



DOE Manufacturing – What strategy for a new generation of growth?

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Acknowledgement

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It goes without saying that this is only a first step, a guide towards the sustainable development of a sector which has shaped the lifestyle of several generations, and which still represents one of our proudest achievements as a nation.

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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

1.2 NEW GENERATION OF GROWTH FOR THE DOE SECTOR

Domestic Oriented Enterprises (DOEs), as its name implies, are enterprises that cater mainly to the Mauritian market. The report **‘DOE MANUFACTURING – WHAT STRATEGY FOR A NEW GENERATION OF GROWTH’** provides a comprehensive picture of an important economic sector, whose contribution in the Mauritian economy has for years remained **unrecognised, invisible and in the shadow** of other sectors like tourism, finance and textile.

As a first time report in the history of the DOEs, it serves as a **milestone** on which the future of the Mauritian DOE sector can be articulated.

The DOE sector has played a more important role in the Mauritian economy than is realised by officials, the media and the general public. It should be reckoned that appropriate Government policies coupled with a constellation of skilful entrepreneurs have ensured the progress of the DOE sector amidst rising competition during the last decade.

To this effect, the report after having going deep in the economics of the DOE sector and its sub-sectors, not only spells out the vision of entrepreneurs for a **flourishing DOE sector** capable of relentlessly supporting the Mauritian society as it has been doing in the past twenty years but charts a path through a set of sector and cross-sectoral recommendations that can forge the way for a **new generation of growth: 2012 – 2020.**

It, inter alia, addresses its economic weight in the Mauritian economy, its diagnosis, its challenges and the forward.

1.3 DOE SOCIO-ECONOMIC WEIGHT IN THE MAURITIAN ECONOMY

The DOE industry, its sectors and sub-sectors have been present in the Mauritius economic landscape for decades. As an industry, it has **under its umbrella 11 sectors** (‘agro-industry’, ‘beverages’, ‘chemicals’, ‘paper, printing, editing & recorded media’, ‘metal’, ‘furniture’, ‘jewellery’, ‘shipping’, ‘leather’ and ‘pharmaceuticals’) and **30 sub-sectors.**

Mauritius has traditionally seen its Exports Oriented Enterprises (EOE) sector as a key player in the economy. While the EOE sector was responsible for our **economic take-off in the 1980's**, it is **presently the DOE industry that is sustaining this take-off momentum in the manufacturing sector**. The **share** of the DOE industry has **since 2001 outpaced that of the EOE sector in terms of growth**. Latest published figures in **2007** revealed that the **DOE industry contributed 11.4 % to GDP** while the **EOE sector contributed 7.5%**.

As per **DCDM estimates for 2011**, the output of the DOE industry is produced by **13, 820 small and 530 large establishments**. Together, they account for **64% of output of the manufacturing sector**, compared to **33% produced by the EOE** and **3% produced by the sugar sector**.

It is therefore expected to account for **12.6% of GDP**, to generate gross output of Rs 91.5 billion, intermediate products of Rs 60.1 billion, **value-added products of Rs 31.4 billion**, **compensation of employees Rs 11.2 billion (11% of total compensation of employees)** and gross operating surplus of Rs 20.1 billion. The industry also employed **53,123 persons**, **representing 10% of total employment**.

The DOE sector has also been an important catalyst of investment. From 2001 to 2010, DOE has invested **Rs 4.9 billion in building and construction works**, which corresponds to an average of Rs 490 million per annum. Its investment in **machinery and transport equipment** cumulated during the last decade amounted to **Rs 26.2 billion**, representing an average of **Rs 2.6 billion** per annum.

1.4 CHALLENGES FACING THE DOE INDUSTRY

Under **flourishing conditions**, it is estimated that the DOE industry, by 2015, can account for **15.4% of GDP** and generate employment of more than **60,000 people**.

While the **performance of the past decade must be reckoned as having been positive**, it should also be spelt out that the **last couple of years have been difficult for the DOE industry**. Competitive imports have been on rising trends while it has been increasingly difficult for the Mauritian DOE to access new markets in the region. **Imports grew 6 times faster than DOE exports**.

1.5 TAKING OPPORTUNITIES IN TOUGH TIMES

Living by the past of the DOE's industrial good performance will be detrimental to its future and that of the **manufacturing history of this country as a whole**. The present times are tough for the DOE enterprises, and the future will be tougher.

It is imperative that a **truthful diagnosis** of the present situation be carried out.

1.5.1 DIAGNOSIS OF THE PRESENT SITUATION

- **Rising imports**

The phenomenal rise in imports is just the **tip of the iceberg – it is not the ending phase but the starting one**.

- **Speedier global integration and emerging low cost manufacturing economies**

With **global integration progressing at a speedier pace**, the **DOE industry will continue to be pressured by a more intensified competitive environment**. The challenges ahead are, inter alia, the **emergence of low-cost manufacturing economies**, import penetration, the softening of demand, rising input costs, increasing socio-economic expectations and currency volatility. More so, the global economy has not recovered from its first recession, it is already dipping into a second recession.

- **Paradox of trade & production**

Mauritius is presently living a **paradoxical situation of production and trade**. As per the Global Manufacturing Competitiveness Report 2010, we are far from countries excelling in manufacturing competitiveness (China, India, Korea, Brazil).

On the other hand, as per the Enabling Trade Index Report 2010, we figure in good positions as being countries having opened its market. Mauritius stood at 8th position, China (79th), South Africa (87th) and India (115th).

Thus, countries with high productivity are protecting their local markets and Mauritius with relatively low productivity has opened up its market .This is the paradox, or to put it otherwise,Mauritius is experiencing the worst of both worlds. The inescapable

consequence is that local production will be crowded out by the flow of uncontrolled imports.

1.6 WAY FORWARD

The vision is that of the DOE enterprises constituting the bedrock foundation of a revitalised manufacturing sector, with an ever increasing share accounted for by products other than textile and sugar.

However, it would be as unrealistic to opt for an overall import restraint. A focusing exercise is required. To have a better policy orientation, 3 categories of sub-sectors have been identified.

1.6.1 3 Categories of DOE sub-sectors

- **Category 1:** Sub-sectors where **import duties are already zero** but have coped well with competition. They can further expand but are constrained by **other resources such as land resources and skills**. Such sectors are poultry, bovine (beef, goat, sheep, lamb, and sheep), pork, venison, fruits and vegetables, dairy products, flour, animal feed, printing, publishing and recorded media).
- **Category 2:** Sub-sectors that are **struggling with foreign competition and have no export potential**. Therefore, safeguarding the local market is essential (shoes, plastic products, rubber products, paints and varnishes, perfumes and cosmetics, fertilisers, furniture products, leather products, paper and paper related products).
- **Category 3:** Sub-sectors that could be given an **impetus to exports** – (jewellery, 'soap, cleansing and polishing preparations, pharmaceutical products, non-alcoholic and alcoholic beverages, ship-building and repair activities, paints and varnishes)

1.7 POLICY & RECOMMENDATIONS

1.7.1 DOE manufacturing industrial policy

The DOE manufacturing industrial policy must be clearly defined and fully supported by the authorities and their relevant institutions. It should be capable of setting guidelines for a 'growth-flourishing environment' with the end objective being to improve overall

competitiveness, consolidate the presence of DOE products on the local market and facilitate access to new export markets.

It is recommended that the policy structure be three-pronged:

1.7.2 Macro-level growth trajectory

The macro-level growth trajectory is to improve the overall climate for investment and the pursuit of operations. It will comprise the following:

- Permanent dialogue-base platform which promotes the alignment of both public and private sector efforts.
- Necessary macro-economic and institutional framework to continuously improve competitiveness of the DOE industry.
- Identifying and addressing the cross-cutting and sector-specific constraints.
- Identifying upcoming opportunities.
- Reviewing international trade policy and exercise caution in the further lowering of industrial tariffs that could refrain domestic production and consumption.
- Special focus to promote DOE goods abroad and especially in the COMESA and SADC markets.

1.7.3 Addressing cross- sector issues

Cross - sector issues will, in the present economic context, comprise a framework of support measures that will:

- Establish a **level playing field** between exporting countries and Mauritius. To this effect, it is therefore recommended that a **minimal duty be introduced** for all sectors that have experienced a surge in imports averaging 15% during the last four years. The '**level playing field**' concept should be understood on the part of our policy-makers from its broadest way – going beyond the issue of norms, child labour. It should include all elements that are bound to create a source of competitive disadvantage from importers on a sub-sector basis.

It should therefore comprise, amongst others:

- ✓ cost of labour
- ✓ scale of production
- ✓ size of the market
- ✓ level of technology
- ✓ Manufacturing economic policy (fiscal incentives)
- ✓ trade policies
- ✓ production facilities put at the disposal of manufacturers in importing countries
- ✓ Access to finance

Creating a level playing field should therefore be able to address all those competitive issues while taking into account unethical source of competitive advantages exploited by many countries, for example, child labour, non-compliance to environmental norms being recurrent examples

- Provide access to finance at concessionary rates of interest and non-financial resources (land).
- Develop a foreign direct policy channelling investment in areas requiring foreign inputs (finance, marketing, expertise) rather than in those where DOEs are already well-established.
- Monitor dumping practices.
- Reduce, through diplomatic efforts, the 35% value-added with regards to exports to the SADC and COMESA markets.

1.7.4 Sector – specific issues

Addressing sector-specific issues will attend to the three categories: **Category 1, Category 2 and Category 3.**

- **CATEGORY 1 SUB-SECTORS**

The Category 1 sub-sectors have an important role to play in the economy. They are mainly products of the agro-industry and are related to food safety and security. Critical in their further development is land resources and accompanying measures such as finance, veterinary services, and technology and skill development.

Other products of the category 1 are intermediate products – wood, wheat for flour production, feed materials for the production of animal feed. As per Government policy, they are already at zero % import duty. Policy would comprise devising means and accompanying measures for local production. Government can also through diplomatic efforts in SADC and COMESA negotiate for land to be put at the disposal of local entrepreneurs for the production of the required intermediate products, thus boosting local DOEs production.

Proposed recommendations for each sub-sector in the category 1 are tabled below:

Table 1: Recommendations for each sub-sector Category 1

Sub-sectors	Recommendations
Poultry sub-sector	<ul style="list-style-type: none"> ○ Leasing of land to farmers to enable expansion of industrial production of chicken to meet the growing per capita consumption ○ Stringent quality control measures to ensure that inferior quality chicken and chicken-related products do not cross border. ○ Diplomatic efforts to enable Mauritian investors to invest in the SADC, COMESA and IOC region. ○ Leasing of land to producers of animal feed so that more feed is produced locally. ○ Animal feed – regional concerted actions at political level in order to create an environment conducive to the production of maize and soya in countries of SADC, COMESA and the IOC should be envisaged so as to reduce our dependency on imports from countries far away, such as Argentina and USA. ○ Laboratory facilities available at the Division of the Veterinary Services need to be reinforced. ○ Monitor dumping and report matters to WTO as this is considered as illegal in international trade.
Beef sub-sector	<p>Improving the self-sufficiency rate in the bovine sector would require efforts aiming at:</p> <ul style="list-style-type: none"> ○ Leasing land to companies for bovine production. ○ Encouraging the development of large-scale operators. ○ Making provision for land to foster production of fodder and reduced dependency on imports. ○ Easing the importation of both animals and fodder.

	<ul style="list-style-type: none"> ○ Setting up training workshops to educate farmers about the modern techniques in beef farming would ensure a rise in productivity. ○ Providing loans at concessionary rates for the purchase of equipment and the setting up of feedlot systems. ○ Developing insurance schemes to cover the downside of livestock dying suddenly should also be implemented. ○ Encouraging the setting up of breeding farms which would supply the local farmers with healthy animal of appropriate genetic potential. ○ Other elements could be investing in research and development to improve farm productivity and the setting up of cost-effective waste management plans.
Pork sub-sector	<ul style="list-style-type: none"> ○ The sector needs to be re-organised from back farming operations feeding their stocks with swill to a more professional organisation. This requires first a relocating pig farms from residential areas to appropriate sites. ○ Land should be made available for a special zone: non-residential land. Restructuring of marketing of products along with a carcass rating system will ensure a better functioning of markets. Each grade of meat will have a different price, hence facilitating retail. ○ Breeding farms can be set up with pigs possessing superior genes imported from abroad to upgrade the quality of the livestock. ○ Veterinary support should be provided in order to monitor this process. ○ Assistance to the pig breeders in the form of insurance schemes and concessions on loan interest and repayment will act as a supplement to the measures outlined.
Goat, sheep and lamb sub-sector	<ul style="list-style-type: none"> ○ Facilitating the import of breeding animals and by setting up multiplier farms across the country, which must in turn be assisted by veterinary support. ○ Enforcing regulation to prevent illegal slaughter. ○ Making provision for a quota of bagasse and molasses to make good quality feeds available for farmers. ○ Accompanying measures should comprise the development of infrastructure with provision of the water supply and electricity, fences and road access, coupled with workshops to educate farmers on entrepreneurship. ○ Loan facilities and insurance schemes to reduce the uncertainty of doing business and endorse investment.

Venison sub-sector	<ul style="list-style-type: none"> ○ Land from old tea plantations and sugar cane fields can be made available for intensive deer farming. ○ Farms must also be provided with veterinary support. ○ Facilitating the process for compliance with international standards for slaughtering animals to boost exports. ○ Regulation must be enforced against poaching. ○ Rental fee for land must also be reviewed. ○ A structure to facilitate finance of activities must also be on the agenda.
Fruits and vegetables sub-sector	<ul style="list-style-type: none"> ○ As a primary requirement, land must be made available for cultivation, with other infrastructures (irrigation) and technical support. ○ Agricultural produce must be available for processing, transformation and value-addition (packing). ○ Level playing field - Government must also have recourse to a non-tariff barriers strategy against countries using child labour for production of agro-products. Expiry dates must be tightened to ensure that only quality foods are imported. ○ As agro-products have expiry dates, foreign suppliers will be attracted to dump agro-products nearing expiry at a cheaper cost. The Government must ensure a proper monitoring. The Labour, metrology and environmental legislations must be streamlined to establish this level playing field.
Dairy products sub-sector	<ul style="list-style-type: none"> ○ Land is made available for medium and large scale farming. ○ Financial incentives be provided to large-scale and backyard farmers to import to lactating cows. ○ Provision of loan at concessionary rate of interest must be given to entrepreneurs willing to invest in large scale dairy farms, in the dairy processing sector and in technology. ○ Technical and training assistance be given to improving productivity, farm management and use of latest technology. ○ A proper market mechanism is implemented for dairy products. ○ Appropriate insurance cover schemes be established for farmers to manage risks. ○ Efficient veterinary services be provided to farmers.
Flour	<ul style="list-style-type: none"> ○ Legislations must be enforced to counter dumping practices. ○ Expiry dates should be made more stringent. The quality of imported flour should undergo rigorous laboratory checks prior to supply on the

	<p>local market.</p> <ul style="list-style-type: none"> ○ A more ambitious plan for exports must also be considered. Further diplomatic efforts must be made to penetrate markets in the COMESA and SADC region.
Animal Feed	<ul style="list-style-type: none"> ○ Local production of animal feed has guaranteed performance standards, and protection of the health of our human and animal population. ○ Rigorous application of quality standards through legislations and enforcement. Recently, there has been a global concern about the presence and prevalence of feedstuff contaminant in animal feed (Salmonella). Protection will only be of certainty if animal feeds are produced locally.
Paper and paper products	<ul style="list-style-type: none"> ○ Maintain current level of duty (15-30%) on the existing product items especially since the sector is experiencing rising surge in imports.
Wood sub-sector	<ul style="list-style-type: none"> ○ Wood is an intermediate product for the furniture sub-sector. A dedicated zone for forestry reserved for timber and wood production is vital for competitiveness. ○ Government must also through the SADC and COMESA network look into the possibility of developing new channels for wood product to feed part of the local requirements.

• CATEGORY 2 SUB-SECTORS

The Category 2 refers to those sub-sectors having to cope with intense foreign competition in spite of some of them having a minimal residual protection. Consideration to revise upward tariff lines in products competing directly with locally produced ones is vital. The implementation of non-tariff barriers to safeguard part of local market is equally important. Strategies to maintain a **level playing field** for the Category 2 sub-sectors should be the main line of defence.

Proposed recommendations are tabled below:

Table 2: Recommendations for each Sub-sector – Category 2

Sub-sectors	Recommendations
Plastic and rubber sub-sector	<ul style="list-style-type: none"> ○ Import duties on sacks, bags, bottles and other plastic-related products which are already produced by local manufacturers – currently varying between 15 – 30% be maintained.

	<ul style="list-style-type: none"> ○ Levelling the playing field with exporting countries not using environment compliant raw materials and having recourse to dumping practices.
Paint & varnishes sub-sector	<ul style="list-style-type: none"> ○ Maintaining the import duty at its current level of 15% is vital for the future of the sector. ○ In addition to the 15% duty, establishing a level playing field with regards to labour, metrology and environmental legislations is also a requirement of the utmost importance. ○ It is also recommended that prior to authorising the importation of paints; the potential importer must obtain a certificate issued by an accredited independent authority which confirms that the consignment of paints to be imported is free from those dangerous substances listed in our Dangerous Chemicals and Dangerous Drugs Acts. ○ Random samples be taken from imported consignments of paints and be forwarded to an accredited independent laboratory for testing.
Cosmetic sub-sector	<ul style="list-style-type: none"> ○ Establishing a level playing field with regards to labour, metrology and environmental legislations is also a requirement of the utmost importance. ○ Access to imports of perfumes and cosmetics to be allowed only if it complies with the environmental exigencies as per the 'Maurice Ile Durable'. Legislations must be vigilant not to allow cosmetics made of non-compliant environmental products. ○ Government should also revisit its policy of 15% import duty upward.
Paper, printing and recorded media	<ul style="list-style-type: none"> ○ Provision of finance for CAPEX at concessionary rates of interest to motivate the sector to scale-up production capacities. ○ Policies toward reduction of input costs such as electricity, fuel etc to enhance competitiveness.
Furniture sub-sector	<ul style="list-style-type: none"> ○ Maintain current import duty at 30%. ○ A revamped industrial policy must aim at revisiting the production of local timber. ○ Technical assistance must be provided for high skill training to enable our local manufacturers to move upmarket and cater to specific high-end niche markets. ○ Government must also have recourse to non-tariff barriers against countries involved in illegal deforestation for the production of furniture.
Leather sub-sector	<ul style="list-style-type: none"> ○ More emphasis in sourcing hides and skins in the local market. ○ The policy of zero import duty on imported finished leather products should be revised upward. A minimal safety net will incentivise entrepreneurs to channel investment in local manufacturing and in parallel contain the rising

	<p>imports.</p> <ul style="list-style-type: none"> ○ Non-tariff barriers should aim at sheltering the sector from unfair practices – animal skins not allowed to be used by law. ○ Accompanying measures must also assist entrepreneurs in setting up shopping outlets in prime tourist locations, in hotels and in other highly frequented tourist shopping spots.
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• CATEGORY 3 SUB-SECTORS

Category 3 refers to products which have export potential but are experiencing difficulties in penetrating new markets. A big challenge for the Category 3 sub-sectors is to increase export activity.

A favourable climate for the Category 3 sub-sectors should consist of:

- State-backed trade promotional activities. It is essential that Government provide international trade services to their exporters in order to help them to access new market.
- Export finance for risky international trade transactions. This would comprise among others:
 - trade credit insurance which guarantees open lines of credit
 - Letters of credit which guarantee payment on production of the correct documents at a bank.
 - Export working capital so as to enable companies to mitigate the risks associated with exporting activities.

Proposed recommendations for each sub-sector are outlined below:

Table 3: Recommendations for each sub sector – Category 3

Sub-sectors	Recommendations
Soaps and detergents sub-sector	<ul style="list-style-type: none"> ○ Maintaining duty at its existing level of 15% will be essential for the future of the soap and detergent sector. ○ Establishing a level playing field with regards to labour, metrology and environmental legislations is also a requirement of the utmost importance - (for example – imported products with phosphates should not be allowed or it should carry an environment tax just like in

	<p>Reunion Island) and recourse to dumping practices.</p> <ul style="list-style-type: none"> ○ Importers to provide a certificate of analysis and compliance at the time of clearing as are widely practised in the COMESA market.
Pharmaceutical products	<ul style="list-style-type: none"> ○ Stricter control on imports must be exercised coupled with inspection of the inventory of pharmacies to ascertain that products are not obtained illegally.
Non-alcoholic sub-sector	<ul style="list-style-type: none"> ○ Maintain the minimal level of safety net of 15% import duty on non-alcoholic beverages. ○ Authorities must ensure that non-alcoholic products are not dumped at marginal cost prices. ○ Consideration must also be given to reduce the number of months the products can remain on the shelf of a retail outlet. ○ State-backed promotional activities will certainly help to penetrate new markets. ○ Other export incentives could be in the reduction of logistic costs such as freights, cargos etc.
Alcoholic beverages	<ul style="list-style-type: none"> ○ Molasses levy is integrated into Excise ○ Consideration must be also be given to reduction of other logistic costs linked to export – freights, cargos etc and the escalating cost of other inputs used in the production process (electricity, fuel etc). ○ Targeted export promotion strategies should be envisaged to further exploit the export potential of this sector. Our economic diplomacy with SADC and COMESA must also be deepened for better market access.
Shipping and repair sector	<ul style="list-style-type: none"> ○ Elimination of regulatory hurdles and continuance of support in line with the facilities enjoyed by competing nations are required for the industry to develop scale. ○ The main drivers for this shift in production bases are lower shipbuilding costs. Creating an environment which results in cost reduction will be important. This comprises a set of policy packages comprising: <ul style="list-style-type: none"> ○ Preferential tariff for certain inputs such as fuel, electricity, etc. ○ Loans at concessional rates of interest ○ More space to carry out shipyard activities
Jewellery	<ul style="list-style-type: none"> ○ Mauritius jewellery has export potential. Strategies to enable Mauritian jewellers to tap this full potential will be vital. ○ This will call for export promotions in targeted markets and

	<p>accompanying measures for DOE to participate.</p> <ul style="list-style-type: none"> ○ Further incentives should be given for jewellery DOEs to set up shops in commercial centres, hotels and tourism spots.
Paint and varnishes sector	<ul style="list-style-type: none"> ○ The paint and varnishes sector has also exhibited potential for exports, though it is still at infancy stage. Incentives to boost export for this sector will be a great value-added.

Furthermore, it is also recommended that **current duties** on the existing products are **maintained**. The list of products considered as ‘sensitive’ is at **annex 1**.

Consideration must also be given to other products in different sub-sectors that are in Category 1.

1.8 CONCLUSION

The sugar sector and the Export Oriented Enterprises are contracting. We believe that maintaining a diversified economy, with the DOE industry holding a position of choice at the core of its economic focus, will be the right option for Mauritius. **The future of manufacturing in Mauritius lies with DOE’s.**

It is therefore highly important that the **right framework of support be developed** with a view to re-shaping the future of the DOE industry into its second industrial take-off. The country as a whole will emerge as a big winner.

It is important to note that **manufacturing firms are far more sensitive to Government policy changes** and **general business environment** than other companies. This is because they encompass a greater part of the whole value chain and are far more capital intensive than pure service companies. A **sensitive Government policy with a new vision and direction** for the DOE industry is an imperative in this current global and local context.

2 CONTEXT AND BACKGROUND

2.1 INTRODUCTION – COMPENSATING HANDICAPS

The Mauritius Chamber of Commerce and Industry (MCCI) jointly with the Association of Mauritian Manufacturers (AMM) view the future role of the manufacturing sector as fundamental for the sustained growth as Mauritius takes off for its second phase of its industrialization process.

They firmly believe that given our market size coupled with already emerged manufacturing powerhouses such as China, South Africa, India etc which possess advantages of scale, a revamped and flexible industrial policy likely to compensate for the current handicaps and consolidate the presence of the DOEs on the local market is important to accede to new markets opportunities.

2.2 ECONOMIC STRATEGY OF MAURITIUS

The economic development strategy pursued by Mauritius since the early sixties has been two-pronged: import substitution and export-led.

The twin economic strategies supported by a number of policy measures, including fiscal and financial incentives, tariff protection and trade preferences, schemes with subsidies and matching grants, institutional support and infrastructural services, have given rise to two types of business development:

- Domestic Oriented Enterprises (DOEs);
- Export Oriented Enterprises (EOEs).

2.3 DOMESTIC ORIENTED ENTERPRISES (DOES)

While the EOE's focused on the export markets, the DOEs were mainly concerned with exploiting the local markets.

Adapted policy measures, fiscal and financial incentives, tariff protection, schemes with subsidies and matching grants, institutional support and infrastructural services have all synergised during the last three decades to keep the DOEs within a comfortable growth corridor.

Since 1994, the WTO has brought in its wake a new trade paradigm incorporating trade openness, liberalisation and cost competitiveness.

2.4 TERMS OF REFERENCE (TOR)

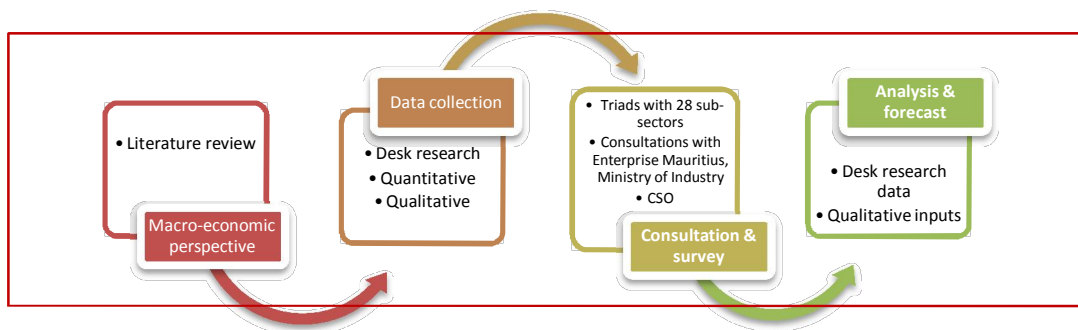
The invitation to tender identified a number of research objectives that should address the following:

- Establish whether the competition between imported products and locally manufactured products equivalent ones is fair as regards to conditions and standards of production (labour laws, child labour, health and environment regulations, labelling, packaging etc);
- Show necessity for Mauritius to preserve and to expand its domestic oriented manufacturing sector; &
- Substantiate the principal of a residual import duty for sectors of strategic importance and to propose level of protections.

