth but also ensure that this growth is shared equitably, leading to enhanced social well-being and increased consumer spending capacity.

Contrary to being vulnerabilities, the marginalised segments of our society represent the **untapped potential** and the **next frontier for development**. By harnessing their talents and capabilities, we can unleash additional growth momentum, propelling our economy to new heights of prosperity and sustainability.

### **Ladies and Gentlemen**

Women constitute 51% of our population (1,260,379 inhabitants as at 2023) and represented 38% of total employment (547,900) in 2022. Their *active inclusion* in the mainstream economy therefore remains key. Many women in our society are entrepreneurs and leaders of Small and Medium-sized Enterprises. It is essential to empower them by providing them with **better access to skills, technology, and financial resources, enabling them to grow and achieve sustainable levels of development**.

In the same vein, our youth holds the key to our future prosperity and the sustainability of our welfare state economic model. Beyond education, we must **empower them to become entrepreneurs, driving innovation and economic growth**. Entrepreneurship should be embedded in our education system, offering



comprehensive training covering various aspects such as business development, project management, financial engineering, and technical skills including technology adoption. Access to funding should not be a barrier for aspiring innovators, and the right to fail should be accepted as part of a broader strategy aimed at achieving larger success.

Unfortunately, our efforts to empower women, SMEs, and youth in innovative sectors have not yielded significant growth in line with our industrial development. Despite investments in education, we observe stagnation in our innovation ranking, with limited intellectual property generation and subdued SME growth. It is evident that a **fundamental restructuring of our model** is necessary, a more risk-based approach should be taken in terms of financial access, regulatory deregulation, market access through streamlined yet compliant procurement and corporates incentives to **encourage intrapreneurship**, which in many similar economies, are the best incubators.

Ladies and Gentlemen

As a wrap up to my address, I emphasise that the **potential for robust, enduring, equitable, and inclusive growth is well within our grasp**. It is **our responsibility to**

**choose the optimal blend of policies and steadfastly navigate this course collectively.**

Mesdames et Messieurs,

En conclusion, je tiens à souligner que notre avenir économique repose sur les piliers de la bonne gouvernance, du leadership visionnaire, des valeurs fortes, de la transparence et du développement inclusif. C'est en plaçant ces principes au cœur de notre action que nous pourrions libérer le plein potentiel de notre nation et assurer une prospérité partagée par tous. La gouvernance et le leadership averti doivent être guidés par l'intégrité, la responsabilité et un engagement inébranlable envers l'équité et la durabilité.

Il y va de notre devoir d'adopter un modèle de développement qui ne laisse personne de côté, qui valorise la contribution de chaque citoyen et qui crée des opportunités pour tous. La transparence et la redevabilité doivent être les maîtres-mots de notre approche, car c'est en cultivant la confiance et en favorisant la participation de tous les acteurs que nous bâtissons une économie résiliente et inclusive.

Ensemble, unissons nos forces pour façonner un avenir où la croissance économique rime avec résilience, inclusivité et durabilité. Faisons de ces valeurs le phare qui guide notre action collective et travaillons ensemble pour bâtir un pays prospère, juste et équitable pour tous.

Pour y parvenir, nous devons miser sur l'innovation, l'entrepreneuriat et le développement des compétences. En créant un environnement propice aux affaires, en soutenant nos PME et en investissant dans notre capital humain, nous jetterons les bases d'une économie dynamique et compétitive, capable de s'adapter aux défis du futur.

C'est ainsi que nous léguerons aux générations futures un héritage durable, porteur de progrès et de bien-être pour tous.

Je vous remercie de votre attention.