2.5 METHODOLOGY

In view of assessing the future role of the DOE manufacturing sector in the Mauritian economy, a structured methodological approach was designed, tailored to address key issues identified in the TOR. An overview of this approach is provided in Figure 1 below.

Figure 1: Methodological outlook



2.5.1 Literature review

An extensive literature review was undertaken on the development of the manufacturing sector and its key sub-sectors in Mauritius under given local and international contexts –

from the period of the General Agreement on Tariff and Trade (GATT) and the World Trade Organisation (WTO). Data and already published documents on the Mauritian manufacturing sector have been thoroughly investigated including trends in South Africa, China, India, Ireland and Brazil.

2.5.2 Data collection (desk research, qualitative and quantitative)

- Desk research

Using a wide range of sources, an extensive amount of statistical information was collected to develop an accurate picture of the Mauritian DOE manufacturing sector. The output from this data trawl was a customised database containing the necessary to provide an empirical basis for understanding the current economic conditions in the DOE manufacturing sector and hence a basis for generating conclusions and forecasts.

Particular focus was placed on the data with respect to the following areas:

- Macro-economic overview of the manufacturing sector with emphasis on the DOE sector
 - Impacts of WTO, COMESA, SADC on DOEs;
 - Annual growth rate of these sub-sectors compared to that of imports of corresponding products;
 - External trade balance;
 - Strategic needs of the country;
 - Energy and food dependence;
 - Rounds of tariff liberalisation;
 - Import penetration;
 - Imbalance in basic conditions in which goods are produced and traded and which is detrimental to the sustainability of the DOE sector;
 - Prospects of growth and sustainability of the DOE sector producing theses goods; &
 - Local production in relation to imports.
- Qualitative research

In view of gathering deeper insights about 26 sub-sectors, DCDM Research held 26 triads with all the subsectors involved in the DOE sector.

2.5.3 Analysis and forecast & analysis of key trends

The analysis took two broad forms, the analysis of key trends and the development of forecasts:

- Analysis of key trends involved analyzing historical and current macro-economic trends. The macro-economic parameters covered data on output, productivity, employment, contribution to Gross Domestic Product, contribution to Gross Domestic Fixed Capital Formation, imports, exports, import duties etc.
- Development of forecasts was made on the basis of historical data and correlations with regards to the predicted growth of the Mauritian economy and the world markets.

2.5.4 Policy recommendations

More than 40 meetings were held with top representatives of the DOE sector. Issues related to each of the sector were discussed at length. Combining all sets of information obtained with analytical insights, a set of **policy measures** with regards to **safeguarding the DOE manufacturing industry and ensuring the continuity of its multiple operations** have been prepared.

3 THE MAURITIAN ECONOMY – FROM PREFERENTIAL AGREEMENTS TO LIBERALISATION

3.1 ECONOMIC PERFORMANCE SINCE INDEPENDENCE

Mauritius is considered as one of the most thriving economies in Africa with GDP nearing \$9.5 billion and per capita income at \$7,660 in 2011.

Manufacturing and agriculture have been the key contributors in the countries' initial phase of economic development. Finance, tourism, construction, real estate, information and communication technology and seafood have lately added to the other catalysts of economic development.

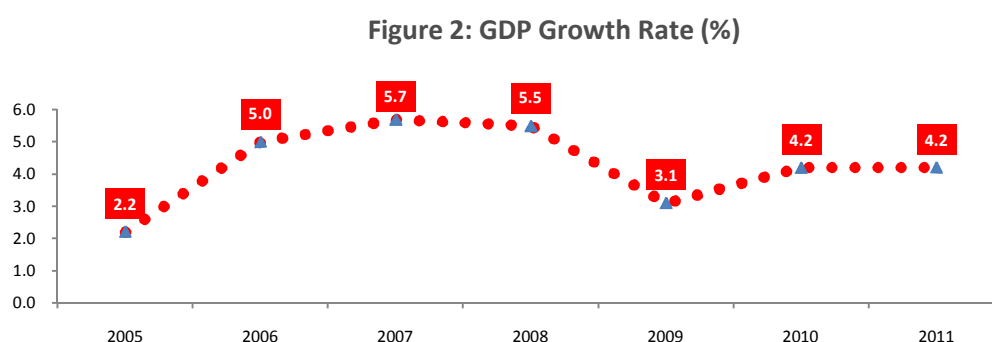
It should be reckoned with that the bilateral agreements between Europe and Mauritius have played a critical role in the developmental process of the island.

Mauritius favours a free market model, but has, since the 70's, been very smart in drawing considerable benefits from the preferential policies embedded in the LOME Convention and the Multi-Fibre Agreement. Thus Mauritius has been able to cleverly combine specific preferential agreements with a free market.

3.2 MAURITIUS IN THE ERA OF LIBERALISATION - POST 2005

Mauritius presents itself under new facets as **liberalisation and globalisation** carves its way through. Indeed, traditional pillars such as sugar and textile are now reinforced by other sectors – finance, tourism, ICT, sea-food and real estate.

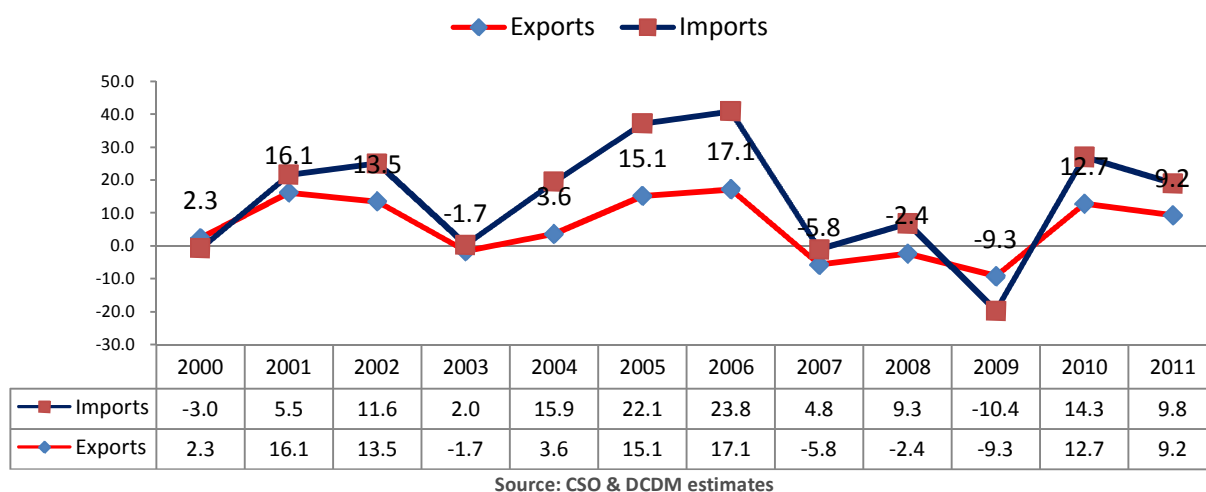
Coupled with crisis of global dimension, the Mauritian economy has undergone **different peaks and troughs since 2005**.



3.3 DOMINANCE OF IMPORTS OVER EXPORTS

Though Mauritius has shown character to cope with a turbulent economic global environment during the recent couple of years, yet the dominance of imports over exports is a source of concern for the country.

Figure 3: % Growth (Imports v/s Exports)



If Government is to exercise control over the rising trade deficit, encouraging the development of the DOE sector would be crucial in their overall analysis.

It is therefore noted that though the exports of goods and services are **highly desirable**, it is no less important to **monitor developments of imports**. It is essential to prevent **trade deficits from getting out of proportion**.

Indeed, one of the preconditions to address is the provision of an enabling environment for the **DOE industry to continue to flourish in the new economic climate**. In doing so, Government will manage the **risk** of the country **being swamped by products** from the BRIC, particularly from China and India whose high growth forces them to expand their markets.

3.4 POLICY CHALLENGES

The global context will, as usual, continue to exert a determining influence on our economic sectors. Public indebtedness, partly caused by rising imports, has become a problem for Mauritius. Recent worry about the developed world getting dipped into a second recession before the first one is yet over will complicate the transition to sustainable economic growth.

Policy, more than ever, must be calibrated effectively to withstand all those concerns. Under given circumstances, economic policies must be **sharply strategic** to groom our **economic sectors, preserve our acquired expertise and employment.**

4 THE DOE INDUSTRY: INVISIBLE PILLAR - ITS SOCIO-ECONOMIC WEIGHT

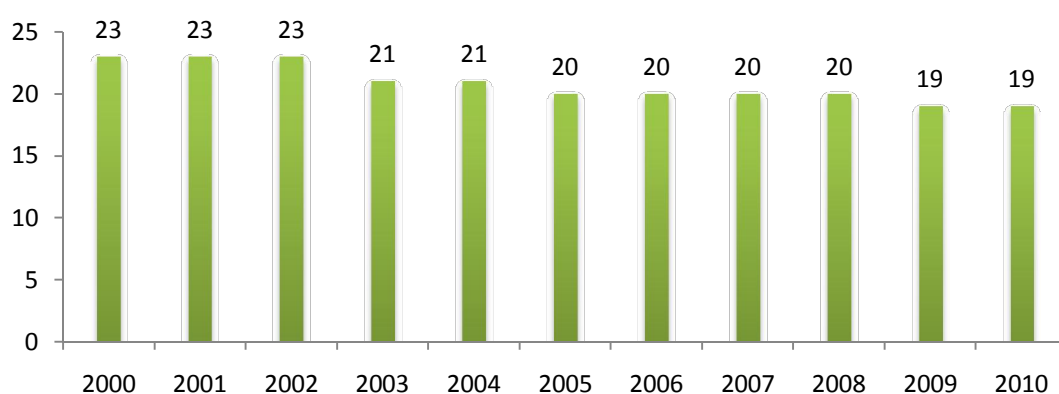
4.1 REAL BUT UNRECOGNISED SUCCESS STORY

DOE manufacturing is a real, but not always recognised, success story in Mauritius. The contribution of the DOE industry in the socio-economic landscape of Mauritius has often gone unnoticed and invisible.

4.2 MANUFACTURING INDUSTRY – POLE PILLAR OF THE MAURITIAN ECONOMY

The manufacturing sector, as noted, comprises the EOE and the DOEs.

Figure 4: % Contribution of the manufacturing sector to GDP at basic prices



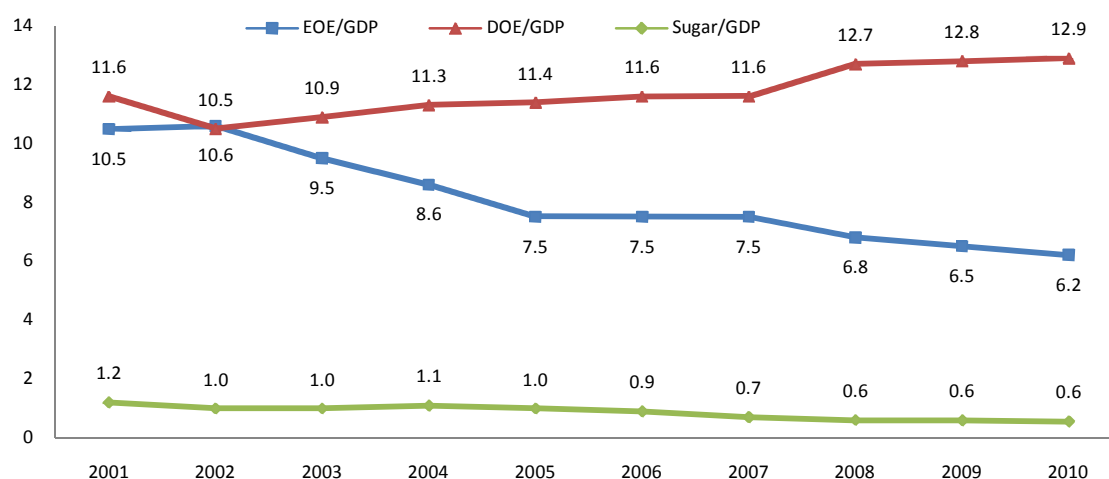
Source: National Accounts, CSO and DCDM estimates

In spite of dropping from 24% in 1999 to 19% in 2010, the manufacturing industry still remains in **pole position** with regards to contribution to GDP in terms of revenue (Rs 48.7 Bn) and in terms of share (18%) in 2010.

4.3 DOE SECTOR OUTPACING THE EOE AND THE SUGAR SECTOR

The striking contrast is that the DOE industry (large and small DOEs) has since 2003 outpaced the EOE and the sugar sector in terms of contribution to GDP.

Figure 5: DOE, EOE and Sugar Contribution to GDP



Source: National Accounts, CSO and DCDM estimates

- **EOE sector – Constant drop as share of GDP**

The EOE sector was formally called as the Export Processing Zone (EPZ enterprises) and catered mainly to production of textile, jewellery and the sea-food, amongst others.

The EOE contribution to GDP at basic prices dropped constantly from 2002 to 2008: from 10.5% to 6.8%. Its contribution is expected to drop further in 2009, 2010 and onwards as companies in the textile sector delocalise to other countries. In 2011, its contribution to GDP amounted to 6.6%.

- **Sugar sector**

A similar pattern was observed for the sugar sector – from 1.2% in 2001 to reach 0.6% in 2008 due to the phasing of the LOME convention and the restructuring of the sugar industry to a cane industry. By 2011, the contribution to GDP had shrunk to 0.3%.

- **DOE Industry: Continuous rise as a share of GDP**

The DOE sector, often associated in recent literature as the Non-EOE sector, has contrary to the two other poles of the manufacturing sector, exhibited growth rising from 11.6% in 2001 to reach 12.7% by 2008. Though at a decelerated pace, the sector is presumed to have continued on its upward trend in 2009 and 2010. In 2011, this figure stood at 11.2%. On

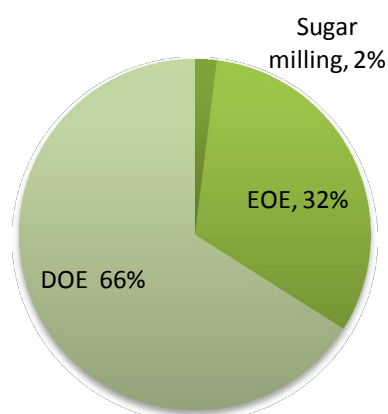
average, the contribution of large DOEs is estimated at 7% while that of small DOEs at 5% (DCDM estimates based on CSO Digest of Industrial Statistics) to Gross Domestic Product.

4.4 FUTURE OF THE INDUSTRIAL SECTOR IN MAURITIUS

By its weight in the economy, the DOE industry is thus the future, an inescapable component of the industrial sector in Mauritius. It deserves recognition for it to thrive further and for a second industrial take-off. The future and continuity of the manufacturing industry in Mauritius cannot be envisaged without the existence of a robust DOE industry.

It is recalled that the DOE industry contributes to 66% of the total manufacturing output compared to 32% (EOE sector) and 2% (Sugar sector).

Figure 6: Output Share for 2011 (%)



Source: Digest of Industrial Statistics, CSO

The EOE sector has allowed Mauritius to take off in the 1980's. Currently the EOE is contracting. So is the sugar sector. If the economy of this country is to have its share of industrial activity, it must keep the DOE industry vibrant. As a small player on the world economic stage, **Mauritius has no choice but to maintain a diversified economy, with industry holding a position of choice at the core of its economic focus.**

4.5 CONTRIBUTION OF LARGE DOE IN THE MAURITIUS ECONOMIC LANDSCAPE (1985 - 1995)

4.5.1 Transformation into a diversified economy

Given the nature of the subject, it seems appropriate to split the Mauritian economic development less than two distinct periods:

- Pre-1995 and
- Post-1995.

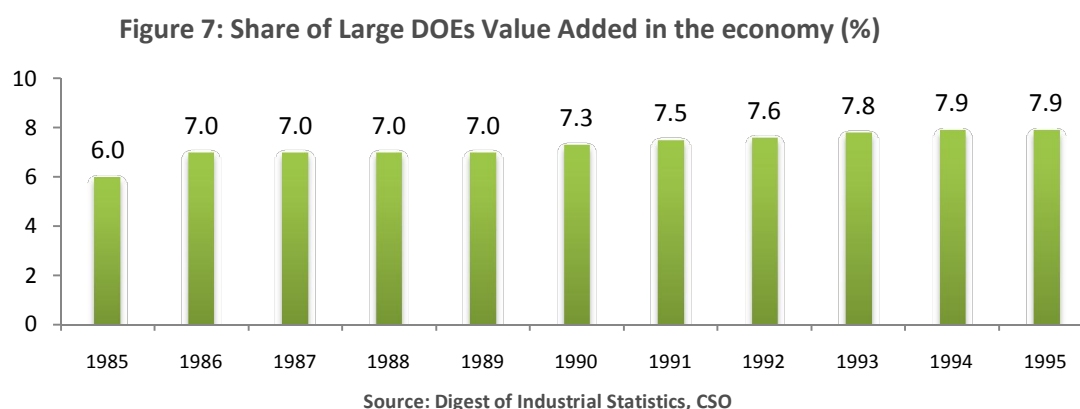
Under both periods, the DOE sector has played a crucial role in the Mauritian developmental process.

Pre-1995 corresponds to the GATT period, where Mauritius, through accompanying measures was able to protect the DOEs from foreign competition. The period post-1995 relates to the period of the WTO – a period marked by trade liberalisation and globalisation. It also corresponds to a phase where regional integration accelerated and resulted in preferential tariffs on imported goods in specific sectors.

This period, which started back in the eighties, witnessed the transformation of Mauritius from a mono-crop economy to a diversified one, with the manufacturing sector assuming a leading role. Figure 6 illustrates the relationship between the growth in the manufacturing sector and in the Gross Domestic Product.

4.5.2 Share of the large DOE value-added in the economy (1985 – 1995)

Large DOE contribution to the economy oscillated between 7% to 7.9% from 1985 -1995. This corresponds to an average share of 7.2% per annum.



4.5.3 Other key success indicators for large DOEs (1985 – 1995)

Table 4: Trends in manufacturing, intermediate consumption & value added (Rs Million)

Year	Gross output (Rs Million)	Intermediate Consumption	Value added	% share of Value Added in Manufacturing
1985	2,864.0	2,284.6	887.7	33.0
1986	3,830.0	2,459.0	1,104.6	31.0
1987	4,976.0	2,817.5	1,335.3	28.0
1988	5,847.0	3,270.4	1,620.3	29.0
1989	6,648.0	3,896.1	1,916.5	30.0
1990	7,784.0	4,754.8	2,348.5	31.0
1991	8,766.0	5,490.6	2,635.9	32.0
1992	9,952.0	6,396.5	4,044.1	31.0
1993	11,187.8	6,854.3	4,566.2	33.0
1994	12,686.5	7,250.7	5,916.9	32.5
1995	14,383.3	8,418.9	5,900.7	32.5

Source: Digest of Industrial Statistics, CSO

Table 1 presents some basic facts about large DOEs contribution to the Mauritian economy for the period **1985 - 1995**:

- value-added at basic prices rose from **Rs 887.7 million** to reach **Rs 5.9 billion** - a **compound annual growth rate (CAGR) of 20.8 %** ;
- Intermediate consumption increased from **Rs 2.28 billion in 1985** to **Rs 8.41 billion by 1995**, corresponding to a CAGR of **12.2 %**.
- Average share of value-added in the overall manufacturing sectors stood **31%** for the period **1985 to 1995**.

Table 5: No. of Enterprises and Employment

Indicators	1988	1989	1990	1991	1992	1993	1994	1995
No. of enterprises	485	414	454	437	411	427	445	452
Employment	19,738	21,548	24,434	23,474	23,195	22,792	23,692	23,952

Source: Digest of Business Activities, CSO

452 large enterprises formed part of the manufacturing sector in 1995 providing employment to some **23,952 persons**.

Table 6: Compensation of Employees (Rs Million)

Indicators	1988	1989	1990	1991	1992	1993	1994	1995
Compensation	592.5	697.5	844.2	1,039.0	1,378.7	1,428.2	1,663.5	1,903.2

Source: Digest of Industrial Statistics, CSO

Compensation of employees, which comprises payments of wages and salaries by producers to their employees, increased from **Rs 592.5** million in 1988 to reach **Rs 1.9 billion** – **more than tripled**.

Table 7: Gross Operating Surplus (Rs Million)

Indicators	1988	1989	1990	1991	1992	1993	1994	1995
Gross O. Surplus	1,027.8	1,219.0	1,504.3	1,596.9	2,665.4	3,138.0	4,253.4	3,997.5

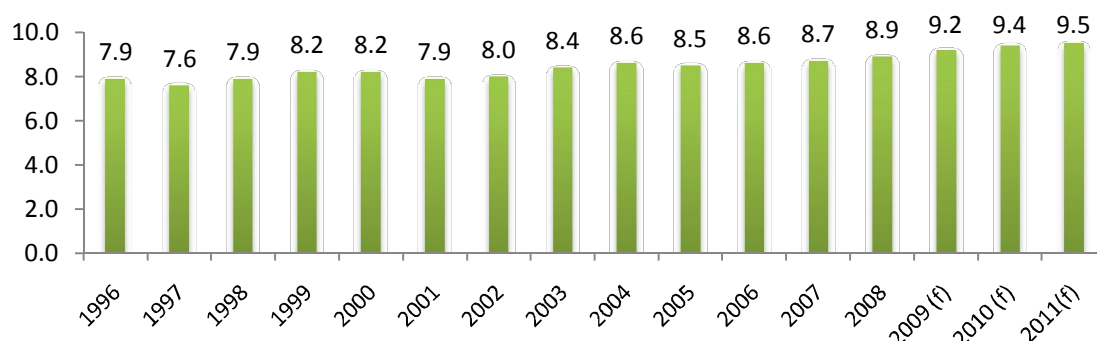
Source: Digest of Industrial Statistics, CSO

Gross Operating Surplus, which refers to the excess of value added over compensation of employees and other taxes of production almost **quadrupled** in 1995 to reach Rs 3.99 billion by 1995.

4.5.4 Contribution of large DOEs (post 1995)

- Share of the DOE Value Added in the Economy

In spite of **changes** in the **international landscape**, large DOEs continued to play an **instrumental role for the country post 1995**.

Figure 8: % share of the DOE sector in the economy: 1996-2008

Source: Digest of Industrial Statistics, CSO

Its share of contribution to the economy stood at **8.9% in 2008**. Taking 1996 as base year, the share of the large DOE sector in the economy averaged **8.3% compared to 7.2% from the period 1983-1995**.

4.5.5 Share of the large DOEs value-added in the manufacturing sector (2000-2010)

Table 8: Manufacturing Sector Overview: Period 2000-2011

Year	Gross Output (Rs Million)	Value added at basic prices (Rs M)	% share of Value Added in Manufacturing
2000	24,700.9	8,576.1	34.8
2001	27,421.5	9,309.8	33.9
2002	28,226.6	10,081.9	35.7
2003	29,580.9	11,444.5	38.6
2004	31,942.3	13,072.3	41.0
2005	32,187.0	13,728.2	42.7
2006	36,356.2	15,695.5	43.2
2007	41,075.1	17,908.9	43.6
2008	46,927.6	20,828.0	44.4
2009 (f)	50,845.0	21,355.7	42
2010(f)	55,091.0	23,138.2	42
2011 (f)	59,691.0	25,070	42

Source: Digest of Industrial Statistics, CSO and DCDM estimates

In terms of value-added, it increased from Rs 8.5 billion in year 2000 to reach Rs 20.8 billion by year 2008. This represents a CAGR of **11.8%** per annum for the period 2000 to 2008. Based on the growth perspective, value-added of the large DOEs is set to have reached **Rs 25 billion** by 2011.

4.5.6 Other key indicators for large DOEs (2000-2011)

Table 9: Compensation of Employees (Rs Million)

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008 (f)	2009 (f)	2010 (f)	2011 (f)
Compensation	2,940.0	3,127.2	3,561.3	3,954.5	4,716.1	4,968.3	5,017.5	5,577.9	5,872.4	6,045.2	6,342.5	6,521

Source: Digest of Industrial Statistics, CSO

The compensation of employees increased from Rs 2.9 billion in year 2000 to reach Rs 5.5 billion by 2007. This relates to a CAGR of **8.3%** for the period 2000 to 2007. At this rate, the compensation of employees is expected to have reached **Rs 8 billion** by 2011.

Table 10: Gross Operating Surplus (Rs Million)

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008 (f)	2009 (f)	2010 (f)	2011 (f)
GOS	5,802.4	6,130.5	6,457.9	7,392.1	8,250.9	8,692.8	10,538.2	11,394.	11,628	12,069	12,527	13,028..4

Source: Digest of Industrial Statistics, CSO

Similar trend is being observed for the Gross Operating Surplus. From Rs 11.0 billion in the year 2007, it is expected to reach **Rs 13 billion** by **2011**.

Table 11: Employment (000) and number of enterprises

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008
Employment	23.4	23.2	23.6	24.1	24.7	24.2	24.6	30.3	28.1
Enterprises	470	471	490	511	519	519	519	516	521

Source: Digest of Industrial Statistics, CSO

By 2008, **28,180** persons were employed by the large DOE manufacturing involving **521 enterprises**. Given closures of some large DOEs, employment is expected to have dropped to some **20,800** by **2011**.

4.5.7 Contribution of small DOEs in the Mauritius economic landscape

- Small and Medium Enterprises (SME) Manufacturing Sector

The manufacturing sector also consists of **dynamic manufacturing SMEs**. As noted above, their contribution to GDP is estimated at **5% on average**. The SME enterprises contribute significantly to a wide spectrum of economic activities. They mobilise natural resources, creates employment, wealth and consequently helped in poverty alleviation.

The SME manufacturing sub-sector in Mauritius, which focused mainly on the local market, comprises some **12,768 enterprises** (Census of small establishments: 2007). This figure is expected to reach some **13,820** by 2011 based on past historical trends and recent policy of providing support for the development of the SME sector.

As at 2007 (Census of small establishments: 2007), **30,373 persons** were engaged in the SMEs. Based on historical trends, policy and economic growth of the recent years, this figure is expected to loiter around **34,200** by **2011**.

Table 12: Value Added, Compensation of Employees and Gross Operating Surplus

Indicators	2007	2011 (f)
Intermediate consumption	6,784	8,142
Value- added at basic prices	5,643	7,042
Compensation of employees	1,292	1,502
Gross Operating Surplus	4,287	5,042

Source: Census of Economic Activities and DCDM estimates for 2011

Intermediate consumption for the SMEs was valued at **Rs 6.7 billion in 2007**. The figure is expected to increase to **Rs 8.1 billion by the year 2011**.

Value-added for the SME Manufacturing sector stood at **Rs 5.6 billion by 2007** according to the Census of Small Establishments. Using historical analysis and other related economic parameters, value-added is expected to reach some **Rs 7 billion** by the year 2011.

In terms of compensation of employees, it is estimated to reach **Rs 1.5 billion in year 2011** compared to Rs 1.2 billion in 2007.

The gross operating surplus has also displayed similar estimated patterns: from Rs 4.28 billion in 2007 is presumed to have climbed to **Rs 5.0 billion by 2010**.

Table 13: No. of enterprises and persons engaged

Description	2007	2008	2009	2010
No of small manufacturing units	12,768.0	12,966.0	13,164.0	13,362

Source: Digest of Business Activities, CSO

The number of SMEs involved in manufacturing is expected to reach 13,362 units by 2010.

4.6 MANUFACTURING SECTOR CONSOLIDATED (LARGE AND SMALL DOES)

- Overall contribution to the economy

Table 12, which has been computed based on historical trends, government policy and economic growth, presents a combined estimate of the economic weight of the DOE industry by 2010.

Table 14: Indicators' forecast based on CSO figures

Large DOEs Manufacturing	2011(f) Rs Billion	SME Manufacturing
7.5	Share of value added in the economy (%)	1.9
33	Intermediate consumption (Rs M)	8
20	Value-added at basic prices (Rs M)	7
6.5	Compensation of employees (Rs M)	1.5
13	Gross Operating Surplus (Rs M)	5
442	No of enterprises (Units)	13,820

Source: CSO and DCDM estimates

Aggregating the large DOE and the small DOEs, the DOE industry is expected to represent the following by 2010:

- **11 %** in terms of contribution to the economy;
- **Rs 41 billion** of intermediate consumption;
- **Rs 27 billion** of value-added at basic prices;
- **Rs 8 billion** in terms of compensation of employees;
- **Rs 18 billion** of gross operating surplus;
- **442 large enterprises** and **13,820 SMEs**.

4.7 EMPLOYMENT

The contribution of DOE in terms of employment creation these recent years has been remarkable.

Table 15: Employment in the Manufacturing Sector (2007 - 2010)

Year	Manufacturing	EOE	Sugar	DOE
2007	104,800	65,700	2,000	37,100
2008	108,800	66,782	1,700	40,318
2009	110,300	57,107	1,800	51,393
2010	111,587	56,624	1,800	53,163
2011 (f)				55,000

Source: DCDM calculations based on Ministry of Labour, Industrial Relations and Employment report

While the EOE's and the sugar sector employment has been on the declining trend (- 3.7 % per year), the DOE sector employment has been increasing – from **37,100 in 2007 to reach 51,393 in 2009 and 53,163 in 2010 (est.)**, representing an average growth of 4.2% per annum.

Supporting the DOE sector will be crucial if Mauritius is to achieve the full employment.

4.8 ENHANCED ROLE OF THE DOE INDUSTRY FOR THE FUTURE (2011 – 2020)

Seen from a macro-perspective, the DOE sector has continued to survive in spite of the transition from trade preferences to global competitiveness. The world economic order is changing fast. The DOE industry can contribute much more in terms of output and wealth creation for the country. Industrial policy aiming at enhancing the DOE industry competitiveness will be essential to address already existing and upcoming market distortions.

5 EXPERTISE, EXPERIENCE AND EVOLUTION OF OUR DOE INDUSTRY WITH ECONOMIC HISTORY

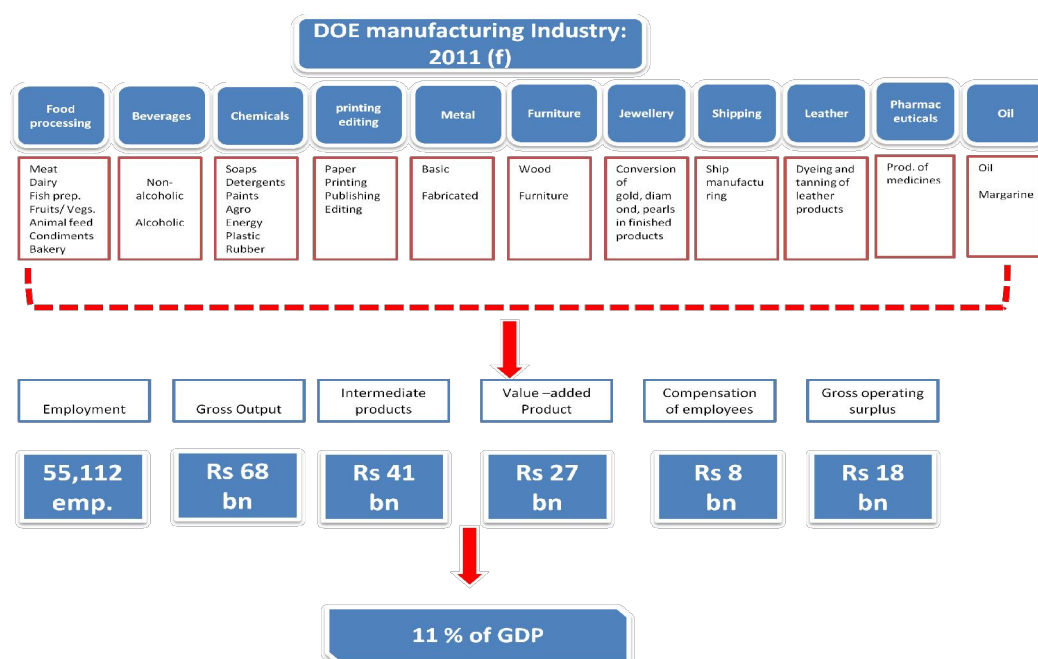
5.1 INTRODUCTION TO THE DOE MANUFACTURING INDUSTRY, SECTORS AND SUB-SECTORS

The DOE manufacturing sector has been the linchpin of the Mauritian economy since the 1950's and a key feature of the industrial landscape of Mauritius and its economic lifestyle alongside the century long traditional sugar pillar and the fifty year old textile pillar.

Constantly evolving with the pace of economic history, the DOE sector has over the years developed into an industrial culture, expanded all over Mauritius, acquired specialized knowledge, gained technical experience, skill and dexterity in a multitude of manufacturing operations - food products, beverages, non-metallic mineral products, coke and chemicals, publishing, printing, editing, rubber and plastics, metal product, wood, furniture, shipping, leather and pharmaceuticals.

- **Subsectors in the DOE manufacturing**

Figure 9: Sectors and sub-sectors of the DOE manufacturing Industry (2010)



It currently comprises some 442 large establishments and some 13,820 small enterprises. Combining the operations of large and the small DOEs for the year 2010 (DCDM estimates), the sector is presumed to have contributed 11% to GDP, employed 53,123 persons, accounted for Rs 68 billion of Gross Output, Rs 41 billion of intermediate products, Rs 27 billion of Value Added, Rs 8 billion as compensation of employees and Rs 18 billion of Gross Operating Surplus.

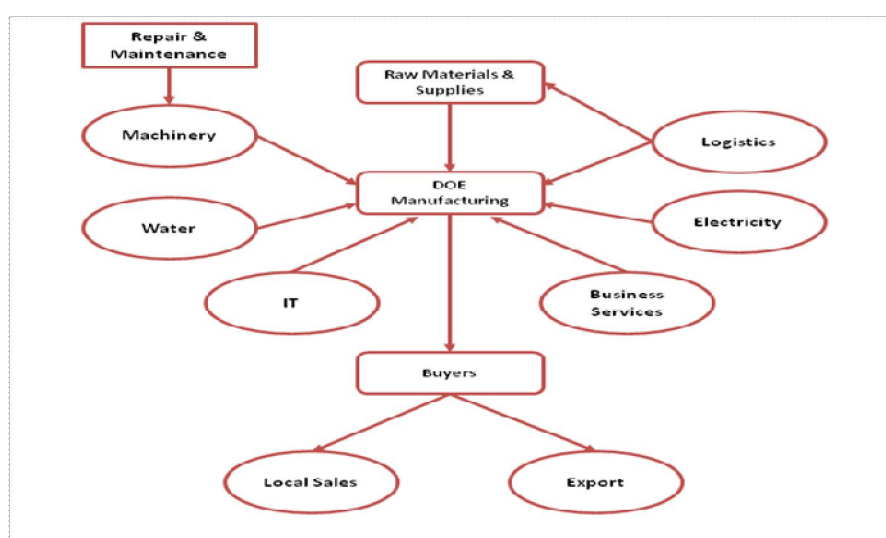
- **Exports**

Though, the prime consideration of the DOE sector has been the local market, it has also revealed some inbuilt abilities for exports – Rs 2 billion has been exported on average for the last 5 years representing a minor percentage of total exports (0.03%).

- **Linkages impact**

Other than its direct economic contribution, the sector has been instrumental in generating demand and intermediate products for other economic sectors summarised in the chart below.

Figure 10: Multiplier effect



The DOE manufacturing sector is intertwined among all these sectors. What follows will be a description of all the sectors involved in the DOE industry. While official data is available for some sectors, figures for other sectors have been collected through meeting of stakeholders in specific fields.

5.2 AGRO MANUFACTURING SECTOR

- **Situational analysis of the food sector in Mauritius**

The total food requirement of the country is estimated at **700,000 tons annually**. Local production caters to only **23%**. The remaining is met through imports. In 2008, the import of **‘food and live animal’** amounted to **Rs 23.8 billion**, representing **18% of total import cost**. With rising prices, it could well be around 20% in 2010.

Table 16: Imports of ‘food and live animals’ – 2003 to 2008

Description	2003	2004	2005	2006	2007	2008
Imports of food and live animals	10.3	11.9	13.8	17.3	20.0	23.8
Growth (%)	-8	15	16	24	16	19

Source: Digest of External Trade, CSO

In the last couple of years, **growth on imported ‘food and live animals’** have exceeded **15%**. It has kept on increasing every year. Other than being an **economic liability**, it is now gradually heading towards a **‘food security’** issue.

World Agriculture faces higher production costs, increasing demand from rapidly growing countries in developing regions and **expanding bio-fuel production**. Thus, the **price increases** and **volatility associated with is here to stay**. **Food security** could well be a threat to Mauritius if appropriate measures are not taken.

- **Agro-industry in Mauritius**

Development of the agro-industry is therefore vital. The agro-industry has potential for further growth. With only 23% self-reliance in food supply, opportunities are real for further expansion of agro-industrial sector.

Achieving greater food reliance should become the **Government main line of focus** and its **main criterion of economic policy**. In response to this objective, a set of coherent accompanying measures comprising financial and non-financial resources, technology, economic diplomacy etc must be clearly defined, properly phased and implemented.

Revisiting some of our **tariff lines** upward in this particular context is important.

As an industry, it involves the processing and preserving of meat, seafood, fruits and vegetables, the manufacture of vegetable oils and fats, dairy products, grain mill, animal feeds and food products such as bakery products, cakes, chocolate or tea among others. The diversification of the economy coupled with the emergence of a new society has influenced the pattern of demand in favour of agro and meat products.

What follows will be a **macro-economic outlook** of the food sector coupled with a detailed study of all the sectors in the agro-industry, starting with the **poultry sector**.

- **Economic outlook**

The agro-industry is a **significant contributor** to the national economy. In 2010, **2,079 establishments were registered and have provided employment for 12,800 people, of which 7,200 were men and 5,600 were women.**

Combining **the small, the medium and the large enterprises**, the sector produced in a gross output of **Rs 23.3 billion**, generated **value-added of Rs 7.2 billion**, with a compensation of employees of **Rs 1.74 billion**. Gross operating surplus was valued at **Rs 5.4 billion**.

Table 17: Production indicators (2007 and 2010) – Rs Billion

Economic parameters	Rs Billion (2007)	Est (2010)	% Growth (2007 to 2010)
Gross output	23.3	26.8	
Intermediate products	16.1	17.4	
Value Added	7.2	9.4	12%
Compensation of employees	1.74	2.9	
Gross operating surplus	5.4	6.9	

Source: Digest of Industrial Statistics 2009 and Census of Economic Activities 2007, CSO and DCDM estimates

Based on demand patterns, population growth, rise in prices, improvement in production, new market entries; it is believed that the sector has continued its growth ascension so that by 2010, **value-added** must hover around **Rs 9.4 billion, an overall growth of about 12% from 2007 to 2010 – a growth of 12%.**

With only 23% of total food requirement satisfied by local entrepreneurs, the agro-industry has **tremendous growth potential** under an appropriate framework of support.

Notwithstanding its economic consequences in terms of labour, it will also **alleviate the problem of chronicle trade deficits** faced by Mauritius.

The food manufacturing industry is split into 6 sub-sectors: **meat, fruits and vegetables, the dairy products and the grain mills sector.**

5.2.1 Poultry sub-sector

Chicken is the primary meat consumption of Mauritians. It constitutes 70% of the total meat consumption. Other than being consumed in nearly all Mauritian households, **it is an important input for several vertical businesses such as restaurants, fast food outlets and retail outlets.** It is sector that the perspectives of growth are real given enabling policy conditions.

- **Self sufficiency**

Table 18: Poultry production (tons)

Description	2000	2005	2006	2007	2008	2009	2010 (e)	2015	2020
Poultry production (tons)	27,500	33,000	36,000	40,000	42,000	44,000	45,000	55,000	60,000

Source: Ministry of Agro-Industry and Digest of Industrial Statistics, CSO

It is the only product that has reached the level of self-sufficiency in Mauritius. In terms of tons, it increased from **27,500** tons in the year 2000 to reach **44,000 tons** in 2009 – a growth of **10% on average per annum.** It is expected to have already reached **45,000 tons** in 2010. The production of chicken can be considered as a **good success example** for other meat sectors.

The annual turnover of the poultry sector was **Rs 2.8 billion as of 2008** and is settled to reach the **Rs 3 billion threshold** in the year 2011. Other than its spill-over effects locally, the sector contributes towards **foreign currency savings.**

Due to rising incomes, improved standard of living, change in food habits and a flourishing tourist industry, it is anticipated that per capita consumption of chicken will increase from **27 kg/annum in 2008** to reach **34 kg/annum by 2015.** At current prices, it will be equivalent to some **Rs 5 billion** of turnover.

As of 2010, the sector employed some **5,000 employees**, distributed among **1,000 small and medium enterprises (backyard producers) and 10 large producers**. The sector has also seen the development of further processed chicken products such as sausages, burgers which are also regularly consumed by Mauritians. Moreover, based on the experience developed in the broiler industry, layer farms were developed and Mauritius is now also self-sufficient in egg production.

With the sector presenting opportunities for further expansion, it is likely to be accompanied with rising employment, output and entrepreneurship.

- **Inter-dependencies and linkages**

There are several inter-dependencies between the chicken meat sector and other sectors of the economy. Enterprises involved in the distribution of chicken meat employ approximately five hundred people while domestic manufacturers of animal feed provide work for some 600 people. These related sectors are bound to feel a downside in activities if the chicken meat sector is at risk. As an example, the poultry sector is linked to three animal feed factories producing about 170,000 tons per annum and employing 5,000 persons.

- **Strategic importance for the country**

The Mauritian poultry sector is of strategic importance for the country and has acquired through time a number of internationally competitive advantages:

- i. It represents 70% of the total meat consumption and is the prime source of protein for the Mauritians.
- ii. It has reached self-sufficiency.
- iii. It acts as a secured feed to the population and tourists visiting the island.
- iv. Is a testimony of hygiene as it is closely monitored by the authorities
- v. Is fed with high-quality animal feed, mainly maize and soya.
- vi. Is free of diseases such as avian flu.
- vii. it provides sufficiency of eggs
- viii. it creates self-employed and employment in companies
- ix. it has a growth future
- x. it is present in thousand of retail outlets, supermarkets, hypermarkets, hotels, restaurants, fast food outlets etc.

- **Quality control advantages**

Domestic production ensures the provision of an up quality chicken product. Production is restricted to a small area and sanitary requirements are easily supervised and enforced. Domestic producers are directly accountable for the quality of their product from the moment it leaves the factory to the point where it is picked off the shelf and consumed. Being produced locally it is auto-regulated quality wise as those involved in the supply chain (feed-farm-process) are those who consume the end product. **Quality control of chicken meat from abroad is vital given our vulnerable island.**

- **Import duty on chicken**

Chicken is defined under the HS Code 20.

Table 19: Import duty on chicken products (1996 – 2010)

HS code	1996	2001	2007	2010	Description
20711	80	80	0	0	Fresh or chilled chicken meat, not cut in pieces
20712	80	80	0	0	Frozen chicken meat, not cut into pieces
20713	80	80	0	0	Fresh or chilled chicken offal
20714	80	80	0	0	Frozen chicken offal

Source: UNDP data on Mauritian Trade

Duty on chicken meat and offal varied between 80% and 40% up until 2001. After 2001, all import duty was withdrawn on chicken and duties on chicken-related products were phased out.

The removal of duties can tempt foreign producers to flood the local market with cheaper meat of inferior quality. As chicken is a perishable product, suppliers from abroad will resort to dumping when the good is within weeks of expiration.

For those reasons, **consumption of domestically produced goods should be encouraged**, on the lines set out below. **Imported chicken meat can be a serious threat to the local industry, both in terms of unfair competition (dumping) and diseases. The industry has been able to face these challenges over the years, but it remains a very sensitive sector.**

Thus, at all costs, Government must discourage the imports of chicken meat and encourage the domestic expansion of this sector.

Government must ensure the following:

- Enabling environment for future growth
- The current operating environment provides a solid base for transformation and creates certainty for future investment as demand for chicken is set to increase to some **50,000 tons** by 2015. The poultry sector has already acquired experience and technical expertise.
- It continues to generate employment and wealth creation.
- It values the 40 years experience in the production of chicken meat and to this effect serious thoughts must be given regarding export to COMESA and SADC countries. Some export of day old parent stock to African countries is already on-going. **Some local producers have also invested in farms in African countries as the Mauritian knowledge is highly recognized there.**

It is therefore recommended that:

- a safety be set up in the face of unstable import prices for food items and food security. In the worse case where this sector collapses, **spending patterns could be dramatically altered as we will be at the mercy of importers.**
- **regional concerted actions** are undertook at **political level** in order to create an environment conducive to the **production of maize and soya in countries of COI, SADC and COMESA** should be envisaged so as to reduce our dependency on imports from countries far away, such as Argentina and USA.
- laboratory facilities available at the Division of the Veterinary Services need to be reinforced to avoid diseases such as Avian influenza. In this respect the
- finally, **dumping of chicken meat and/or further processed chicken products** should be **strictly controlled** as it will disrupt the local production cycle and it would take years to re-build such an industry.

Thus, it is essential that it receives the necessary support to move forward, attract more investment and innovation. A safety net is important in the face of unstable import prices for food items and food security. In the worse case where this sector collapses, **spending patterns could be dramatically altered as we will be at the mercy of importers.**

5.2.2 Meat sector – bovine sub-sector

This sector comprises of the meat and offal of bovine, sheep, swine, poultry and other edible birds and mammals. It is defined by the HS code **20, 21 and 16.**

- **Beef production**

Beef is the second most consumed meat by the Mauritian household. It is produced by a few small companies and backyard farmers. The small companies import young livestock and fatten them until slaughter while the farmers purchase male calves from dairy manufacturers.

Production has experienced a **sharp decline since the 1990s** when 450 tons of beef was produced. In 2000, that figure stood at 240 tons and sunk even lower in 2005 to 73 tons.

Table 20: Import duty on bovine products

HS Code	1996	2001	2007	2011	Description
20110,20120,20130,20210,20220,20230	0	0	0	0	Bovine cuts and carcasses, fresh or chilled
20610,20622	0	0	0	0	Bovine offal
20629,21090	0	0	0	0	Bovine meat prepared and preserved

Source: UNDP data on Mauritian Trade

Duty was withdrawn on bovine meat since 1996.

Table 21: Imports of bovine products (Rs Million)

Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Bovine meat (Rs million)	239.1	250.3	280.1	314.2	393.4	403.5	528.6	592.3	651.4
Growth rate (%)	5	4.7	11.9	12.2	25.2	2.6	31.0	12.1	10.0

Source: Digest of External Trade, CSO and DCDM estimates

Due to low domestic production, most meat products have had to come from abroad. In 2005, imports of meat and offal amounted to **5,370 tons**. That figure is expected to have reached **7,666 tons in 2010**, corresponding to some **Rs 651 million**.

It is further noted that the growth in imports of bovine products has been positive year on year, with some **peaks in the years 2006 (25.2%) and 2008 (31%)**. **This rising growth situation seemed to have continued in 2009 and 2010, 12% and 10% as per trends.**

Correspondingly, **self-sufficiency** has dropped from **3% in the year 2000 to 1% in 2005** as population has grown and production has retracted. With improving standards of living and a growing number of tourists, per capita consumption is expected to grow from **5.7 kg in 2005 to 7.2 kg a year in 2011, worsening the import bill for beef.**

- **Main reasons for underperformance**

The beef sector has been underperforming for the following reasons:

- Small-scale of operations – there is no local breeding stock and it has been difficult for producers who operate individually to obtain calves for slaughtering from abroad. Consequently, contribution to total production from small enterprises has been limited.
- Lack of good quality fodder to feed cattle - fodder represents the basis of the feed of any ruminant and indeed, there is no local production of fodder. Compound feeds produced from imported raw materials are available but expensive, and these products have an adverse effect on the cost of production.
- No support structure in place to incentivise small enterprises to grow. Producers have had trouble raising finance to undertake activities such as purchase of equipment, farm building or breeding of animals. Insurance schemes to protect farmers against the loss of cattle are non-existent.
- It was therefore difficult for producers to exploit a certain level of economies of scale resulting into high cost of production.
- Improving the self-sufficiency rate in the bovine sector would require efforts aiming at:
 - Leasing state land to companies for bovine production
 - Encouraging the development of large-scale operators

- Lack of good quality fodder to feed cattle - fodder represents the basis of the feed of any ruminant and indeed, there is no local production of fodder. Compound feeds produced from imported raw materials are available but expensive, and these products have an adverse effect on the cost of production.
- Making provision for land to foster production of fodder and reduced dependency on imports.
- Easing the importation of both animals and fodder.
- Setting up training workshops to educate farmers about the modern techniques in beef farming would ensure a rise in productivity.
- Providing loans at concessionary rates for the purchase of equipment and the setting up of feedlot systems.
- Developing insurance schemes to cover the downside of livestock dying suddenly should also be implemented.
- Encouraging the setting up of breeding farms which would supply the local farmers with healthy animal of appropriate genetic potential.
- Other elements could be investing in research and development to improve farm productivity and the setting up of cost-effective waste management plans.

5.2.3 Pork sub-sector

As at June 2010, Mauritius has some 548 small pig breeders covering a total stock of some 22,327 heads.

Table 22: slaughter of pig meat (kg): 2002 - 2010

Description	2002	2003	2004	2005	2006	2007	2008	2009	2010
Swine meat (Kg)	756,200	784,500	743,400	709,300	681,200	510,900	329,900	427,600	623,000

Source: Digest of Agricultural Statistics, CSO

Mauritius has produced **623,000 kgs of swine meat** in 2010, a sharp increase compared to 2008 and 2009.

The pork sector actually consists of **3 segments**, namely:

- **Fresh locally slaughtered pork** which is sold in traditional markets as "warm" meat and also as chilled meat in some supermarkets. This fresh meat niche market is guaranteed for local breeders as they do not have to compete with imported meats

for logistics reasons. Local fresh pork is sold at a premium price especially since local production costs are high compared to those in large pork producing countries.

- **Frozen selected pork** cuts imported by processors for the manufacture of value-added products such as hams, bacons and sausages for sale in hotels, restaurants, airline caterers and supermarkets.
- **Imported finished pork products** which are directly competing with locally processed products in the hotel and retail trade.

With swine meat is consumed more sparingly than chicken and beef, Mauritius has always been **100 % self-sufficient** with regards to the fresh pork niche market.

However, since the setting up of a modern industrial plant some 20 years ago, local production is not enough, resulting in **selected import cuts** have been locally transformed into finished products to cater for the needs of the growing hotel industry and also to ensure that much of the value-added is being done locally.

In 2005 out of 750 tons of pigs produced locally only **250 tons** could be made available for further processing and 650 tons were imported for further processing. With both per capita consumption of fresh and prepared meat on the rise, this will tend to accelerate imports of selected cuts and prepared meats if local production does not cope with.

- **Main constraints on production**

Pig breeders face a number of constraints which have brought down self-sufficiency of this sector. Firms, being relatively small in size, have suffered from poor management. Feeding practices have been irregular and waste disposal non-compliant with international norms. Inadequacy of land for pig farming has also been a critical constraint.

Carcass quality has been below the standard due to a lack of grading of the product. This creates confusion in the buying process because quality of meat can only be evaluated after purchase. A recurring difficulty experienced by producers is the expensive price of animal feeds.

- **Objective of self-sufficiency**

Despite these constraints, the sector has the potential to get back on the track of self sufficiency.

In the first instance, the sector needs to be re-organised from back farming operations feeding their stocks with swill to a more professional organisation. This requires first a relocating pig farms from residential areas to appropriate sites.

Land should be made available for a special zone: non-residential land. Restructuring of marketing of products along with a **carcass rating system** will ensure a better functioning of markets. Each grade of meat will have a different price, hence facilitating retail.

Breeding farms can be set up with pigs possessing superior genes imported from abroad to upgrade the quality of the livestock. Veterinary support should be provided in order to monitor this process.

Finally, assistance to the pig breeders in the form of insurance schemes and concessions on loan interest and repayment will act as a supplement to the measures outlined. All of these put together would re-energise the sector so as to achieve self-sufficiency and reduced imports.

However, the quality of the local pork must be improved and also during marketing, much emphasis must be placed on freshness and "local" product (e.g "porc pays").

The use of such expensive raw materials in the industrial production of processed products would be prohibitive due to the severe competition from imported finished products. In addition, local processors require only certain specific top quality cuts (not carcasses or in natural proportion) in order to manufacture quality for the hotels. For example, there is a big demand for Grade 1 bellies for the manufacture of streaky bacon for the hotels but no demand for the other parts of the carcass – treated as intermediate products

In order to compete with imported fully processed pork products, these locally processed products not only have to be manufactured under strict internationally recognised food safety and quality standards but also have to be price competitive.

It is estimated that 0.97 kg of meat is consumed per capita. Products such as bacon, ham and sausages are consumed at 1.2 kg per head.

Import duty

Pork and swine-related products are defined under the HS code **20, 21 and 16**.

Table 23: Import duty on pork products (1996 – 2010)

HS code	1996	2001	2007	2010	Description
20329	40	40	0	0	Swine cuts, frozen nes
21019,160241, 160242	55	65	0	0	Swine meat, prepared or preserved
160249	40	40	0	0	Swine offal prepared or preserved

Source: UNDP Data on Mauritian Trade

The removal of duty on swine and swine-related products after 2001 meat seems to have affected local production. From 891 tons, the figure has fallen to 750 tons in 2005. The trend in production seemed to have continued downward based when considering rising imports of swine and swine-related products.

Table 24: Pork-related products

HS CODE	Description
21012	Bellies (streaky) of swine, salted, dried or smoked
20649	Swine edible offal, frozen except livers
160241	Swine hams & cuts thereof, prepared or preserved
160249	Swine meat or offal nest, prepared, preserved, not live
21019	Swine meat, salted/dried/smoked not ham/shoulder/bell
160242	Swine shoulders & cuts thereof, prepared or preserved
20329	Swine cuts, frozen nest.

Source: UNDP data on Mauritian Trade

The import of pork comprises the above.

Table 25: Import of swine products (Rs Million) – 2002 to 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010 (est)
Swine (Rs Million)	31.1	24.4	131.8	297.1	89.6	20.5	353.3	306.1	340.3

Source: UNDP data on Mauritian Trade

Based on data obtained from the UNDP trade section for Mauritius, it was observed those **Rs 306 million of swine products** was bought in 2009, an amount which was **Rs 29.4 million** in the year 2000, prior to the removal of import duties. While the imports of swine products have faced different cycles (2006 & 2007), it has in the last two years (2008 & 2009) stabilised around Rs 300 million, an **average growth of 100% per annum** for the period 2001 to 2009.

5.2.4 Goat, sheep and lamb sub-sector

The goat sub-sector has been declining since the 1990s, with local production stumbling from 86.6 tons in 2000 to 25.5 tons in 2005. It seems that the sector has picked up during the last five years. The number of farmers started increasing as from 2006 (2,283 in 2005 to reach 3,005 in 2006) accompanied by increase in the number of slaughtered goats. It seemed that farmers involved in production have continued to increase as imports of lamb and sheep products has dropped from Rs 303.3 million in 2005 to Rs 114.4 million in 2009.

Table 26: Imports of goat products (Rs Million) – 2002 to 2009

	2002	2003	2004	2005	2006	2007	2008
Goat products (Rs Million)	17.9	8.8	68.1	303.6	346.4	399.2	237.1

Source: UNDP data on Mauritian Trade

- **Import duty**

Goat products are defined under the **HS code 20**. There has been no duty on lamb and sheep products **since 1996**.

Table 27: Goat, lamb and sheep products

HS CODE	Description	Duty (%)
20450	Goat meat, fresh, chilled or frozen	0
20410	Lamb carcasses and half carcasses, fresh or chilled	0
20430	Lamb carcasses and half carcasses, frozen	0
20441	Sheep carcasses and half carcasses, frozen	0
20422	Sheep cuts, bone in, fresh or chilled	0
20442	Sheep cuts, bone in, frozen	0
20423	Sheep cuts, boneless, fresh or chilled	0
20443	Sheep cuts, boneless, frozen	0
20690	Sheep, goat, ass, mule, hinnies edible offal, frozen	0

Source: UNDP data on Mauritian Trade

This sector has encountered several problems. Breeding animals have been in scarce supply. The government can help by facilitating the import of breeding animals and by setting up multiplier farms across the country, which must in turn be assisted by veterinary support.

Illegal slaughter also occurs despite legislation against it. In that respect, regulation should be enforced.

Adequate fodder is not readily available and compound feeds are expensive. A quota of bagasse and molasses can be put in place to make good quality feeds available for farmers. There is a lack of awareness about multiple products stemming from the sector. Commodities such as goat cheese, skin and milk are not on the shopping list of most Mauritians. A marketing campaign to bring these goods to the attention of the population would develop a niche market, providing a boost to the sector.

Accompanying measures would include the development of infrastructure with provision of the water supply and electricity, fences and road access, coupled with workshops to educate farmers on entrepreneurship. On top of that, loan facilities and insurance schemes would help to reduce the uncertainty of doing business and endorse investment.

5.2.5 Venison sub-sector

The venison sector has grown rapidly in recent years. Production increased from around 400 tons in 2000 to 720 tons in 2010. Per capita consumption, which amounted to 0.5 kg, is forecasted to reach 0.6 kg by 2015.

The meat is produced in about 60 units across the country, comprising of some 50 chases and 10 farms.

Total land area covered by the deer sector amounts to **25,000 ha**, of which **15,000 ha is privately owned and the rest is covered by state forest**. The deer population on these lands is estimated at **70 000**.

As the tourism industry and regional trade continue to expand, demand for venison meat seems likely to increase. It is estimated that by 2015, an additional 900 tons of meat will be consumed by the local market.

In the current setting, production is unlikely to match the growing demand because of constraints such as a lack of land to develop pastures, lack of an efficient veterinary service, poaching and a high rent of land.

Intensive deer farming with feedlot systems is the most feasible solution to raising production in this sector. In order to develop this activity, land from old tea plantations and sugar cane fields can be made available. Farms must also be provided with **veterinary support**.

One of the problems faced by venison producers has been the **lack of compliance to international standards for slaughtering animals**. This has restricted growth as exports have been limited. By improving the food safety aspect at the meat market so as to conform to international norms, new markets would open up, providing further impetus for growth.

A few complementary measures to facilitate the conducting of business would be the enforcement of regulation against poaching, the review of land rental fee and provision of fodder for animals. A structure to facilitate finance of activities could also provide the necessary support for this sector to become a major player in the agro-industry.

5.2.6 Fruits and vegetables sub-sector

- **Situational analysis**

Food crop production in Mauritius is dominated by small scale farming with an average holding of 0.25 ha and a few large farms that are greater than 10 ha. Mauritius produces some 100,000 tons of food crops per year, which involves approximately 3,500 ha of land. This production takes place under two crop cycles. With the natural increase in population, rise in incomes, tourism, demand presently hovers around 130,000 tons per annum. The additional 30,000 tons is being met by imports.

The imports bills for imports and vegetables have continuously increased since the last decade.

Table 28: Imports of fruits and vegetables (Rs Billion) – 2002 to 2010

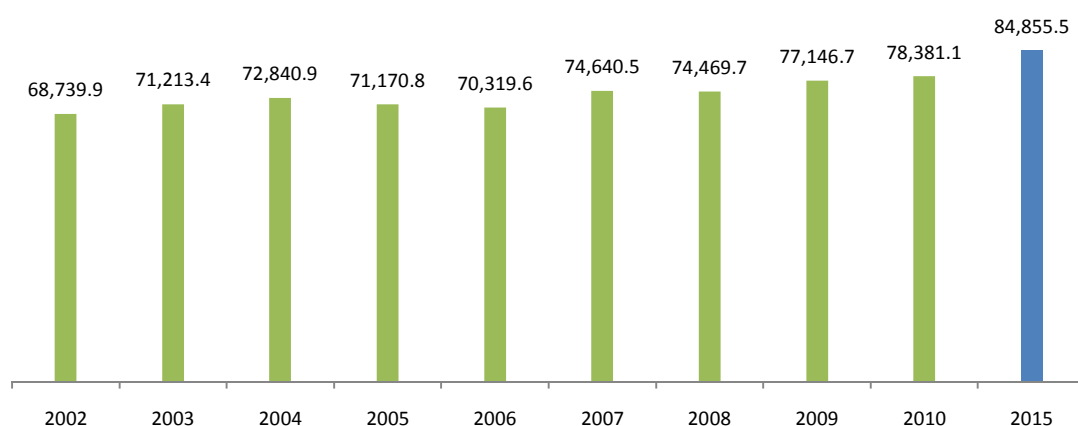
Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Fruits & Vegetables (Rs Billion)	1.12	1.28	1.32	1.44	1.58	1.96	2.00	2.21	2.45
Growth (%)	12	14.3	3.1	9.1	9.7	24.1	2.0	10.5	10.9

Source: Digest of External Trade, CSO and DCDM estimates

From 2002 to 2008, the import bill for **fruits and vegetables** increased from **Rs 1.12 billion** to **Rs 2.0 billion** corresponding to an average annual increase of 10%. On this trend, **import by 2015 is forecasted at Rs 3.2 billion**.

Also notable in this analysis is that the increase in the **imports of fruits and vegetables** has been on **year on year basis**, with a peak of **24% in 2009**.

Figure 11: Imports of fruits and vegetables (tons)



Source: Digest of External Trade, CSO and DCDM estimates

Comparing the two averages growth in rupees (10%) with growth in tons (2%)' implies that **price hikes** has been a regular feature during the last years. It has been confirmed by the FAO that **the rising prices are here to stay**, which will imply that **import bill will continue to remain to occupy a high proportion of total imports in the coming years**, if appropriate measures (short term and long term) are not designed to increase local production.

The fruits and vegetables sector consists of potatoes, cucumbers, onions, mushrooms, oranges, strawberries among others which are either fresh or have been preserved. Fruits and vegetables are defined under the following **HS codes – 70, 71, 80, 81 & 200**.

The fruits and vegetables sector consists of potatoes, cucumbers, onions, mushrooms, oranges, strawberries among others which are either fresh or have been preserved. Fruits and vegetables are defined under the following HS codes – 70, 71, 80, 81 & 200.

Table 29: HS codes and import duties on fruits and vegetables

HS Codes	Unit	96	01	04	06	07	08	10
70 , 71, 80, 81, 200	Vegetables such as potatoes, dried vegetables and fruits such as grapes, dates, oranges and mandarine and jams for infant or diabetic purposes	0	0	0	0	0	0	0
	Provisionally preserved strawberries, cherries, fruits and nuts and peels of citrus	15	10	10	0	0	0	0
	Fresh, chilled vegetables such as tomatoes, cucumber, dried onions, mushrooms and roots, tubers and sweet potatoes	15	15	15	15	15	0	0
	Frozen vegetables	15	15	15	0	0	0	0
	Prepared or preserved vegetables, fruits and nuts	55	65	55	15	15	0	0
	Fresh or dried fruits such as walnuts, cashew nuts, hazel nuts desiccated coconuts	40	40	40	0	0	0	0
	Prepared or preserved vegetables such as tomatoes, potatoes, jams, fresh papaya, grapes, melons, dried fruits such as apricot and apples	40	40	40	15	15	0	0
	Fresh coconuts	30	0	0	0	0	0	0
	Dried shelled peas	30	30	30	0	0	0	0
	Vegetables, fruits and nuts, prepared or preserved by sugar	55	65	55	15	15	0	0

Source: UNDP data on Mauritian Trade

Import duty was levelled on most products, ranging between 10% and 65% in 2001. **Duty was eliminated on the majority of products in 2006 and then completely withdrawn on all products in 2008.**

- **Positive future**

Under the given local and global situation, opportunities are real for tapping the full potential the agro-food crop sector.

Reducing dependency on imports and achieving food sovereignty should be considered as the primary objective of the Government and the private sector. Investment must be channelled in specific sectors (industrial production) and in novel crops that will substitute imports. Consideration must also be given to promoting agro- production that can serve as raw materials for value-addition and processing. At a later stage, strategies must be oriented towards export to the region.

- **Sine qua non conditions for the development of the agro-industry:**
 - At the base, land must be made available for cultivation, with other infrastructures (irrigation) and technical support.
 - **Agricultural products** must be available for processing, transformation and value-addition (packing).
 - Level playing field - Government must also have recourse to a non-tariff barriers strategy against countries using **child labour for production of agro-products**. **Expiry dates** must be tightened to ensure that only quality foods are imported.
 - As agro-product has expiry dates, suppliers will be attracted to dump agro-products nearing expiry at a cheaper cost. The Government must ensure a proper monitoring. The **Labour, metrology and environmental legislations must be streamlined** to establish this level playing field.
 - Coupled with those measures, Government must also consider increasing the Food Security Fund from Rs 1 billion to some Rs 2.5 billion rupees.
 - As a further boost to the agro-industry, Government must revisit its current approach of VAT exemption. It should be zero-rate VAT instead applicable to each point of the value chain related to the sector.

5.2.7 Dairy products sub-sector

The total requirements for dairy products is estimated around **25,500 tons per annum**. Local production is currently estimated **450 tons per annum**, a **self-sufficiency level of 2%**. The production of dairy products has been done through a network of backyard producers with low technology efficiency. Since the year 2000, the number of farmers dropped from 2,500 rearing some 9,600 heads dropped to 1,700 owning 5,800 heads in 2006, is expected to have further dropped to some 1,300 in 2010 owning some 4,000 heads.

This has consequently reduced the production of milk, initially at 5 million litres to in the year 2000, to reach 2 million litres by 2010.

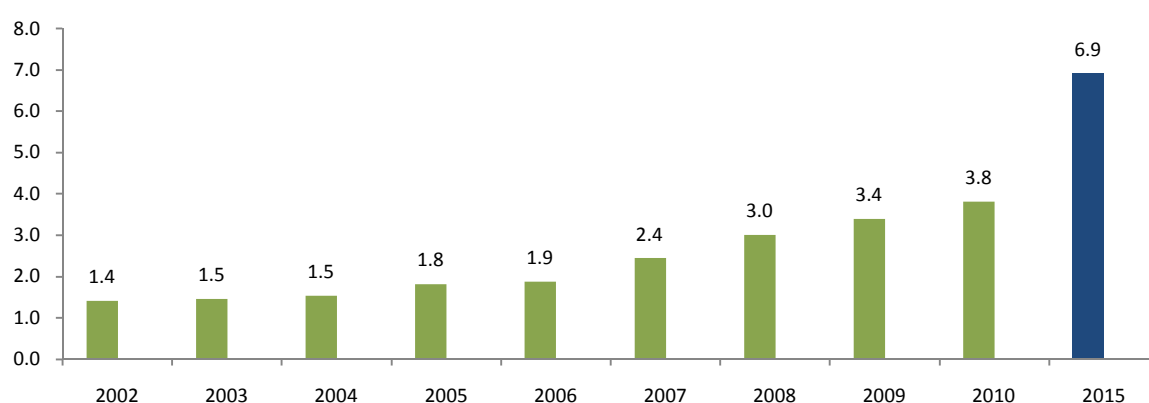
The demand for dairy products, including both fresh and powdered milk is expected to rise in the coming years. **The per capita consumption of fresh milk is expected to each 10 litres in 2015 and that of powdered milk – 14 litres.**

Table 30: Per capita consumption of fresh and powdered milk (kg)

Per capita consumption	2000	2005	2010 (est.)	2015 (est.)
Fresh milk	6.18	5.42	8	10
Powdered milk	13.56	14.21	14	14

Source: Ministry of Agro-Industry

With 2% self-sufficiency in the dairy sector, the import bill for dairy products has been rising considerably.

Figure 12: Imports of dairy products (Rs Billion)

Source: Digest of External Trade, CSO and DCDM estimates

Imports in the dairy sector rose from Rs 1.4 billion in 2002 to Rs 3.8 billion in 2010 – 25% growth. At this pace, imports will possibly reach **Rs 6.9 billion by 2015**.

Table 31: % Growth in imported dairy products

Year	2003	2004	2005	2006	2007	2008
Growth (%)	4.0	4.5	18.6	3.0	30.7	23.2

Source: Digest of External Trade, CSO

Recurrent natural calamities (for example drought) from export countries, rising demand from developing countries, are affecting price and supply of milk. The growth in imported, where 'milk' constituted the bulk, looked stunning for 2007 and 2008, 30.7% and 23.2% respectively.

- **Import duty on dairy products**

As dairy products are vital for Mauritius, Government has removed all duties as from the year 2007. The HS codes for dairy products, which consists of milk, yoghurt and butter among others are shown below.

Table 32: Import duty on dairy products

HS Code:	Unit	1996	2001	2004	2006	2007	2010
40110-40299	Milk and cream	0	0	0	0	0	0
40310, 40390	Yoghurt and butter milk	55	65	55	30	0	0
40410-40590	Whey, products consisting of milk, butter, dairy spread of fat content	0	0	0	0	0	0
40610-40690	Fresh, grated, powdered, blue vain cheese	0	0	0	0	0	0

Source: UNDP data on Mauritian Trade

- **Product of strategic importance**

Dairy products are of strategic importance for a country. At 2% self-sufficiency and taking cognisance of price volatility and droughts affecting supply of dairy products in major exporting countries, it is essential that **considerations be given to address all the constraints impeding the development of this sector in Mauritius.**

- **Key players in the production and processing of milk**

Mauritius already has key players, with outstanding experience, in both the production of milk and processing of dairy products. The industry has the potential to increase product innovation and diversification, as well as increase import substitution. Genuine opportunities exist for investment in the dairy sector for both dairy processing companies and farmers. The rising demand for flavoured milk, fresh cream, soft cheese, mozzarella, yoghurt and ghee could be an excellent motive to develop large-scale fresh milk production. Recourse to appropriate strategy is important to build on the already acquired strengths.

The main constraining factors have been:

- Acute shortage of breeding animals. Importing of breeding animal entails numerous difficulties, especially with regards to pricing and related costs.
- Unavailability of land.
- High investment requirement for starters.
- Poor management and husbandry practices.
- Poor productivity of local herd.

- Inadequate Veterinary Service.
- Lack of good quality fodder and high price of compounded feed.
- Lack of financial support.
- Insufficient facilities and poor management for waste disposal.
- No structured marketing system.

Achieving the above objective will require that:

- Land is made available for medium and large scale farming.
- Financial incentives be provided to large-scale and backyard farmers to import to lactating cows. 10,000 lactating cows will be required to produce some 30 million litres of milk per year. Actually, Mauritius holds some 1,000 lactating cows at present.
- Provision of loan at concessionary rate of interests must be given to entrepreneurs willing to invest in large scale dairy farms and in the dairy processing sector.
- Technical and training assistance be given to improving productivity, farm management and use of latest technology.
- Provision for loans at concessionary rate of interest is made to purchase latest technologies in the dairy sector.
- a proper market mechanism be implemented for dairy products.
- Appropriate insurance cover schemes be established for farmers to manage risks.
- Efficient veterinary services are provided to farmers.

5.2.8 Animal feed sector

Animal feeds encompass feed ingredients, feed additives, pet foods and feeds intended for cattle, sheep, goats, horses, poultry and pigs.

The demand for animal feed is a **derived demand** arising from the demand for meat and dairy products. In Mauritius, feed consumption is driven by **established commercial farms**. Through their knowhow, feed product quality and expertise, they have provided the local market with feedstuffs to support the efficient production of milk, meat or eggs as well as for feeding companion animals and racing animals (in particular horses).

- **Per capita consumption of meat and dairy products**

The per capita for meat and dairy consumption is expected to rise at a significant rate by 2015.

Table 33: Per capita consumption of fresh and powdered milk – 2000 to 2015

Per capita consumption	2000	2005	2010	2015
Fresh milk	6.18	5.42	8	10
Powdered Milk	13.56	14.21	14	15
Beef	6.18	5.70	7.0	8.0
Poultry	21.88	26.2	30	34

Source: Ministry of Agro Industry

Such increase in per capita consumption will necessitate more animal feed.

- Feed ingredients (intermediate product for the production of animal feed)**

The **essence of the feed production business is the mixing of various ingredients into different types of feed with specific nutrition content.** As the required raw materials for feeds are very limited in Mauritius, and given the importance of the agro-industry, Government adopted a zero-import duty policy on imported feed ingredient, with the exception of animal feed preparations, where a duty of 15% has been maintained to date.

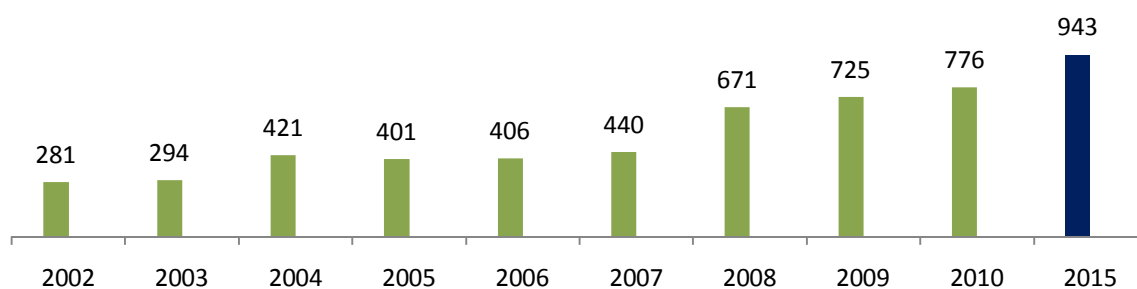
Table 34: HS codes and import duties on animal feed intermediate products – 1996 to 2010

HS code	Details	1996	2001	2002	2004	2005	2008	2010
230110	Flour or meal, pellet of meat or offal for animal feed	0	0	0	0	0	0	0
230120	Flour or meal, pellet, fish, etc, for animal feed	0	0	0	0	0	0	0
230230	Wheat bran, sharps, other residues	0	0	0	0	0	0	0
230250	Bran, sharps and other residues of leguminous plants	0	0	0	0	0	0	0
230310	Residues of starch manufacture and similar residues	5	0	0	0	0	0	0
230320	Beet-pulp, bagasse & other waste of sugar manufacture	0	0	0	0	0	0	0
230400	Soya-bean oil-cake and other solid residues	0	0	0	0	0	0	0
230500	Ground-nut oil-cake and other solid residues	0	0	0	0	0	0	0
230610	Cotton seed oil-cake and other solid residues	0	0	0	0	0	0	0
230620	Linseed oil-cake and other solid residues	0	0	0	0	0	0	0
230630	Sunflower seed oil-cake and other solid residues	0	0	0	0	0	0	0
230690	Vegetable oil-cake and other solid residues nes	0	0	0	0	0	0	0
230890	Vegetable wastes and residues nes for animal feed	0	0	0	0	0	0	0

Source: UNDP data on Mauritius Trade

- **Feed ingredients**

Figure 13: Imports of feed ingredients (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

The import of feed ingredients at zero % duty was essential for manufacturing of animal feed in Mauritius. Indeed, the imports of feed ingredients rose from **Rs 281 million** in 2002 to **Rs 880 million** in 2010. At this rate, it is expected to be around **Rs 943 million** by 2015.

- **Exports of animal feed**

The sector has also shown potential for exports. Since 2002, the market has been constantly growing – from Rs 226.5 million in 2002 to Rs 363.0 million in 2008 – an average growth of 9% per annum.

Table 35: Exports of animal feed (Rs Million) – 2002 to 2010

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015
Exports(Rs M)	226.5	318.7	227.0	325.6	294.7	346.8	363.0	411.0	436.0	502.0

Source: Digest of External Trade, CSO and DCDM Estimates

At this pace, volume of exports will hover around **Rs 500 million** by 2015.

- **Future of the animal feed sector in Mauritius**

Animal feed has a catalytic role to play in the further growth of the agro-industrial sector, especially as Mauritius embarks upon a food safety plan. The availability of feed resources (quantity and quality) will therefore be a determining factor.

Currently, companies involved in the production of animal feed have relied heavily on imported feed ingredients. Growth in imports as recorded has been impressive at 17% per annum with a high leap noted from 2007 to 2008.

Continued reliance on the import of feed ingredients will be a great cause of concern for the future, especially as the raw materials (cereals, maize etc) required for the production of animal feed are presently being used by exporting countries for the production of bio-fuel production. Furthermore, the global market prices for animal feed have been highly volatile during the recent couple of years.

Government must ensure that the non-availability and volatility of the animal feeds does not compromise our plan of improving food sufficiency in some specific agro-subsectors.

Measures encouraging local enterprises to supply locally-based feed ingredients to local animal feed manufacturing companies will be vital. This is why it is important to encourage more production of flour in Mauritius, as its residue can be used for animal feed. Incentives must be given to other product manufacturers, whose residues, can also serve the purpose of animal feed production.

- **Food safety through feed safety**

Animal feed (quantity and quality) is essential for a vibrant meat and dairy sector. Mauritian companies, which have been in this production business for more than five decades, have put a lot of emphasis in meeting growing local demand from breeders with qualitative feed.

As noted, the mixing of various ingredients into different types of feed with nutritional content is the base of animal feed production. The quality of the ingredient used is therefore important. Thus, it will be difficult to ascertain the **quality of feed ingredients** used during the mix by exporting countries if animal feeds are imported as finished products.

To this effect, it is highly recommendable that no compromise is made with regards to the import of finished animal feed for reason of price or any others. So far, local production of animal feed has guaranteed performance standards, and protection of the health of our human and animal population.

Food safety through feed safety must continue to be a nationwide priority and the rigorous application of quality standards through legislations and enforcement on our local companies has set the benchmark for a high quality animal feed product. However, such enforcement will be difficult to apply in the case of **imported animal feed**. Recently, there has been a global concern about the presence and prevalence of feedstuff contaminant in animal feed (Salmonella). **Protection will only be of certainty if animal feeds are produced locally.**

5.3 THE CHEMICAL SECTOR

5.3.1 Introduction

This section has as main objective to enlighten on the economic importance and the competitive structure of the chemical sector in Mauritius. In view of this objective, the chemical sector has been divided into 7 sub-sectors. However, the first four sectors is being analysed in the report.

In a nutshell, it has been observed that the chemical sector has been beneficial for the economy. Not only has it directly contributed in terms of output, income, profit and employment, but its linkages and trickled-down effects on the economy have been remarkable.

As all sectors, it has evolved through different phases. Government industrial policy of zero duty on plant and machinery and raw materials has indeed triggered the progress of the sector. Post 2005 has been a new era where duty has started to drop. The chemical sector, as such, has survived due to investments, innovation and the minimal level of protection of about 15% on key products.

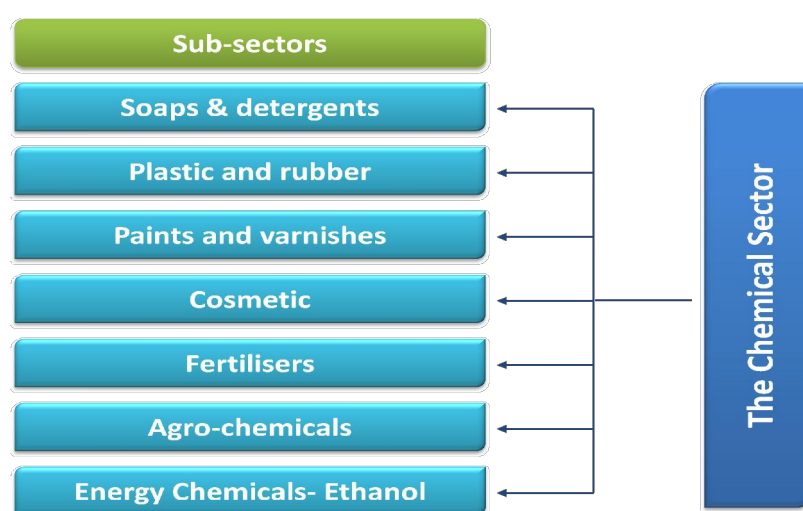
However, when considering the rising volume of imports, there is ground to believe that it could have performed better and generated more employment, output, income and profitability.

- **Segments of the chemical sector**

By definition, the chemical sector encompasses the following sub-sectors: soaps, detergents, fertilisers, paints & varnishes, cosmetics, agro-chemicals, energy chemicals, rubber and plastics.

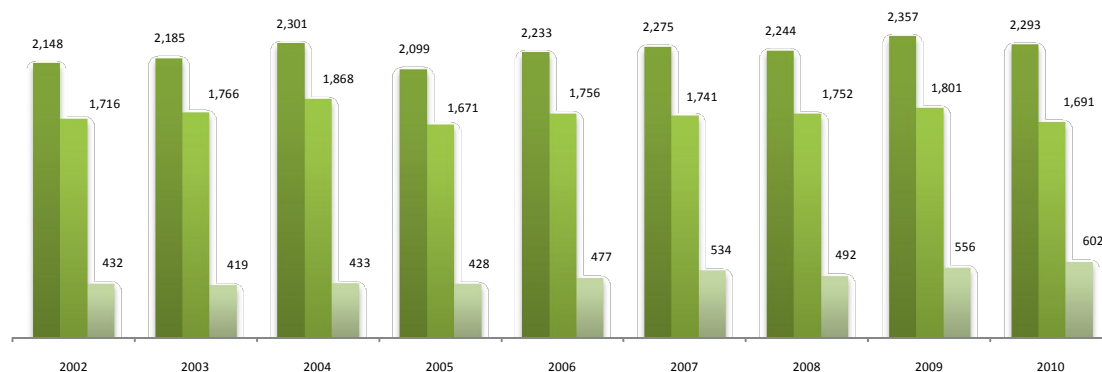
Though by definition the rubber and plastic sector is considered as part of the chemical sector, yet it is treated as a separate item in the Digest of Industrial Statistics produced by the Central Statistics Office (CSO). Henceforth, the analysis that follows excludes the plastic and the rubber sector.

Figure 14: Sub-sectors of the chemical sector



The contribution of the chemical sector to the economic landscape of Mauritius has been important since its inception as an industry. It has in its developmental phases been associated with men and women of different levels of skills and industrialists seeking to achieve growth in their enterprises. An important aspect of Government industrial policy (0% duty on imported raw materials and machinery) has contributed to further emancipation of the chemical sector.

Figure 15: Male/female employment in the chemical sector



Source: Censuses 2002 & 2007, CSO and DCDM estimates

Using the Census of Economic Activities 2002 & 2007, it was concluded that 2,275 persons, consisting of 1,752 men and 534 women were employed in the chemical sector. Based on trends observed in between the two census periods, it is estimated employment in the sector hovered around 2,293 with the same ratio of men to women (80:20).

To date, **94 companies possess licences** compared to **58 in the year 2007**.

Table 36: Licences – chemical and chemical products

Sub-sector	2007	2008	2009	2010
Chemical and chemical products	58	83	87	94

Source: Digest of Business Statistics, CSO

Companies operating in the chemical sector, though not in equal weights, are scattered over Mauritius. **54% of companies are located in rural areas and 46% in urban areas.**

Table 37: Licences repartitioned by districts

Sub-sector	P. Louis	P. Wilhems	Pamplemousses	Riv. Du Rampart	Moka	Flacq	Grand Port	Savanne	Black River
Chemical and chemical products	21	22	15	7	5	5	5	1	13

Source: Digest of business activities

- **Economic contribution**

Its share in the total DOE output is estimated at 5.5% in 2010. **It ranked 4th after the manufacture of ‘food products’, ‘beverages and tobacco’ and ‘other non-metallic mineral products’.**

Based on extrapolation and combining the small DOEs with the large ones, conclusions are remarkable about the weight of the chemical sector in the Mauritian economy.

Table 38: Production data on the chemical sector

Economic parameters	Rs (Billion) (2007)	Rs Billion (2010)
Gross output	4.29	5.26
Intermediate products	2.88	3.41
Value Added	1.41	1.85
Compensation of employees	0.48	0.51
Gross operating surplus	0.92	1.34

Source: Census of Economic Activities 2002 & 2007 & DCDM estimates for 2010

It is estimated that the sector was worth of Rs 1.85 in 2010, with Rs 510 million of compensation of employees and Rs 1.34 billion of gross operating surplus.

- **Competitive environment**

The chemical sector has managed to cope with minimal protection in a highly competitive environment, with duty on imported products dropping from 80% in 2004 to 15% in 2010. So far, it has survived amidst such a competitive environment, **but further expansion of this sector will not only depend on the sector’s ability to innovate and manage cost, but also on Government policy of stopping further reduction of duties, preserving the interest of local industrialists and helping them to enhance their presence in export markets.**

Table 39: Imports of chemicals (Rs Billion) – 2002 to 2010

Description	2004	2005	2006	2007	2008	2009 (e)	2010 (E)
Chemicals (Rs B)	6.4	7.4	8.2	9.4	10.4	11.5	12.6
Growth (%)	10.3	15.6	10.8	14.6	10.6	10.4	10.2

Source: Digest of External Trade, CSO and DCDM estimates

From Rs 5 billion in 2002, the imports of chemicals are presumed to have reached the quantum of Rs 12.6 billion in 2010. Since 2004, the year when duty decreased, **growths in imports of chemical products have always been above 10%.**

While new international trade paradigm called for openness, **stopping further reduction in duty, enforcing mandatory standards to prevent harmful products on the local market and protecting local manufacturing companies is vital for the future, especially in the current global context.**

The sector has demonstrated ability to export.

Table 40: Exports of chemicals (Rs Billion) – 2002 to 2010

Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Chemicals (Rs Billion)	0.69	0.91	0.94	0.86	0.87	1.31	1.77	2.19	2.78

Source: Digest of External Trade, CSO and DCDM estimates

Exports have shown an increasing pattern. It rose from Rs 0.69 billion in 2002, crossed Rs 1 billion in 2007, and is expected to have reached Rs 2.78 billion in the year 2010. **A flourishing environment to exploit the local market will reinforce the sector's competitiveness for exports.**

Fostering growth in the chemical sector would require at this **stage maintaining the current level of duties on existing chemical products. For certain products, an upward revision of import duties could influence local demand in favour of domestic production and as mentioned above, will boost exports gradually.**

5.3.2 Soaps and detergents sub-sector

Soap and detergent manufacturing has been a key feature of our local industrialisation since 1966. At present, the sector employs directly some **800 persons**. Over the years, the **country has developed professionals with technical and specialised knowledge for the production of soap and detergent.** Continuous investment in state of the art technology and innovation has allowed the pioneering of a broad range of products over time.

Soap and detergents is defined by the Harmonised System code **(HS) 34**.

- **Drop in import duty from 20% in 1996 to 0% in 2000 (intermediate products)**

The drop in duties from intermediate products (anionic surface-active agents, cationic surface-active agents, non-ionic surface active agents, organic surface-active agents) from 20% in 1996 to 0 % in the year 2000 has been instrumental in triggering growth for the soaps and detergents sub-sector.

Table 41: HS codes and import duties on soaps and detergents – 1996 to 2010

HS Code	Unit	1996	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
340111	Soaps, for toilet use, solid	80	80	80	80	80	80	40	30	30	15	15	15
340119	Soaps for purposes other than toilet soap, solid	80	80	80	80	80	80	40	30	30	15	15	15
340120	Soaps	80	80	80	80	80	80	40	30	30	15	15	15
340220	Washing and cleaning preparations, retail	80	80	80	80	80	80	55	30	30	15	15	15
340290	Organic surfactant washing, cleaning preparations	80	80	80	80	80	80	55	0	0	0	0	0

Source: UNDP data on Mauritius Trade

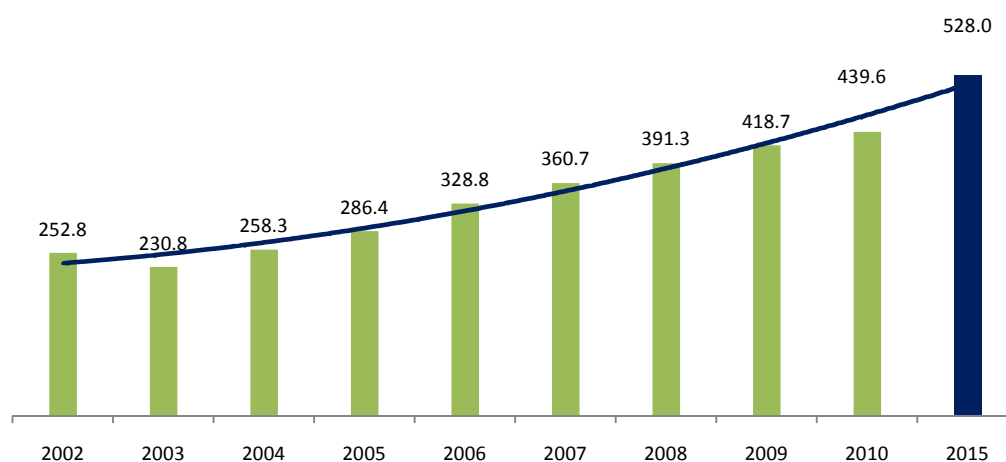
- **Drop in import duties of 80% in 2004 to 15% in 2010**

The **80% on finished products** (soaps for toilets and other uses, washing and cleaning preparations and organic surfactant washing and cleaning preparations) was **maintained till 2004** before being reduced to **40% (2005), 30% (2006) and 15% (2008) till presently**.

- **Speedier increase in imports (2007 – 2010)**

Import of soaps and detergents increased from **Rs 252.8 million in 2002 to Rs 391.3 million in 2008**.

Figure 16: Imports of soaps and detergents (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

Growth in imported 'soaps, cleansing and polishing' products has on average grown by 11% since the withdrawal of import duties in 2004. At this pace, imported soaps and detergents quantum will hit some **Rs 528 million by 2015**, implying a **situation where imports will exceed local production**.

Table 42: Growth (%) in imports of soaps and detergents

Year	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Growth (%)	-8.7	11.9	10.9	14.8	9.7	8.5	7.2	5.4

Source: Digest of External Trade, CSO

- Exports of soap, cleansing and polishing preparation

Table 43: Exports of soap, cleansing and polishing preparation

Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Soap, cleansing and polishing preparation	74.5	183.9	81.2	137.6	110.9	148.8	205.0	226.3	234.8

Source: Digest of External Trade, CSO and DCDM estimates

In the recent years, export of soap, cleansing and polishing preparation reached **Rs 205.0 million**, a figure which was a minor **Rs 74.5 million in 2002**.

The potential for export exists. The strategy must be about **influencing demand towards the local market**, competitiveness will be improved, and being **price competitive** in regional markets coupled with a **well-articulated economic diplomatic effort** will boost exports.

- **Non-tariff barriers and levelling the playing field**

Maintaining duty at its existing level of 15% will be essential for the future of the soap and detergent sector. Even at 15% import duty coupled with the current and global economic environment and with industrial giants like China, India, South Korea, Brazil, it is difficult **to compete in terms of price and volume**.

Establishing a level playing field with regards to **labour, metrology and environmental legislations is also a requirement of the utmost importance**. The present situation of this sub-sector calls for the adoption, through appropriate legislation, aiming at levelling the playing field with exporting countries in terms of **environment compliant raw materials, (for example – imported products with phosphates should not be allowed or it should carry an environment tax just like in Europe [including Reunion]) and recourse to dumping practices**. Government must ensure that importers provide a certificate of analysis and compliance by the time of clearing as is widely practised in COMESA market.

5.3.3 Plastic and rubber sub-sector

Plastic sector activities are a major component of the chemical sector. The plastic and rubber sector started activities in 1970 in Mauritius and consists of a multitude of products of **various sizes, dimensions and shapes**. It includes, among others, products for packing, bottling, flower pots, bottles, household items such as buckets, hangers or chairs, plastic toys, pipes and hoses or gloves etc.

It forms an integral part of the **socio-economic fabric of the country**. It serves as an essential **ingredient** in the production of a sizeable number of goods and services. **Moreover, this is particularly remarkable; some of its products can be made to measure, such as special packaging and bottling service**. There is scarcely any industry that can operate without making use of plastic and plastic-related products for e.g tourism, manufacturing, textile, sugar, detergents, cosmetics, paints and varnishes, agro-chemicals, agro-industry manufacturing sectors.

- **Economic outlook**

In 2010, 219 licences were issued to the plastic and rubber sector. It employs 1,351 people, of whom 977 are men and 374 are women.

2010 figures were based on extrapolation from the Censuses of 2002 and 2007. Value-added was estimated at Rs 1.33 billion accompanied by compensation of employees of Rs 280 million and Rs 1.05 billion worth of gross operating surplus.

Table 44: Production data on the plastic and the rubber sector (Rs Billion) – 2007 & 2010

Economic parameters	Rs (Billion) (2007)	Rs Billion (2010) (e)
Gross output	2.23	3.01
Intermediate products	1.38	1.68
Value Added	0.85	1.33
Compensation of employees	0.17	0.28
Gross operating surplus	0.67	1.05

Source: Census of Economic Activities and DCDM estimates 2010 (2002 & 2007)

- **Imported duty – plastic sector**

Products in this sector are identified under the **HS codes 39**.

Table 45: HS codes and import duties on plastic and rubber products – 1996 to 2010

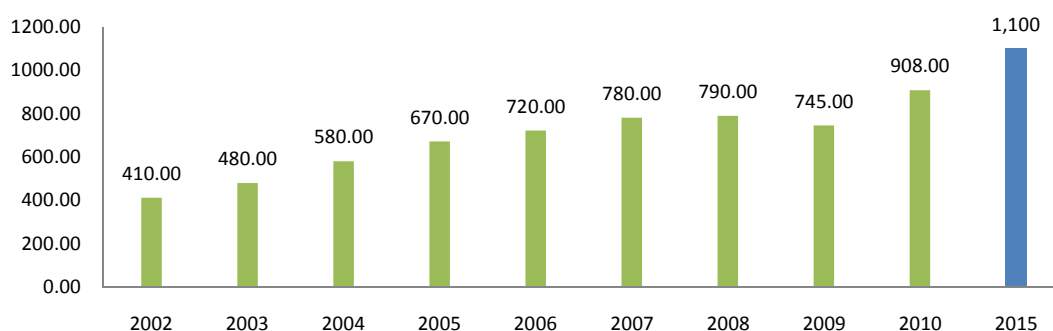
HS Code	Details	1996	2000	2004	2005	2006	2009	2010
391510-391740	Polyethylene, plastic waste or scrap, rigid and flexible tube, pipe or hose of polyvinyl chloride and fittings	40	40	40	30	15	15	15
391810-391890	Floor, wall, ceiling cover, roll, tile, vinyl or not vinyl chloride	20	0	0	0	0	0	0
391910-391990	Self-adhesive plastic, rolls, sheets, film, plastics	20	0	0	0	0	0	0
392010-392099	Sheet/film not cellular/rein polymers, acrylic polymers, polyesters, polycarbonates, cellulose, amino resins	40	40	40	10	0	0	0
392111-392190	Sheet etc, cellular of polymers of styrene, regenerated cellulose, plastics	40	40	40	10	0	0	0
392210-392290	Baths, shower-baths and wash basins, lavatory seats and covers, bathroom wares of plastics	30	30	30	30	15	15	15
392310-392490	Boxes, cases, crates etc. of plastic, plastic tables, plastic kitchen ware	40	40	40	40	15	15	15
392321,392329	Sacks & bags (including cones) of polymers of ethylene and plastic	80	80	80	40	30	30	30
392510-392590	Plastic reservoirs, tanks, vats capacity <300l, plastic doors, windows,	55	55	55	40	30	15	15

	shutters, blinds							
392610	Plastic office and school articles and supplies	40	40	40	10	10	10	10
392620	Plastic apparel and clothing accessories	55	40	40	30	15	15	15
392630	Plastic fittings for furniture, coachwork, etc	55	0	0	0	0	0	0
392640	Plastic statuettes and other ornamental articles	55	55	55	10	10	10	10
392690	Plastic articles	55	55	55	40	15	15	15

Source: UNDP data on Mauritius Trade

It covers a wide spectrum of products. For the purpose of the study, the focus has been on **plastic of non-primary forms**. There was a lot of variation on the level of duty for products in this sector. Import duty on items with HS code 391 varied between 20% and 40% in 2000 and was either reduced to 15% or completely eliminated by 2006. Goods with HS code 392 had a 20% to 80% level of duty in 1996 and this was brought down, to 15% to 30%, or completely eliminated by 2009.

Figure 17: Imports of plastic and rubber (Rs Billion)



Source: Digest of External Trade, CSO and DCDM estimates

Imports have grown from **Rs 720 million in 2006 to reach Rs 908 million**, associated with an average increase of **6.5 % per year**. On this trend, imports of plastics and rubber products will reach **Rs 1.1 billion in 2015**. Acceleration of imports will crowd out local production and impacting negatively on employment.

- Exports of plastic and rubber products (Rs million)

Table 46: Exports of plastic and rubber (Rs Million) – 2002 to 2010

Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Plastics and rubber	73.8	64.3	53.4	72.8	117.1	72.3	77.1	77.7	78.3

Source: Digest of External Trade, CSO and DCDM estimates

The sector has shown limited export potential – from Rs 73.8 million in 2002, it almost stagnated to Rs 77.1 million in 2008. No exception is forecasted in 2010 – Rs 78.3 (EST.)

- **Achieving level playing field**

Given its interconnectedness with other businesses and its **made for measure features**, the domestic production of plastic **adapts efficiently to the design requirements of the domestic market**. Furthermore, imports of ‘specifically designed’ plastic-related products are not economically feasible, in view of forcibly **small placements of orders for the small Mauritian market**.

This underlines the importance of a sector whose gradual fading out could spell **negative spill-over effects for dependent sectors and could prove complicated for small scale enterprises which cannot import** – for e.g. a fertiliser, detergent manufacturers and many **SME agro-industry may have delays in sales/exports due to non-availability of plastic bags and containers**.

So far, the exports of plastic-related products have not proven to be a viable option for industry expansion as illustrated by the trend in exports.

Government policy should maintain **import duties on sacks, bags, bottles and other plastic-related products which are already produced by local manufacturers – currently varying between 15 – 30%**.

The present situation calls for the adoption, through appropriate legislation, of a clear-cut non-tariff barriers strategy, aiming at levelling the playing field with exporting countries not using **environment compliant raw materials** and having recourse to **dumping practices**.

5.3.4 Paints, varnishes, pigments and related materials sub-sector

The history for the production of paints and varnishes dates back to the 1960’s. The sector which started with 10 employees presently has a labour force of some 500 employees. The sector has now acquired **half a century of experience in matters of production and technology**.

The paint and varnish related products not only provide direct employment but are also contributing to employment in some **925 sales outlets** spread over the country as well as numerous businesses providing goods and services to the paint industry.

It is defined under the HS code 32 and comprises polyester based paints, polymer based paints and varnishes among others.

Table 47: HS Codes and import duties on paints and varnishes – 1996 to 2010

HS CODE	DETAILS	1996	2000	2001	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
320810	Polyester based paints, varnishes, non-aqueous medium	80	80	80	80	80	80	40	30	30	15	15	15	15
320820	Acrylic or vinyl polymer paint or varnish, non-aqueous	80	80	80	80	80	80	40	30	30	15	15	15	15
320890	Polymer based paint, varnish in non-aqueous medium ne	80	80	80	80	80	80	40	30	30	15	15	15	15
320910	Acrylic & vinyl polymer based paint, varnish, in water	80	80	80	80	80	80	40	30	30	15	15	15	15
320990	Polymer based paints & varnishes nest, aqueous medium	80	80	80	80	80	80	40	30	30	15	15	15	15
321000	Paints and varnishes nest, water pigments for leather	80	80	80	80	80	80	40	30	30	15	15	15	15

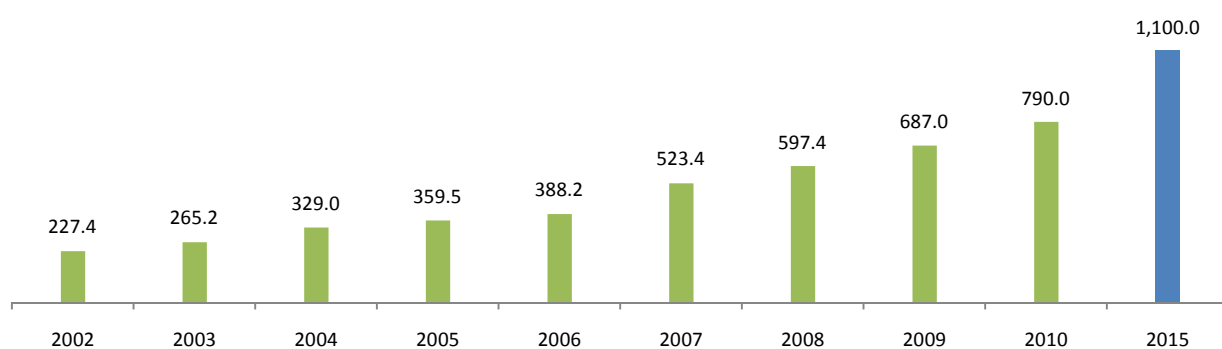
Source: UNDP data on Mauritius Trade

Initially at **80%** in 1996, import duty dropped to **40% and 30% respectively in 2004 and 2006**. To date, Government has maintained a duty of 15% on products of paints and varnishes.

- **Rise in imports of paints and varnishes**

The consequences of the drop in duties were felt in the sector over the years.

Figure 18: Imports of paints and varnishes (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

Since 2004, import of paints and varnishes increased from **Rs 329 million to Rs 597.4 million in 2008 – average growth of 18% per annum.**

Table 48: % growth of imports for paints and varnishes

Year	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Growth (%)	16.6	24.1	9.3	8.0	34.9	14.1	15	14

Source: Digest of External Trade, CSO

At this momentum, imports of paints and varnishes will **cross Rs 1 billion in 2015.**

Paint and its related products are part and parcel of key economic activities such as construction, automobile, maintenance etc. Its role as intermediate products for these business activities is crucial, which makes its protection important for the country. It also has a key role to play in the provision of employment indirectly for these interconnected sectors and retail outlets all over the country.

Table 49: Exports of paints and varnishes (Rs Million)

Description	2002	2003	2004	2005	2006	2007	2008
Paints, varnishes, pigments & r. mater.	61.8	76.3	138.7	127.5	42.6	57.2	76.7

Source: Digest of External Trade, CSO and DCDM estimates

The export of 'paints, varnishes, pigment and related materials' has not yet taken off, which implies that **preserving the local market is of the essence for the survival of the sector.**

- **Non-tariff barriers and levelling the playing field**

The export of paint has not really taken off for the time being due to market access difficulties in the SADC and the COMESA. **Mauritius has to face the reality that competing against industrial giants like China and India is difficult with regards to cost and competitiveness.** All raw materials for the paint industry have to be imported creating additional logistic costs and adversely affecting competitiveness of local production. In addition due to the size of our domestic market, local manufacturers cannot achieve the same economies of scale than manufacturers in larger markets like China and India.

In parallel, uncontrolled imports will be detrimental to a sector which has existed for half a century. It will crowd out local production.

Maintaining the import duty at its current level of 15% is therefore vital for the future of the sector. **In addition to the 15% duty, establishing a level playing field with regards to labour, metrology and environmental legislations is also a requirement of the utmost importance.**

It is, therefore, imperative that our local authorities ensure that imported paints conform to established standards by implementing suitable methods of control.

Towards this objective, the following is being proposed:-

- Prior to authorising the importation of paints, the potential importer must obtain a certificate issued by an accredited independent authority which confirms that the consignment of paints to be imported is free from those dangerous substances listed in our **Dangerous Chemicals and Dangerous Drugs Acts**.
- **Random samples** be taken from imported consignments of paints and be forwarded to an accredited **independent laboratory for testing**. As the country goes green (Maurice-Ile Durable project), it is important that imported paint products are environmentally-compliant.

5.3.5 Cosmetic sub-sector

The beginnings of cosmetics production date back to the 1960's. As at today, the sector employs some **300 persons**. Over the years, the cosmetic sector has expanded and has in parallel introduced state-of-the-art equipment technologies, to stay on the cutting edge of production. The sector covers a wide variety of products such as essential oil, toothpaste, perfumes, toilet waters, creams, shampoos, beauty products, make-ups, odorifiers etc.

The cosmetic sector is defined by the **HS code 33**. The essential oils segment is considered first.

HS code	Details	1996	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
330111	Essential oils of bergamot	20	0	0	0	0	0	0	0	0	0	0	0
330112	Essential oils of orange	20	0	0	0	0	0	0	0	0	0	0	0
330113	Essential oils of lemon	20	0	0	0	0	0	0	0	0	0	0	0
330114	Essential oils of lime	20	0	0	0	0	0	0	0	0	0	0	0

330119	Essential oils of citrus fruits, nest	20	0	0	0	0	0	0	0	0	0	0	0
330121	Essential oils of geranium	20	0	0	0	0	0	0	0	0	0	0	0
330122	Essential oils of jasmine	20	0	0	0	0	0	0	0	0	0	0	0
330123	Essential oils of lavender	20	0	0	0	0	0	0	0	0	0	0	0
330124	Essential oils of peppermint	20	0	0	0	0	0	0	0	0	0	0	0
330125	Essential oils of other mints	20	0	0	0	0	0	0	0	0	0	0	0
330126	Essential oils of vetiver	20	0	0	0	0	0	0	0	0	0	0	0
330129	Essential oils, nest	20	0	0	0	0	0	0	0	0	0	0	0
330190	Essential oils, terpenic by-products	20	0	0	0	0	0	0	0	0	0	0	0

Table 50: HS codes and import duties for essential oils – 1996 to 2010

Source: UNDP data on Mauritius Trade

Import duty on the ‘essential oil’ segment has been consistently at **zero %** since the year 2000. This has had an upward influence on the trend of the imports of essential oil, increasing from **Rs 92.4 million in 2002** to reach **Rs 159.9 million in 2009**. The figure is expected to hover around **Rs 164 million in 2010**. **With a very limited base of entrepreneurs involved in cosmetic oil production, its impact on the current socio-economic fabric was not felt.**

Duty of 80% was maintained on the others (perfumes, lip make-up preparations etc) till 2004, following which it dropped till reaching **15% in 2010 and in the last budget to zero %**.

HS CODE	Description	1996	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
330300	Perfumes and toilet waters	80	80	80	80	80	80	15	15	15	15	15	15
330410	Lip make-up preparations	80	80	80	80	80	80	40	30	30	15	15	15
330420	Eye make-up preparations	80	80	80	80	80	80	40	30	30	15	15	15
330430	Manicure or pedicure preparations	80	80	80	80	80	80	40	30	30	15	15	15
330491	Powders, for skin care and make-up	80	80	80	80	80	80	40	30	30	15	15	15
330499	Beauty, makeup and suntan preparations	80	80	80	80	80	80	40	30	30	15	15	15
330510	Hair shampoos	80	80	80	80	80	80	40	30	30	15	15	15
330520	Hair waving or straightening preparations	80	80	80	80	80	80	40	30	30	15	15	15
330530	Hair lacquers	80	80	80	80	80	80	40	30	30	15	15	15
330590	Hair preparations, nes	80	80	80	80	80	80	40	30	30	15	15	15
330610	Dentifrices	80	40	40	40	40	40	20	15	15	15	15	15
330690	Oral & dental hygiene preparations	80	40	40	40	40	40	0	0	0	0	0	0
330710	Pre-shave, shaving and after shaving preparations	80	80	80	80	80	80	40	30	30	15	15	15

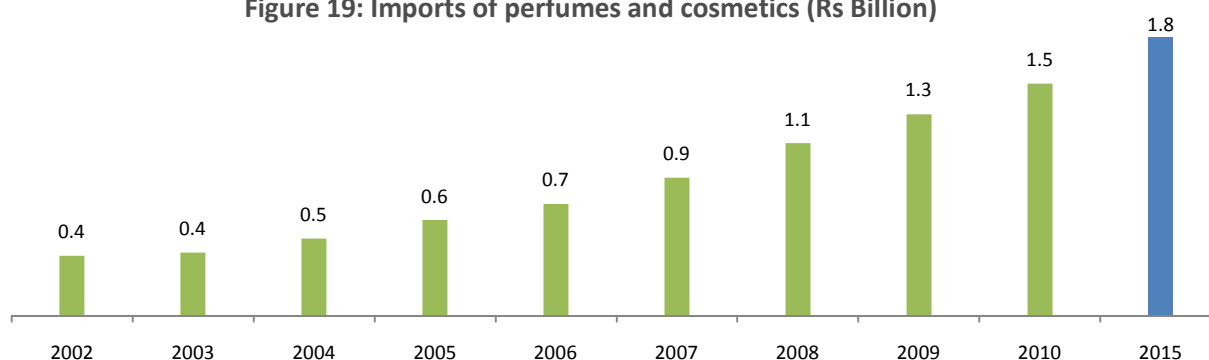
330720	Personal deodorants and antiperspirants	80	80	80	80	80	80	40	30	30	15	15	15
330730	Perfumed bath salts and other bath preparations	80	80	80	80	80	80	40	30	30	15	15	15
330749	Room perfuming or deodorizing preparations, nes	80	80	80	80	80	80	40	30	30	15	15	15
330790	Perfumery, cosmetic or toilet preparations, nes	80	80	80	80	80	80	40	30	30	15	15	15

Table 51: HS codes and import duties for other cosmetic products – 1996 to 2010

Source: UNDP data on Mauritius Trade

This fall in import duty has been accompanied by a **noticeable rise in imports**.

Figure 19: Imports of perfumes and cosmetics (Rs Billion)



From **Rs 500 mi**

Source: Digest of External Trade, CSO and DCDM estimates

estimated to have

attained Rs 1.4 billion in 2010, corresponding to an **average growth of 22%** during the last four years. On this trend, they will cross the landmark **Rs 1.8 billion** by 2015.

Table 52: % Growth in imports of perfumes and cosmetics

Year	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Growth (%)	4.4	22.9	23.6	17.1	23.3	24.6	17	15

Source: Digest of External Trade, CSO and DCDM estimates

If left unattended, such a situation will play against domestic production, which will have repercussions on **employment, output and profitability**. Since 2004, the growth in the imports of perfumes and cosmetics has always been above 15%.

- Export of 'perfumes and cosmetics'

Table 53: Exports of perfumes and cosmetics – 2002 to 2010

Description	2002	2003	2004	2005	2006	2007	2008
Perfumes & cosmetics	36.1	35.4	30.8	44.2	22.8	43.9	129.8

Source: Digest of External Trade, CSO and DCDM estimates

The exports of ‘perfumes and cosmetics’ average have surged in 2008 to reach Rs 129.8 million compared to Rs 43.9 million in 2007. This trend is yet to be confirmed in 2009 and 2010.

- **Environmental-friendly products**

Uncontrolled imports will be detrimental to the cosmetic sector. It will certainly crowd out local production against imported cosmetic products. Establishing a level playing field with regards to **labour, metrology and environmental legislations is also a requirement of the utmost importance. Access to imports of perfumes and cosmetics must be allowed in Mauritian borders if it satisfies the concept of ‘Maurice Ile Durable’. Legislations must be vigilant not to allow cosmetics made of non-compliant environmental products.**

5.4 PHARMACEUTICAL SECTOR

The pharmaceuticals industry is defined as all those who contribute to the discovery, creation and supply of pharmaceutical products and services, including prescription of medicines and vaccines. Products in this industry include antibiotics, medicine containing insulin, vitamins or first-aid kits among others.

- **Industry Outlook**

The industry is characterized by the existence of two firms, Mascareignes Pharmaceutical Manufacturing Co Ltd(MPMC) and Ajanta Pharma Ltd which employ about a 100 people. MPMC is pre-dominantly owned by the Indian company Parental Drugs Ltd, which holds a 51% majority stake in the Mauritian company. Goods such as tablets, capsules, creams , ointments and oral medication are manufactured mainly for the local market. Ajanta Pharma produces pain killer tablets and drugs for malaria and cardiac treatment, of which 80% are export oriented while the rest is supplied on the domestic market.

In addition to the items provided by these two manufacturers, the rest of the pharmaceutical goods are imported and they represent the bulk of products on the market. They go through the Pharmacy Board for inspection before being sold to the general public. Those products, which cover 97% of total imports of the sector, are brought into the country by 28 wholesale companies.

- **Duty Analysis**

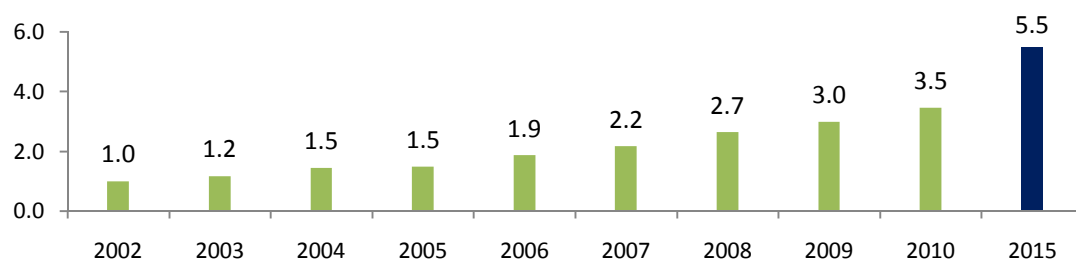
Table 54: HS codes and import duties on pharmaceutical products – 1996 to 2010

HS code	Product	1996	2002	2004	2007	2010
300110-300190	Glands, organs, salts for therapeutic use	5	5	0	0	0
300210-300230	Vaccines	5	5	0	0	0
300310-300490	Medicines containing antibiotics, corticosteroid hormones, vitamins, insulin, penicillin	5	5	0	0	0
300510-300590	Dressing, gauze, bandages	5	5	0	0	0
300610-300680	Surgical materials, dental cements and fillings, first aid kits, gel	5	5	0	0	0

Source: UNDP data on Mauritius Trade

Duty on pharmaceutical products was levied at 5% in 2002 but was completely eliminated in 2004.

Figure 20: Imports of pharmaceutical products



Source: Digest of External Trade, CSO and DCDM estimates

Imports have risen from **Rs 1.0 billion in 2002 to Rs 3.5 billion in 2010**. At this trend, import will reach some **Rs 5.5 billion by 2015**.

In essence, the **removal of duty in this industry is a good decision for the country**. It provides the population with products to improve health at a more affordable price. However, Government must continue to encourage the setting up of pharmaceutical manufacturers to contain a certain volume of imports.

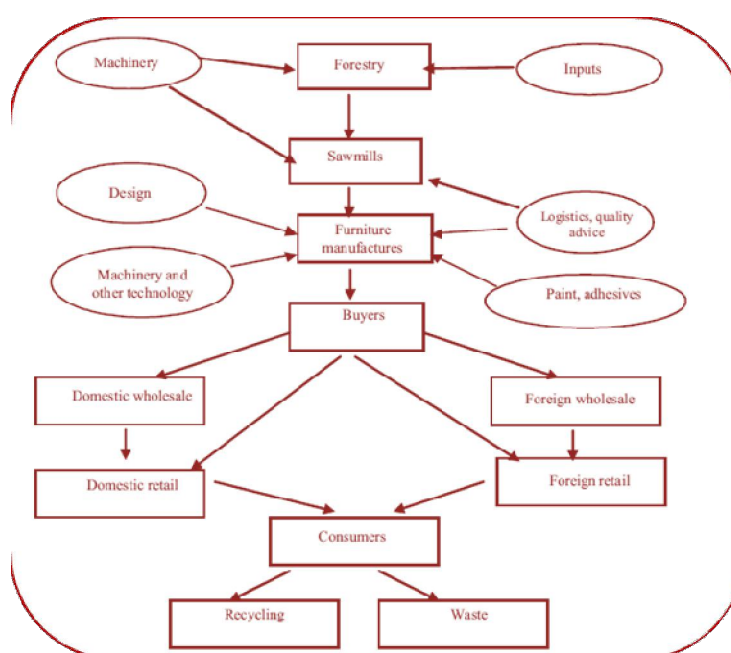
A study carried out by the National Economic and Social Council pointed out that lack of control has resulted into **dumping unauthentic goods with dangerous side effects**. These commodities, which do not conform to the required standards find their ways to our pharmacies and sold to the general public.

To avoid such **dumping practice which also causes prejudices to the local manufacturing companies, stricter control on imports must be exercised coupled with inspection of the inventory of pharmacies to ascertain that products are not obtained illegally**. A laboratory must be set up in order to test all products from foreign and domestic producers alike.

5.5 WOOD AND FURNITURE SECTOR

The wood and furniture sector has to be seen from a value chain perspective. Wood is the input that is used for the production of furniture.

Figure 21: Wood and furniture value chain



The above figure provides a broad outline of the **wood furniture value chain**. Raw materials such as seed inputs, chemicals, equipment and water feed into the forestry sector. Wood flows to the sawmills, and sawn timber and intermediate wood products move to the furniture manufacturers that, in turn, obtain inputs from the machinery, textiles, plastics, adhesives and paint industries. The furniture industry also draws on design and branding skills from the service sector. Depending on which market is served, the furniture passes through various intermediary buying stages (wholesalers and retailers) until it reaches the final consumer. And finally, customers either recycle or dispose of the furniture.

5.5.1 Wood sub-sector

- **Production of wood in Mauritius**

Forestry is the main source of production of wood. In Mauritius, it is the most vulnerable land-based sector. With land being utilised to accommodate population growth, development of tourism and other economic sectors, the presence of national parks and legally protected native forest, **timber production can only be carried out from forest plantations only.**

- **Heavy reliance on imported wood**

Mauritius is a net importer of wood. Local production in 2010 stood at 4%. It is expected to drop to 2% by 2020.

Table 55: Local production and imports of wood

		1995	2000	2005	2010	2015	2020
Local production	Mostly conifer	4,360	3,000	2,800	2,500	2,300	2,000
Imports	Conifer	3,101	4,596	5,200	6,500	8,000	10,000
Imports	Hardwood	40,510	42,436	45,100	48,500	52,300	58,000
Total M ³		47,971	50,032	53,100	57,500	62,600	70,000

Source: CSO and Forestry Services

Imports of wood almost doubled in the span of five years due to the reasons mentioned above and the rising demand of furniture - **from Rs 403.6 million in 2004 to reach Rs 784 in 2009. At this trend, the imports of wood will reach Rs 1.4 billion by 2015.**

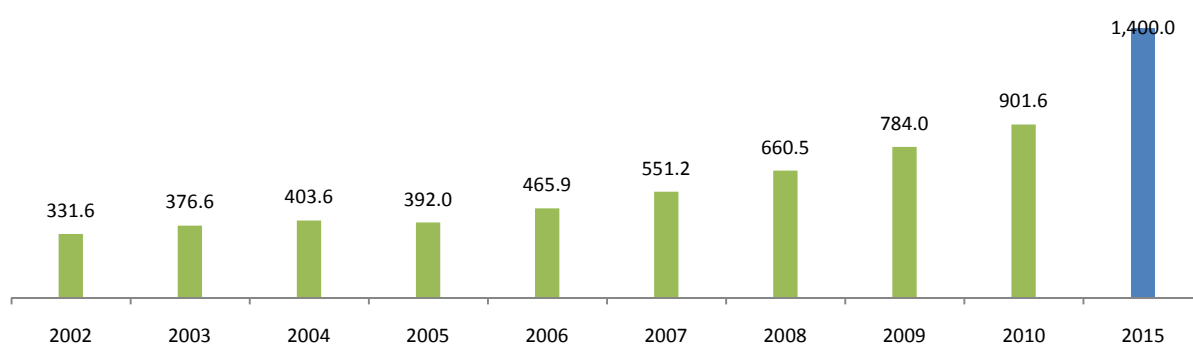
Table 56: HS codes and import duties on pharmaceutical products – 1996 to 2010

HS Codes	Items	Duty (%) 1996	Duty(%) 2010
440110-890	Wood in the rough, in primary forms, either sawn or chipped and veneer sheets	5	0
440910-441400	Fibber board of wood, plywood and veneered panels	30	0

Source: UNDP data on Mauritius Trade

Since 2003, duty on all imported wood has been reduced to zero, having initially stood at 5% and 30% respectively.

Figure 22: Import of wood (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

- Increase in import of wood

Imports of wood almost doubled in the span of five years due to the reasons mentioned above and the rising demand of furniture - **from Rs 403.6 million in 2004 to reach Rs 784 in 2009. At this trend, the imports of wood will reach Rs 1.4 billion by 2015.**

Table 57: % Growth in imports of furniture

Year	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Growth (%)	13.6	7.2	-2.9	18.9	18.3	19.8	18.7	15.0

Source: Digest of External Trade, CSO and DCDM estimates

Wood is a key factor determining the price competitiveness of the furniture industry. The **rising price of wood** on the world market, rising cost of wages and other related materials has made producing furniture more costly. Henceforth, this has favoured countries having scale and cost advantages.

Lack of production of wood in Mauritius has urged entrepreneurs to have recourse to imported woods. Government policy of practising a zero % import duty was essential for the

sector. However, the rise has been conspicuous. It has increased on average by 19% for the period 2007 to 2009. This momentum seemed to have continued for 2009 and 2010. It is therefore appropriate that measures such as a **dedication zone for forestry reserved for timber and wood production** is earmarked for local product. Government can also through the **SADC and COMESA network** look into the **possibility of developing new channels for wood product to feed part of the local requirements.**

5.5.2 Furniture sector

- **Wooden furniture sector**

The wooden furniture industry in Mauritius can be divided into four main components namely manufacture of: (1) household furniture products, (2) office products like furniture, partitions, frames, shelves, (3) interior décor and decorative items, (4) construction such as doors, windows panels and staircases.

Census of Economic Activities (CEA) 2007 pointed out that 11,322 persons were employed in the furniture sector compared to 10,679 (CEA 2002). Based on the two Censuses, it is estimated some **11,500 are currently employed in the furniture sector.** On average, women constitute 3% of labour force and 97% are men.

The sector consists of **4,675 enterprises.** 4,645 constitute small establishments employing less than 10 persons. 30 are **medium and large enterprises** employing some **877 persons** and contributing **30 % of total output of the sector.**

- **Economic outlook (Large and small enterprises)**

Table 58: Production data for the furniture sector (Rs Billion) – 2007 & 2010

Economic parameters	Rs (Billion) (2007)	Rs (Billion) (2010)
Gross output	4.1	4.5
Intermediate products	2.2	2.5
Value Added	1.9	2.0
Compensation of employees	0.5	0.5
Gross operating surplus	1.3	1.5

Source: Census 2007, Digest of Industrial Statistics & DCDM estimates (2010)

Gross output for the furniture sector is estimated at Rs 4.5 billion for the year 2010, with intermediate products at Rs 2.5 billion and value-added at Rs 2 billion. For the same period,

compensation of employees is valued at Rs 500 million and the gross operating surplus at Rs 1.5 billion.

- **Evolution of duty on the furniture sector**

The furniture sector is defined under the **HS code 94**.

Table 59: HS codes and import duties on furniture products – 1996 to 2010

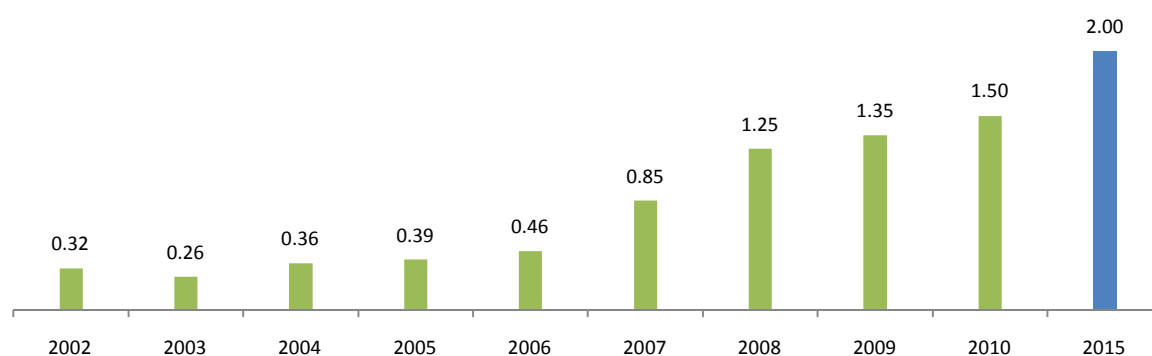
HS Codes	Measurement	1996	2004	2005	2006	2007	2008	2009	2010
940330	Office furniture, wooden	80	80	65	30	30	30	30	30
940340	Kitchen furniture, wooden	80	80	65	30	30	30	30	30
940350	Bedroom furniture, wooden	80	80	65	30	30	30	30	30
940360	Furniture, wooden	80	80	65	30	30	30	30	30

Source: UNDP data on Mauritius Trade

Government has maintained a duty of **30% on the furniture products**, which was initially at **80%**.

- **Impact on imports**

Figure 23: Imports of furniture and parts there of (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

At 30% duty, import of furniture increased from Rs 360 million in 2004 to reach Rs 1.25 billion in 2008. This figure is expected to have attained **Rs 1.5 billion in 2010 and could well settle at Rs 2 billion by 2015**.

Table 60: % Growth in the imports of furniture

Year	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Growth (%)	-19.9	39.4	8.7	16.0	85.3	47.2	24.3	12.9

Source: Digest of External Trade, CSO and DCDM estimates

From **2006 to 2008**, the import bill for furniture has increased by **49% per annum**. With the increase in construction activities on the island, it is presumed that this trend will continue.

- **Exports of furniture**

Rs 103 million worth of furniture were exported to the region in 2008. It is valued at Rs 110.8 million in 2010.

Table 61: Exports of furniture (Rs Million) – 2002 to 2010

Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Furniture and parts thereof (Rs Million)	63.9	51.9	59.0	84.8	93.8	93.3	103.0	105.3	110.8

Source: Digest of External Trade, CSO and DCDM estimates

This corresponds to an average growth of 10% per annum for the period 2002 to 2008, but it remains marginal. As mentioned before, **exports will be possible only if the demand is geared in favour of the local market.**

Table 62: Local sales and exports of furniture (Rs Million) 2002 to 2007

Economic parameters	Rs Million (2002)	Rs Million (2007)
Local sales	559.1	940.0
Exports	63.9	93.3
% for the local market	89.0	90.0

Source: CEA 2002, 2007 & Digest of External Trade, CSO

90% of local production caters for the local market and only 10% for the exports market.

- **Sector of strategic importance**

The furniture industry is of **strategic importance** for the country on several counts:

- value chain activities
- 70% of its output is produced by small enterprises and 30% by large enterprises.

- It creates self employment of about 9,600 persons, remaining 900 are employed in enterprises.
- it is widespread all over Mauritius

The drop in duties to 30% has had repercussions on the performance of the sector in terms of value-added, employment, investment and profitability. Even more so, the products of wood are being gradually replaced by other substitutable products. **With the import of furniture taking up a higher proportion of the local market, local production will be outpaced.**

Extreme reliance on the imports of wood in a context of rising prices and a high degree of price volatility on world markets will be detrimental to the furniture sector in the near future.

A revamped industrial policy must aim at revisiting the production of local timber. Technical assistance must be provided for high skill training to enable our local manufacturers to move upmarket and cater to specific high-end niche markets. This will facilitate exports as well.

In addition to the 30% import duty, Government must also have recourse to non-tariff barriers against countries involved in **illegal deforestation for the production of furniture.**

5.6 BEVERAGES SECTOR

The beverages sector is a sub-sector of the manufacturing industry. It consists of the non-alcoholic and the alcoholic sector.

- Sector profile

The Mauritian beverages sector has developed into a key contributor in the Mauritian economy.

Table 63: Production data on the beverages sector (Rs Billion) – 2007 & 2010

Economic parameters	Rs Billion (2007)	Rs Billion (2010) est.
Gross output	7.87	8.60
Intermediation	3.38	3.69
Value Added	4.49	4.91
Compensation of employees	1.21	1.33
Gross operating surplus	3.26	3.58

Source: Digest of Industrial Statistics, CSO and DCDM estimates

In 2007, it generated **Rs 7.87 billion in gross outputs** of which **Rs 3.38 billion was intermediate consumption** and **Rs 4.49 billion was value added**.

Compensation to employees amounted to **Rs 1.21 billion** while **gross operating surplus** stood at **Rs 3.26 billion**.

16 firms defined the industry, employing an estimated 2,628 people as of 2010. In addition to the tangible economic benefits arising directly from the sector, its ripple effects on the distribution sector is vital. It provides beverage products to some **9,000 retail outlets** and **invests in several advertising campaigns**.

5.6.1 Non - alcoholic beverages sub-sector

- **Components of the non-alcoholic beverages sector**

The following are the key product segments in the non-alcoholic beverages sector:

- o Fruit and vegetable juice - the fruit and vegetable juices are made on different flavours and their prices are often association to the content of fruit and vegetable. For e.g., fruits with 100% pure fruit juice tends attract a higher price than with a lesser fruit juice content.
- o Soft drinks
- o Bottled water
- o Energy drinks

Based on expert opinions, carbonated drinks remain the primal market share for the Mauritians. However, it has lately been noted that consumers have become increasingly aware of health and fitness related issues and this has helped to push sales of non-carbonated products. Indeed, Mauritian companies initially involved in the production of carbonated drinks had already diversified into the manufacturing of non-carbonated drinks.

- **Import duty analysis**

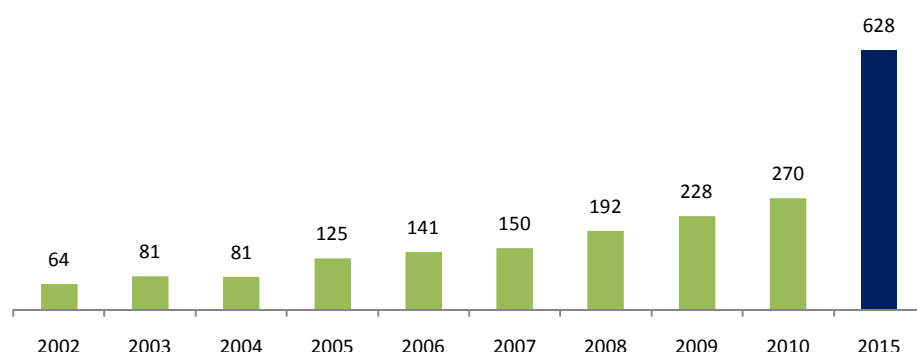
Table 64: HS codes and import duties on non-alcoholic beverages – 1996 to 2010

HS code	Product	1996	2000	2004	2005	2006	2007	2008	2010
220110	Mineral and aerated waters not sweetened or flavoured	40	40	40	40	30	30	15	15
220190	Ice, snow and potable water not sweetened or flavoured	40	40	40	40	30	30	15	15
220210	Beverage waters, sweetened or flavoured	40	40	40	40	30	30	15	15
220290	Non-alcoholic beverages, except fruit, veg juices	40	40	40	40	30	30	15	15
220900	Vinegar and substitutes for vinegar from acetic acid	55	55	55	40	30	30	15	15

Source: UNDP data on Mauritius Trade

Import duty in 1996 was levelled between 40% and 55% in 1996. It was reduced to 15% on all non-alcoholic drinks by 2008.

Figure 24: Imports of non-alcoholic drinks (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

Imports on **non-alcoholic drinks** increased from Rs 64 million in 2002 to Rs 270 million in 2010. It is forecasted to reach Rs 628 million in 2015.

Table 65: % growth in the imports of non-alcoholic drinks

Year	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Growth (%)	27.3	-0.7	54.6	13.0	6.0	28.6	18.4	17.4

Source: Digest of External Trade, CSO and DCDM estimates

Growth pattern has also been on the **rising side** for **non-alcoholic drinks**.

The continuous rise in imports will further crowd out local production. It is therefore important to **keep the minimal level of safety net of 15% import duty on non-alcoholic beverages**. Further drop of import duties will be detrimental.

In addition to maintaining duty at its current level, the sector must also be safeguarded against **uneven level playing field from exporting countries**. Mauritius will not be able to compete with countries, which in addition to low labour costs and economies of scale, also have **recourse to unfair trade practices, non-compliance to environmental laws, dumping** etc. Such sector often attracts dumping given its date of expiry. **Authorities must ensure that non-alcoholic products are not dumped at marginal cost prices**. Consideration must also be given **to reduce the number of months the product can remain on the shelf of a retail outlet**.

Juice is the second largest segment after carbonated drinks and water. The sector is facing fierce competition with custom duty currently at zero %.

Juice, as other foods, has important implications for the health of a nation, especially that diabetes has become a chronic disease in Mauritius. To this effect, relevant authorities must exercise vigilance over the types of juice-related imported products. Dumping must at all cost be avoided.

Protecting consumers against imported products of doubtful quality (starch additives to make juice look thicker) will be vital. Relevant authorities must consider reviewing taglines such as '100% natural', which could imply for the consumers 100% fruit juice.

It is therefore recommended that:

- 15% duty to protect local the highly developed local industry be re-introduced
- "100% natural" description be banned for consumers not to be misled

- **Export potential**

The non-alcoholic beverage sector has demonstrated capacity for exports.

Table 66: Exports of non-alcoholic beverages (Rs Million) – 2002 to 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015
Non-alcoholic	83.8	131.6	64.2	72.8	162.6	180.7	151.7	166.7	183.2	293.7

Source: Digest of External Trade, CSO and DCDM estimates

Exports increased from Rs 83.8 million in 2002 to reach Rs 151.7 million in 2008, corresponding to an **average growth of 22% per annum**.

This rate of growth sounds positive for the future of the sector. Government, through the provision of concessionary rates of interest, must encourage companies to invest into capacity expansion. A special budgetary item for export promotions must also be considered by Government.

- **Competitiveness enhancement to boost exports**

The beverage sector is highly associated with logistics. The upgrading of the road infrastructure in Mauritius will certainly enhance the competitiveness of the sector. Policy considerations should also be given to reducing the cost of inputs and thus developing further cost advantage.

- **Mauritius presence in regional trade blocks**

Mauritius is already signatory to several trade agreements i.e. AGOA, COMESA, SADC and the COI. Targeted export promotion strategies should be envisaged to further exploit the export potential of this sector.

5.6.2 Alcoholic beverages sub-sector

- **Sector profile**

The alcoholic beverages sub-sector is the second main component of the beverages manufacturing industry. The Mauritius liquor sector can be broadly classified to include the manufacture, marketing and distribution of spirits, wine and beers. For the purpose of this report, the primary emphasis will be on the 'manufacturing' state, rather than upstream and downstream activities.

Mauritius has 10 companies involved in the distillation, production and distribution of alcoholic products in Mauritius. In the spirit segment, the main distillers are in the production of rum derived from sugar, which is indeed our main 'home-grown brands'. It covers some 59 brands of different quality. Scotch brands are mainly bottled or produced under international license.

In 2009, Mauritius produced some 351,670 litres of beer and 52,837 litres of wines. Based on expert opinion, the country also produced some 14 million litres of rum.

- **Import duty**

Alcoholic beverages are defined under the **HS Code 22**.

Table 67: HS codes and import duties on alcoholic beverages – 1996 to 2010

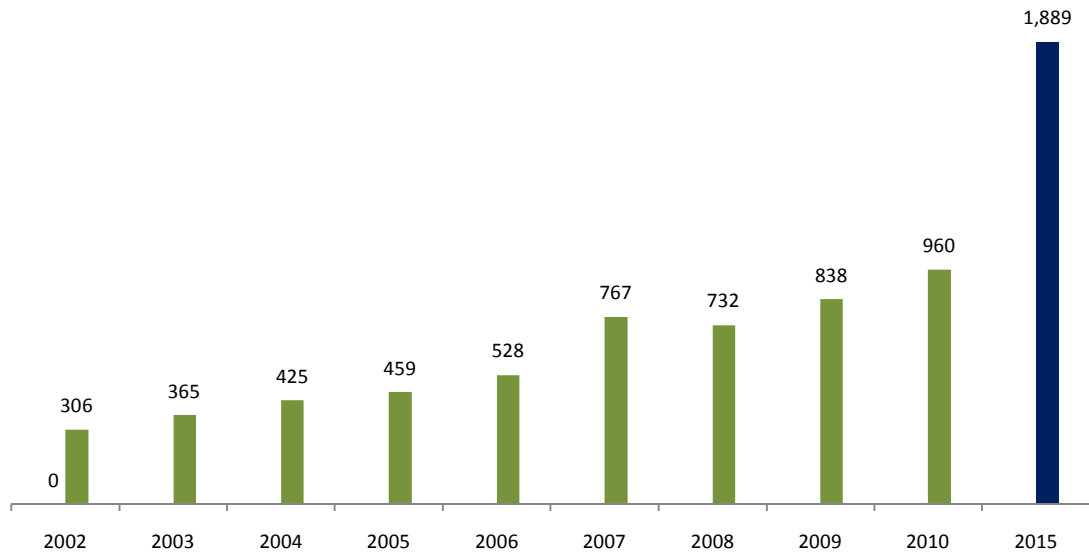
HS code	Product	1996	2000	2004	2005	2006	2007	2008	2010
220300	Beer made from malt	80	80	80	65	30	30	15	15
220410	Sparkling wine of fresh grapes	80	80	80	65	30	30	15	15
220421	Wine of fresh grapes, of <= 2 l (excl. sparkling wine)	80	80	80	65	30	30	15	15
220429	Wine of fresh grapes > 2 l (excl. sparkling wine)	80	80	80	65	30	30	15	15
220430	Grape must, of an actual alcoholic strength of > 0,5% vol	0	0	0	0	0	0	0	0
220510	Vermouth and other wine of fresh grapes <= 2 l	80	80	80	65	30	30	15	15
220590	Vermouth and other wine of fresh grapes > 2 l	80	80	80	65	30	30	15	15
220600	Cider, perry, mead and other fermented beverages and mixtures of fermented beverages	80	80	80	65	30	30	15	15
220710	Undenatured ethyl alcohol >= 80%	80	80	80	65	30	30	15	15
220720	Denatured ethyl alcohol and other spirits of any strength	80	80	80	65	30	30	15	15
220820	Spirits obtained by distilling grape wine or grape	80	80	80	65	30	30	15	15
220830	Whiskies	80	80	80	65	30	30	15	15
220840	Rum and tafia	80	80	80	65	30	30	15	15
220850	Gin and Geneva	80	80	80	65	30	30	15	15
220860	Vodka	80	80	80	65	30	30	15	15
220870	Liqueurs and cordials	80	80	80	65	30	30	15	15
220890	Ethyl alcohol of an alcoholic strength of < 80% vol, not denatured; spirits and other spirituous	80	80	80	65	30	30	15	15

Source: UNDP data on Mauritius Trade

Duty on alcoholic beverages varied between 40% and 80% in 1996, except for grape drinks of alcoholic nature. Import duty was gradually reduced to reach 15% on most items by 2010.

- Imports of alcoholic beverages

Figure 25: Imports of alcoholic drinks (Rs Million)

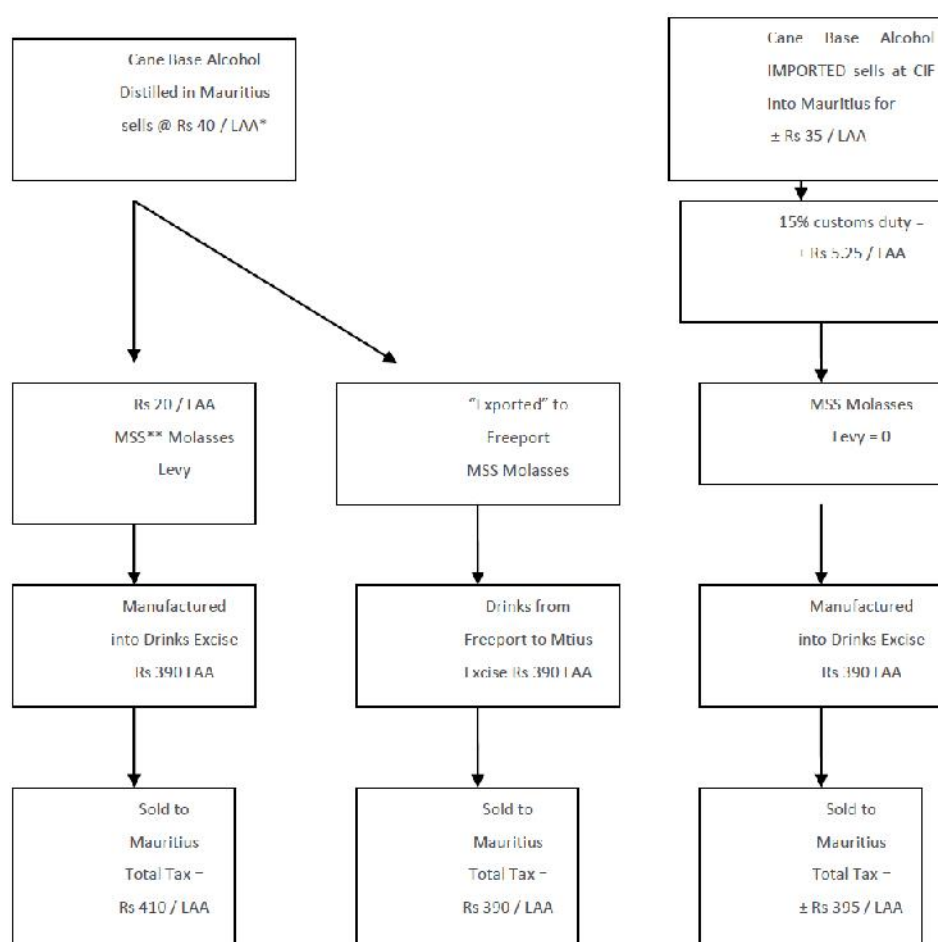


Source: Digest of External Trade, CSO and DCDM estimates

Imports for alcoholic beverages rose from **Rs 306 million** in **2002** to **Rs 960 million** in 2010. By 2015, it is forecasted to expand to **Rs 1.88 billion**. Following the major cuts in duty in **2006 from 65% to 30%**, a major jump in imports occurred in 2007, growing by **45.3%**.

Compared to importers, local producers have in addition to the excise tax of pay molasses levy for per litre of absolute alcohol (LAA).

Figure 26: Rum/Cane base alcohol taxation



When a producer buys cane base alcohol from Mauritius, he pays \pm Rs 20 / LAA more (+50%) than a Freeport operator and Rs 15 / LAA more (+37%) than if imported cane base alcohol is used. The latter represents a serious drawback to distillers as their spirit ends up 37% to 50% more expensive than if imported due to the MSS Molasses levy. Their future is jeopardised.

In view of achieving level play field, it is highly recommended that the molasses levy is integrated into Excise.

- Exports potential

Table 68: Exports of alcoholic beverages (Rs Million) – 2002 to 2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2015
Alcoholic	42.0	94.4	60.7	58.6	59.5	123.4	218.5	278.6 (est.)	355.2(est.)	750.0 (est.)

Source: Digest of External Trade, CSO and DCDM estimates

This sector is poised for further growth. The trend in exports shows that it surged from Rs 42 million in 2002 to reach Rs 218.5 million in 2008, representing an annual average growth of 45% per annum. A target of **Rs 750 million** is achievable by 2015.

- **Main strategic thrust**

The main strategic thrust is to boost the **competitiveness of the sector**. The sector is **highly dependent on logistics**. Already, the current upgrading of the road infrastructure will play a critical role in reducing cost. Consideration must also be given to **reduction of other logistic costs linked to export – freights, cargos etc and the escalating cost of other inputs used in the production process (electricity, fuel etc)**.

Increased production will necessitate **additional investment in plant and machineries**. Government, through the provision of concessionary rates of interest, must encourage companies to invest into such capacity expansion.

- **Mauritius presence in regional trade blocks**

Mauritius is already signatory to several trade agreements i.e. AGOA, COMESA, SADC and the COI. **Targeted export promotion strategies should be envisaged to further exploit the export potential of this sector. Our economic diplomacy with SADC and COMESA must also be deepened for better market access.**

- **Main conclusion on the beverage sector**

The beverages sector (alcoholic and non-alcoholic) is part and parcel of all societies. Mauritius is no exception to this culture. By itself, it presents numerous lines of business, whether it is in small shops, supermarkets, restaurants or hotels. It is also important for our tourism and our duty free shopping sector. Products such as our local beer and domestically manufactured rum are highly appealing to our tourists.

Diversification of the line of products would consequently increase the customer base. Production of upper-market products would target new market segments. Packaging of the product is of particular importance as it reflects quality and authenticity. For instance, a rum bottle can be designed in such a way so as to instantly bring up the exotic aspect of the drink.

Water, sweetened and flavoured beverages have been the predominant imports of non-alcoholic drinks, accounting for nearly **14% of total imports**. In parallel, they also represented **16.5% of total exports**. This implies that Mauritian companies can as well manufacture products of equal quality. It is thus important to maintain the same level of duty so as the pattern of local demand is not shifted to imported products.

Thus, it is a sector that presents opportunities for further growth, including exports. Diversifying into new export markets and growing the existing ones is vital for expansion. Enterprises must be incentivised to up-scale production. **Assistance in the form of market intelligence, participation in fairs, promotions, cost reduction, presence in international markets should be made more accessible and affordable. Government must also review the increase in the tax on water which would certainly impact on the competitiveness of the sector.**

5.7 SHIPPING SECTOR

Mauritius requires a **vibrant and strong shipbuilding industry for economic as well as strategic reasons**. For a country that is **predominantly peninsular in nature**, trade-based, having a **burgeoning tourism sector, including cruise tourism**, and its **positioning as a hub in the Indian Ocean**, shipbuilding, repair and maintenance capabilities are vital.

Mauritius currently boasts two players specialised in **ship repairs and construction**. Together, they generate **employment of some 350 people with output estimated at some Rs 550 million per year**. Already since the 19th century, Mauritius was already involved in providing port services for vessels crossing the Indian Ocean on their way to Europe and the Asia Pacific region. Involvement in this business since decades has enabled Mauritius to acquire professional and technical experience in the field.

- **A global phenomenon**

Shipbuilding, repairs and maintenance activities have become a **truly global industry** as **trading of ships** is not protected by any **tariff barriers worldwide**. Mauritius is no exception; duty has been eliminated on all shipping and shipping-related products since 2005. Defined under the **HS Code 89**, duty on marine vessels ranged between **15% and 80%** on most products from **1996 to 2004**.

Table 69: HS codes and import duties on shipping products – 1996 to 2010

HS code	Details	1996	2000	2002	2004	2005	2007	2010
890110	Cruise ships, excursion boats, ferry boats	0	0	0	0	0	0	0
890120	Tankers	0	0	0	0	0	0	0
890130	Refrigerated vessels (excl. tankers)	0	0	0	0	0	0	0
890190	Vessels for the transport of goods and vessels for the transport of both persons and goods	0	0	0	0	0	0	0
890200	Fishing vessels and factory ships	0	0	0	0	0	0	0
890310	Inflatable pleasure craft	80	80	80	80	0	0	0
890391	Sailboats, with or without auxiliary motor	80	80	80	80	0	0	0
890392	Motorboats, other than outboard motorboats	80	80	80	80	0	0	0
890399	Rowing boats, canoes, pleasure boats except sail/power	80	80	80	80	0	0	0
890400	Tugs and pusher craft	0	0	0	0	0	0	0
890510	Dredgers	15	15	15	15	0	0	0
890520	Floating, submersible drilling or production platform	15	15	15	15	0	0	0
890590	Floating docks, special function vessels	15	15	15	15	0	0	0
890600	Warships, lifeboats, hospital ships, vessels	15	15	15	15	0	0	0
890710	Inflatable rafts	15	15	15	15	0	0	0
890790	Buoys, beacons, coffer-dams, pontoons, floats	15	15	15	15	0	0	0
890800	Vessels and other floating structures for breaking up	0	0	0	0	0	0	0

Source: UNDP data on Mauritius Trade

As from 2005, all import duties were withdrawn.

The drop in duties and the **high labour intensity** associated with the sector has resulted into the **ship construction shifting to low-cost destinations**. Shipyard activities are set for a healthy growth with increased sea-borne trade, tourism and cruise traffic, and repairs associated herewith.

- **Fairer share of the shipbuilding pie**

A report from KPMG confirms that orders of ships are now tilted in favour of developing countries with only **highly complex ships** in **Europe**.

Therefore, Mauritius is well placed to **emerge as an international player** and grab a **fairer share of the shipbuilding pie**. To this effect, creating the enabling through Government support is important for further development of this sector. Based on expert opinion, Mauritius has already gained credibility with international buyers. The objective is to create further enabling environment to secure additional orders while continuing to focus on the ship repair segment, both locally and internationally. Furthermore, the development of the **shipbuilding and repair industry will likely trigger** other sectors such as **power, steel and engineering goods, IT** etc.

However, in order to establish Mauritius as a **preferred shipbuilding destination** certain areas have to be addressed. Elimination of **regulatory hurdles** and continuance of support in line with that enjoyed by competing nations are required for the industry to develop scale.

- **Shipping sector competitiveness**

The main drivers for this shift in production bases are **lower shipbuilding costs**. Creating an environment which results in cost reduction will be important. This comprises a set of policy packages comprising:

- **Preferential tariff** for certain inputs such as fuel, electricity, etc.
- loans at concessional rates of interest
- more space to carry out shipyard activities

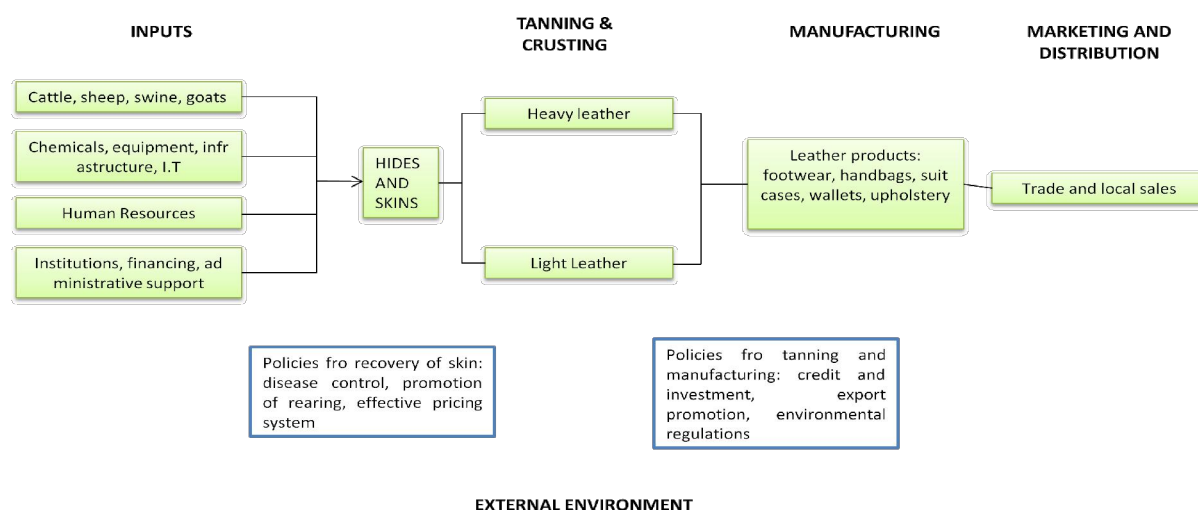
The objective of the policy package must be to address **market distortions and create a level playing field** with other **low cost countries** involved in the **shipping sector**.

5.8 LEATHER SECTOR

The leather industry can be described as an industry whose activities range from acquiring the primary resource, that is the skin of the animal, tanning of the raw material, the manufacture

of leather and the subsequent production of leather-based commodities. For the present study, focus will be on the ‘**manufacturing stage**’.

Figure 27: Value chain of the leather sector



- Situational outlook**

As at 2009, there were **7 enterprises** with a labour force of **586 employees** were involved in the production of leather products in Mauritius.

Table 70: Production data on the leather sector (Rs Million) – 2002, 2007 & 2010

Economic parameters	Rs Million (2002)	Rs Million (2007)	Rs Million (2010) (e)
Gross output	152.10	156.7	146.1
Intermediate products	95.20	118.1	110.2
Value Added	56.90	38.6	35.9
Compensation of employees	31.40	24.0	22.4
Gross operating surplus	25.30	14.5	13.6

Source: Digest of Industrial Statistics

Compared to 2001, the sector has shown signs of contraction. Value-added, this was Rs 56.9 million in 2001 dropped to Rs 38.6 million in 2007. Based on this trend, the sector is expected to further decelerate in 2010/2011.

The same observation has been made with regards to employment. **Initially at 842 in 2004, it has shrunk to 586 employees in 2009 and the number of establishments – from 19 to 7.**

- **Import duty**

Leather products are defined under the HS code 41, 42 and 43. Since 1996, no duty has been levied on leather raw materials and leather finished products. **HS code 41 & 43** relates mainly to the intermediate products used for the production of leather products whereas **HS code 42** concerns the finished leather products such as wallets, handbags, gloves, etc.

Table 71: HS codes and import duties on leather products – 1996 to 2010

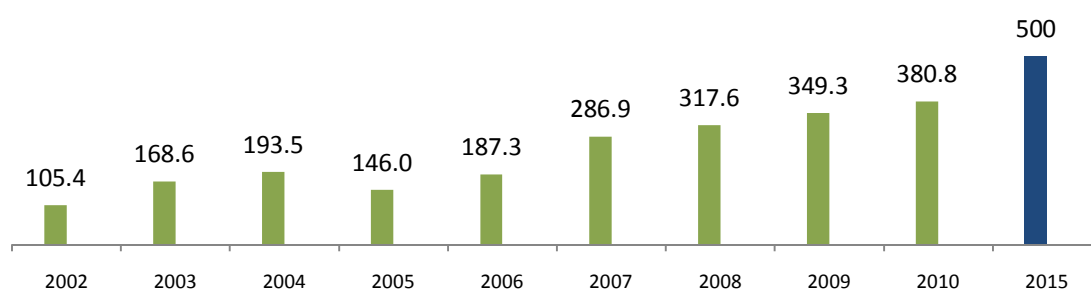
HS code	Products	1996	2000	2004	2007	2010
410120-410390	Raw buffalo, swine, bovine, sheep, lamb skin	0	0	0	0	0
410411-410692	Tanned bovine, swine, buffalo, lamb skin	0	0	0	0	0
410711-411520	Leather further prepared after tanning and crusting	0	0	0	0	0
430110-430230	Raw, tanned or dressed furskin	0	0	0	0	0

Source: Digest of External Trade, CSO and DCDM estimates

It has been noted that in spite of total exemption from import duties, yet the import of fur skin has remained at a marginal **Rs 5 million** in **2008**. At its peak in **2007**, it stood at **Rs 10 million**.

Imports of finished leather products scaled up from **Rs 105 million** in **2002** to reach **Rs 317.6 million** in **2008**.

Figure 28: Imports of leather products (Rs Million)



Source: Digest of External Trade, CSO and DCDM estimates

On this trend, the threshold of **Rs 500 million** will be reached by **2015**. From the above data, the key conclusion is that the entrepreneurs have **favoured imports against local production**.

- **Future approach**

Zero import duty on fur skin is already a **positive measure**. However, more emphasis should be in creating the **enabling environment for sourcing hides and skins in the local market**. It will also be a boost to the livestock sector.

The **policy of zero import duty** on imported finished leather products should be **revised upward**. A **minimal safety net** will incentivise entrepreneurs to **channel investment in local manufacturing and in parallel contain the rising imports**. Non-tariff barriers should aim at sheltering the sector from unfair practices – **animal skins not allowed to be used by law**.

The leather sector will have a key role in the context that Mauritius is positioned as a **duty-free shopping paradise and further expansion of our tourism sector**. Leather products cater to an upmarket clientele. Thus, accompanying measures must also assist entrepreneurs in setting up **shopping outlets in prime tourist locations, in hotels and in other highly frequented tourist shopping spots**.

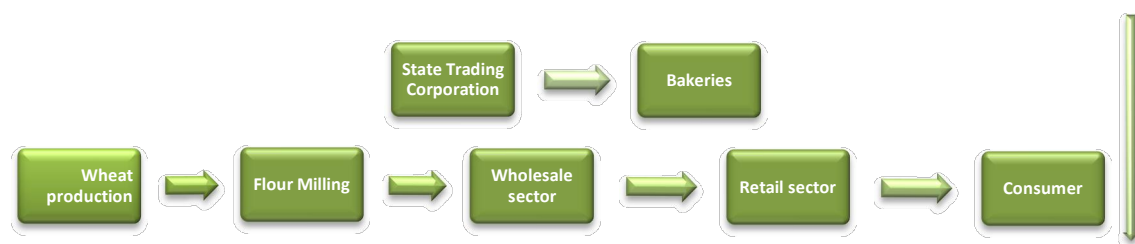
5.9 FLOUR SECTOR

Flour, a derivation of **wheat**, is a product of high strategic importance for Mauritius. Other than being an essential nutritional input to various other products such as noodles, pastries, bakeries, breads etc and therefore the **major supplier of energy in the national diet**, it also has key **social, economic and cultural implications for Mauritius**.

- **Value chain perspective**

Mauritius is a net importer of wheat. Mauritius imported **Rs 1.47 billion** of wheat in **2008**, a figure which climbed from **Rs 772 million** in **2002**.

The wheat is then processed into flour by Les Moulins de La Concorde, a company which employs some **150 persons**.



The company has for decades supplied flour to the STC which sells to local bakeries and industries at a subsidised price. In addition the company sells flour and flour-related products and by-products (e.g wheat bran used in animal feed) to some **1,000 food outlets** (hotels, restaurants, bars, canteens and other eating places) and some **3,000 retail outlets**.

- **Exports of meal and flour of wheat**

Exports of meal and flour of wheat constitutes a smaller part of trade activity. It amounted to Rs 157 million in 2008, compared to Rs 213 million in 2002.

Table 72: Exports of meal and flour of wheat

Exports	2002	2003	2004	2005	2006	2007	2008	2009 (est)	2010 (est)
Meal and flour of wheat(Rs M)	215	223	219	188	187	186	157	162	169

Source: Digest of External Trade, CSO and DCDM estimates

- **Product of high strategic importance for Mauritius**

Flour is a product of highly strategic importance for Mauritius. So far domestic production has exceeded self-sufficiency, thus providing a state of security in supply. It is secured in terms of **hygiene, quality and affordability**.

The international tender which is launched each year by State Trading Corporation, which supplies the full flour needs of local industry and bakeries, ensures the competitiveness of the local product. The by-product of wheat milling, bran, is also used in the production of animal feeds, which permits considerable saving of money which would have been spent on importing these product higher international prices.

- **Enabling environment for future growth**

Continuing to safeguard this **'growth-enabling environment'** is fundamental. Flour, being a **'perishable product'**, attracts **exporting countries** to dump their **flour products** in Mauritius at **marginal cost pricing** and **which does not necessarily qualify in terms of quality, nutritional content and hygiene**. Legislations must be enforced to counter such practices, especially regarding countervailing measures. The quality of **imported flour** should undergo rigorous **laboratory checks** prior to supply on the local market.

In all fairness, domestic production must receive necessary support to move forward, attract more investment and innovation. Such motivation will prevent Mauritius from being at the **mercy of exporters which dump product** amidst unstable and volatile import prices at global level, and natural calamities, which has become a regular feature of importing countries.

Mauritius has more than two decades of experience in the production of flour. The country is already exporting flour and its related products. A more ambitious plan for exports is required. Further diplomatic efforts must be made to penetrate markets in the COMESA and SADC region.

5.10 OILS AND FATS SECTOR

Oils/fats/margarine are essential commodities, and more so, a product of strategic importance for Mauritius. It is used in a host of food and non-food products in Mauritius.

Industrywise, the crude oil is presently being imported and refined in Mauritius. This refining activity employs some 250 persons in addition to representing a major saving on foreign currencies for Mauritius.

Presently, the import duty which was 15% in 2001 has been reduced to 10% in 2011. It is of paramount importance that the level of import duty at 10% be maintained on final imported oil products. So far domestic production has successfully catered to the demand of local market. Being an essential commodity, it should not totally be left at the mercy of importers. Production processes are in line with the Food Act and companies involved are HACCP certified. Thus, it guarantees **hygiene, quality** and **affordability**.

Mauritius has more than 40 years of industrial experience in processing crude edible oil into refined oil. As for the other sectors, to export to COMESA, Mauritian companies must prove that they can create 35 % value-added.

This has proven to be very difficult (given the rising cost of labour and other associated costs) for local entrepreneurs and the export of oil have proven to be very difficult. **Diplomatic efforts** are highly required to review the value-added of 35% downward.

In similar fashion, Government must maintain the current level of duty of **15% on margarine products**. It carries out the same responsibility of the oils and fats sector – satisfying local demand and are of good quality, affordable and produced in hygienic conditions.

5.11 PAPER, PAPER PRODUCTS & PRINTING, PUBLISHING, EDITING & RECORDED MEDIA SUBSECTOR

The **paper and printing sub-sector produces items that are essential** to everyday living such as paper and paper products for **personal hygiene, paper for packing foodstuffs and liquids, and paper for printing, communication, newspapers and magazines**.

The paper industry has its source from the **plantation forestry** (renewable resource), to **primary processing (pulp milling)**, and through the **secondary beneficiation (paper and paper products)**. In Mauritius, given our limited forestry resources, manufacturing process is at the secondary beneficiation stage. Paper is imported as intermediate resources for processing into finished products – **packaging, printing, editing and publishing**.

Data about this industry is presented under the two main headings:

- **Manufacture of paper and paper products (HS Code Section 48)**
- **Publishing, printing and reproduction of recorded media (HS Code Section 49)**

Recent development in the paper manufacturing sector has been recycling. Currently there are some **four companies involved in the recycling of paper**.

- **Key contributor to national economic development**

The Mauritian's paper products and printing sector is a **well established sector having made significant contribution to the national economic development.** It comprises a **multitude of small and medium enterprises.**

In 2007, the sector (paper products, printing, publishing, editing & production of recorded media) was worth of **Rs 3.5 billion of gross output.** Its compensation of employees was noteworthy with Rs 867.2 million disbursed in 2007. Enterprises in this sector did also well with gross operating surplus valued at Rs 887.2 million.

Table 73: Production data for paper, paper products, printing, publishing, editing & recorded media (Rs Billion) – 2007 & 2010

Economic parameters	Rs Million (2007)	Rs Million (2010) (e)
Gross output	3,555.30	3,976.10
Intermediate products	1,789.0	1,999.7
Value Added	1,766.5	1,976.6
Compensation of employees	867.2	984.0
Gross operating surplus	887.2	992.8

Source: Census of Economic Activities 2007, Digest of Industrial Statistics, CSO & DCDM estimates

In spite of all market uncertainties, it is believed that 2008 to 2010 has also been years of good performance. **Accordingly, in 2010, it is estimated that a sum of Rs 984 million went as compensation of employees and Rs 992.8 million as gross operating surplus to enterprises.**

As at June 2010, **368 licences** to companies involved in the paper product, publishing, printing, editing and recorded media companies spread over Mauritius, with a total **employment of some 4,300 persons.**

Table 74: Licences repartitioned across Mauritius

Subsector	P. Louis	P. Wilhems	Pamplemousses	Riv. Du Rampart	Moka	Flacq	Grand Port	Savanne	Black River	Total
Paper product, publishing and printing	148	107	26	16	10	12	15	9	25	368

Source: Digest of Business Statistics, CSO

It has also **substantial direct and indirect linkages** with all the sectors of the economy. **Intermediate products** is estimated at some **Rs 636 million in 2010**.

5.11.1 Manufacture of paper and paper products sub-sector

Nearly 100% of our paper used in the processing of paper products is imported. Processing of pulp into paper is therefore very limited. Indeed, the import of pulp and wasted paper is marginal. It increased from Rs 20.7 million in 2002 to Rs 21.2 million in 2008.

Table 75: Imports of pulp and wasted paper (Rs Million) – 2002 to 2010

Description	2002	2003	2004	2005	2006	2007	2008	2009 (e)	2010 (e)
Pulp and wasted paper (Rs million)	20.7	22.5	23.2	24.8	17.6	26.1	21.2	21.8	22.5

Source: Digest of External Trade, CSO and DCDM estimates

- Sector profile**

Based on the Census 2007, the sector comprises 320 small production units and some 18 large enterprises (enterprises employing more than 10 persons). As at to date, the sector employs some 1,700 persons.

Table 76: Production data on the paper and paper products sub-sector

Economic parameters	Rs Million (2007)	Rs Million (2010) (e)
Gross output	1,052.0	1,160.5
Intermediate products	577	636.5
Value Added	475.1	524.1
Compensation of employees	232.7	256.7
Gross operating surplus	236.6	261.0

Source: Census of Economic Activities 2007, Digest of Industrial Statistics, CSO & DCDM estimates

- Significant contributor to the national economy**

The figures are based on the Censuses 2002 & 2007 and the Digest of Industrial Statistics. Again a good spurt is noted in 2007 with regards to output, intermediate products, value added, compensation of employees and gross operating surplus. Accordingly, there is ground to believe that 2010 was also of sterling performance.

- **Import duty on paper and paper-related products**

Paper and paper-related products are defined under the **HS Code 48**. It consists of **108 products**.

Table 77: HS codes and import duties on paper and paper-related products – 1996 to 2010

HS code	Details	1996	2000	2002	2003	2004	2005	2006	2007	2008	2010
480100	Newsprint	5	0	0	0	0	0	0	0	0	0
480210	Paper, hand-made, uncoated	40	0	0	0	0	0	0	0	0	0
480220	Paper, sensitising base stock	40	0	0	0	0	0	0	0	0	0
480230	Paper, carbonising base, uncoated	40	0	0	0	0	0	0	0	0	0
480240	Paper, wallpaper base, uncoated	40	0	0	0	0	0	0	0	0	0
480251	Paper, fine, woodfree, <40 g/m2, uncoated	5	0	0	0	0	0	0	0	0	0
480252	Paper, fine, woodfree, 40 - 150 g/m2, uncoated	5	0	0	0	0	0	0	0	0	0
480253	Paper, fine, woodfree, >150 g/m2, uncoated	5	0	0	0	0	0	0	0	0	0
480260	Paper, fine, wood-containing, uncoated,	5	0	0	0	0	0	0	0	0	0
480300	Paper, household, sanitary, width > 36 centimetres	40	0	0	0	0	0	0	0	0	0
480411	Paper, Kraftliner, unbleached, uncoated	15	0	0	0	0	0	0	0	0	0
480419	Paper, Kraftliner, other than unbleached, uncoated	15	0	0	0	0	0	0	0	0	0
480421	Paper, sack kraft, unbleached, uncoated	15	0	0	0	0	0	0	0	0	0
480429	Paper, sack kraft, other than unbleached, uncoated	15	0	0	0	0	0	0	0	0	0
480431	Paper, kraft, <150g/m2, unbleached, uncoated	15	0	0	0	0	0	0	0	0	0
480439	Paper, kraft, <150g/m2, uncoated	15	0	0	0	0	0	0	0	0	0
480441	Paper, kraft, 150-225 g/m2, unbleached,uncoated	15	0	0	0	0	0	0	0	0	0
480442	Paper, kraft, 150-225 g/m2, chem pulp not bleach/coat	15	0	0	0	0	0	0	0	0	0
480449	Paper, kraft, 150-225 g/m2, uncoated	15	0	0	0	0	0	0	0	0	0
480451	Paper, kraft, >225g/m2, unbleached, uncoated	15	0	0	0	0	0	0	0	0	0
480452	Paper, kraft, >225g/m2,chemical pulp,bleached,uncoated	15	0	0	0	0	0	0	0	0	0
480459	Paper, kraft, >225g/m2, uncoated	15	0	0	0	0	0	0	0	0	0
480510	Paper, fluting, in rolls, semi-chemical, uncoated	40	0	0	0	0	0	0	0	0	0
480522	Paper, multi-ply, one layer bleached, uncoated	40	0	0	0	0	0	0	0	0	0
480523	Paper, multi-ply, <4 layers, outer bleached, uncoated	40	0	0	0	0	0	0	0	0	0
480529	Paper, multi-ply, uncoated	40	0	0	0	0	0	0	0	0	0
480530	Paper, sulphite wrapping, uncoated	40	0	0	0	0	0	0	0	0	0
480540	Paper, filter, uncoated	40	0	0	0	0	0	0	0	0	0
480550	Paper, felt, uncoated	40	0	0	0	0	0	0	0	0	0
480560	Paper, weighing 150 g/m2 or less, uncoated	40	0	0	0	0	0	0	0	0	0

480570	Paper, weighing 150 - 225 g/m2, uncoated	40	0	0	0	0	0	0	0	0
480580	Paper, weighing 225 g/m2 or more, uncoated	40	0	0	0	0	0	0	0	0
480610	Paper, vegetable parchment	40	0	0	0	0	0	0	0	0
480620	Paper, greaseproof	40	0	0	0	0	0	0	0	0
480630	Paper, tracing	40	0	0	0	0	0	0	0	0
480640	Paper, glassine, glazed transparent or translucent	40	0	0	0	0	0	0	0	0
480710	Paper, laminated with bitumen tar or asphalt, uncoated	40	0	0	0	0	0	0	0	0
480799	Paper, composite not coated or impregnated	40	0	0	0	0	0	0	0	0
480810	Paper, corrugated	40	0	0	0	0	0	0	0	0
480820	Paper, sack kraft, creped or crinkled	40	0	0	0	0	0	0	0	0
480830	Paper, kraft, creped or crinkled, not corrugated, sac	40	0	0	0	0	0	0	0	0
480890	Paper crepe, crinkle, embossed, perforated, not kraft	40	0	0	0	0	0	0	0	0
480910	Paper, carbon or similar width >36 cm	40	10	10	0	10	0	0	0	0
480920	Paper, self-copy, width > 36 cm	40	10	10	0	10	0	0	0	0
480990	Paper, copying or transfer, width >36 cm	40	10	10	0	10	0	0	0	0
481011	Paper, fine, woodfree, <150 g/m2, clay coated	5	0	0	0	0	0	0	0	0
481012	Paper, fine, woodfree, >150 g/m2, clay coated	5	0	0	0	0	0	0	0	0
481021	Paper, fine, light weight coated	5	0	0	0	0	0	0	0	0
481029	Paper, fine, wood containing clay coated, except light	5	0	80	0	80	0	0	0	0
481031	Paper, kraft,>95% chem pulp,<150 g,bleached,clay coat	15	0	0	0	0	0	0	0	0
481032	Paper, kraft,>95% chem pulp,>150 g,bleached,clay coat	15	0	0	0	0	0	0	0	0
481039	Paper, kraft, clay coated	15	0	0	0	0	0	0	0	0
481091	Paper, multi-ply, clay coated	40	0	0	0	0	0	0	0	0
481099	Paper, clay coated	40	0	0	0	0	0	0	0	0
481110	Paper, tarred, bituminised or asphalted	40	0	0	0	0	0	0	0	0
481121	Paper, self-adhesive except labels	40	0	0	0	0	0	0	0	0
481129	Paper, gummed or adhesive except self-adhesive, label	40	0	0	0	0	0	0	0	0
481131	Paper, >150g/m2, bleached, plastic coated/impregnated	40	0	0	0	0	0	0	0	0
481139	Paper, coated, impregnated, covered with plastics	40	0	0	0	0	0	0	0	0
481140	Paper, coat/impregnated with wax/stearin/glycerol	40	0	0	0	0	0	0	0	0
481190	Paper, coated/impregnated/covered/coloured/printed	40	0	80	0	80	0	0	0	0
481200	Filter blocks, slabs and plates, of paper pulp	40	0	0	0	0	0	0	0	0
481310	Paper, cigarette, in the form of booklets or tubes	80	0	0	0	0	30	0	0	0
481320	Paper, cigarette, in rolls of a width < 5 cm	80	80	0	0	80	0	30	30	0

481390	Paper, cigarette, except in rolls < 5 cm wide	80	80	10	0	10	0	0	0	0	0
481410	Wallpaper Ingrain	40	40	0	0	0	0	15	15	0	0
481420	Wallpaper, coated or covered with a decorated plastic	40	40	40	0	40	40	15	15	0	0
481430	Wallpaper, covered one side with plaiting material	40	40	40	0	40	40	15	0	0	0
481490	Wallpaper and similar wall coverings	40	40	40	0	40	40	15	15	0	0
481500	Floor coverings on a base of paper	40	40	40	0	0	0	15	0	0	0
481610	Paper, carbon or similar copying, except rolls w >36c	80	80	80	0	80	0	0	0	0	0
481620	Paper, self-copy, except in rolls > 36 cm wide	80	80	80	0	80	0	0	0	0	0
481630	Duplicator stencils	80	80	80	0	80	0	0	0	0	0
481690	Paper, copying or transfer	80	80	80	0	80	0	0	0	0	0
481850	Clothing and accessories nes, of paper	80	80	80	0	80	0	0	0	0	0
481910	Cartons, boxes & cases, of corrugated paper or board	40	40	40	0	40	10	0	0	0	0
481920	Cartons, boxes & cases, folding, non-corrugated paper	40	40	40	0	40	10	0	0	0	0
481930	Sacks and bags, of paper, having a width > 40 cm	40	40	40	0	40	10	0	0	0	0
481940	Sacks and bags, of paper, nes, including cones	40	40	40	0	40	10	0	0	0	0
481950	Containers, packing, nes of paper	40	40	40	0	40	10	0	0	0	0
482110	Paper labels of all kinds, printed	80	40	40	0	40	0	0	0	0	0
482190	Paper labels of all kinds, not printed	80	40	40	0	40	0	0	0	0	0
482210	Bobbins, spools etc of paper, used for textile yarn	15	0	0	0	0	0	0	0	0	0
482290	Bobbins, spools and similar supports of paper	15	0	0	0	0	0	0	0	0	0
482311	Paper, self-adhesive, cut to size, in strips or rolls	80	40	0	0	0	0	0	0	0	0
482319	Paper, gummed, adhesive cut to size, strip, roll	80	40	40	0	40	0	0	0	0	0
482320	Paper, filter, cut to size or shape	80	80	80	0	80	0	0	0	0	0
482340	Paper rolls, sheets & dials for recording instruments	80	80	80	0	80	0	0	0	0	0
482351	Paper, fine, cut, printed, embossed, perforated	80	80	0	0	0	0	0	0	0	0
482359	Paper, fine, cut to size or shape	80	80	0	0	0	0	0	0	0	0
482360	Trays, dishes, plates, cups and the like, of paper	80	40	40	0	40	40	30	0	0	0
482370	Moulded or pressed articles of paper pulp	80	80	80	0	80	0	0	0	0	0

Source: UNDP data on Mauritius Trade

Out of these 108 products, **92 are presently exempted from import duties**. It comprises paper mainly used as intermediate products in the **secondary beneficiation process**. Being a vital input for the printing and publishing sector, this has had positive repercussions on the sector, testified by growth in output, employment, compensations and profitability.

However, there are products that were semi-finished or finished products from which import duties have been totally removed.

Table 78: Imports of paper and paper related products (Rs Million) – 2006 to 2009

HS CODE	DESCRIPTION	2006	2007	2008	2009
481910	Cartons, boxes & cases, of corrugated paper or board	33,177,602	27,256,607	35,812,263	53,542,944
481920	Cartons, boxes & cases, folding, non-corrugated paper	20,777,216	30,656,059	19,815,453	10,748,160
481930	Sacks and bags, of paper, having a width > 40 cm	18,662,667	23,898,265	8,716,653	14,318,240
481940	Sacks and bags, of paper, nes, including cones	55,282,199	49,767,120	78,935,606	70,630,144
TOTAL		127,899,685	131,578,052	143,279,975	149,239,488

Source: UNDP data on Mauritius Trade

It is clear that the **sectors of cartons, boxes & cases of corrugated paper or board have suffered a huge increase in imports: 161% over 3 years i.e. an average annual increase of 54%.** Similarly the **manufacturers of sacks, bags of paper including cones have faced competition from imports with an annual average increase of 45%.** These 2 sectors employ more than 250 people.

The remaining 16 products have seen their import duties dropped gradually from 80% to 15 – 30% since year 2000. It concerns binders, folder or file covers, etc.

Table 79: HS codes and import duties on paper and paper-related products – 1996 to 2010

HS code	Details	1996	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
481710	Envelopes of paper	80	80	80	80	0	80	40	30	30	15	15	15
481720	Letter or correspondence cards, plain postcards	80	80	80	80	0	80	40	30	30	15	15	15
481730	Boxes, pouches, wallets, etc of stationary	80	80	80	80	0	80	40	30	30	15	15	15
481960	Office box files, letter trays etc., of paper	80	80	80	80	0	80	40	30	30	15	15	15
482010	Registers, account books, note books, diaries etc	80	80	80	80	0	80	40	30	30	15	15	15
482020	School, etc, exercise books	80	80	80	80	0	80	40	30	30	15	15	15
482030	Binders, not book covers, folder or file covers, paper	80	80	80	80	0	80	40	30	30	15	15	15
482040	Business forms, interleaved carbon sets, etc	80	80	80	80	0	80	40	30	30	15	15	15
482050	Albums for samples or for collections, of paper	80	80	80	80	0	80	40	30	30	15	15	15
482090	Office supplies nes, of paper, book covers, blotters	80	80	80	80	0	80	40	30	30	15	15	15
481810	Toilet paper	80	80	80	80	0	80	40	30	30	30	30	30
481820	Paper handkerchiefs, cleansing, facial tissues, towel	80	80	80	80	0	80	40	30	30	30	30	30
481830	Paper tablecloths and serviettes	80	80	80	80	0	80	40	30	30	30	30	30
481840	Sanitary articles of paper, sanitary towels, diapers	80	80	80	80	0	80	40	30	30	30	30	30
481890	Household, hospital & sanitary supplies, of paper, ne	80	80	80	80	0	80	40	30	30	30	30	30
482390	Paper and paper articles, nes	80	80	80	80	0	80	40	30	30	30	30	30

Source: UNDP data on Mauritius Trade

Even for products having retained a minimal duty varying between 15 – 30%, the **increase in the volume of imports has been remarkable.**

Table 80: Imports of paper and paper related products (Rs Million) – 2006 to 2009

HS code	Details	2004	2005	2006	2007	2008	2009
481710	Envelopes of paper	5,640,553	5,232,976	6,178,852	3,965,693	4,691,718	4,887,264
481720	Letter or correspondence cards, plain postcards	647,598	253,110	776,483	1,477,707	732,360	809,760
481730	Boxes, pouches, wallets, etc of stationary	598,648	1,346,911	1,441,727	12,362,002	3,749,539	6,208,032
481810	Toilet paper	3,043,233	3,129,744	4,534,498	16,860,905	1,939,408	2,587,072
481820	Paper handkerchiefs, cleansing, facial tissues, towel	2,784,100	10,011,002	14,806,699	11,775,691	22,658,035	26,117,408
481830	Paper tablecloths and serviettes	2,409,275	1,319,683	2,900,577	2,969,190	2,859,140	3,858,080
481840	Sanitary articles of paper, sanitary towels, diapers	117,610,240	137,167,950	143,163,230	131,820,235	156,741,633	159,583,648
481890	Household, hospital & sanitary supplies, of paper	15,873,660	16,992,590	20,796,401	10,616,626	11,575,110	11,882,176
481960	Office box files, letter trays etc., of paper	5,152,318	764,935	1,089,778	2,125,229	3,852,671	3,237,152
482010	Registers, account books, note books, diaries etc	7,473,950	11,002,350	9,832,415	11,305,603	14,763,843	12,341,280
482020	School, etc, exercise books	4,430,663	15,015,530	10,087,997	4,899,827	18,276,906	2,132,128
482030	Binders, not book covers, folder or file covers, paper	885,885	2,078,983	2,333,919	2,976,955	3,453,289	4,131,616
482040	Business forms, interleaved carbon sets, etc	1,699,115	8,496	1,320,087	1,790,556	67,825	674,304
482050	Albums for samples or for collections, of paper	1,340,130	2,176,304	2,451,849	3,928,873	3,207,851	4,808,416
482090	Office supplies of paper, book covers, blotters	2,633,345	5,888,348	2,986,131	5,969,596	7,037,591	5,020,576
482390	Paper and paper articles	22,144,870	41,652,053	65,157,708	84,419,932	102,437,582	84,956,544
TOTAL		194,367,580	254,040,961	289,858,351	309,264,619	358,044,502	333,235,456

Source: UNDP data on Mauritius Trade

It is clear that different sectors have been facing competition from imports at a different level with some record figures for the following sectors:

- **481730: Boxes, pouches, wallets etc – 177% annual increase**
- **481820: Paper handkerchiefs, cleansing, facial tissue - 78% annual increase**
- **482030: Binders, folder and file covers - 42% annual increase**

- **Conclusion**

The paper products industry is a vital sector for our economy. Its contribution in terms of **employment, wages and value-added has been striking** and has at the same time demonstrated potential for further growth and investment. The industry has the potential to increase product innovation and diversification, as well as increase import substitution.

However, the consequent drop in duties has dimmed growth perspectives. It is recommended that the **current level of duty** be maintained on those products. Further retrieval **will encourage imports to the detriment of a vibrant local manufacturing**. The sector must be safeguarded against **uneven level playing field**. It will not be able to compete with countries, with low labour cost and economies of scale or which have recourse to unfair practices such as labour, non-compliance to environmental laws, dumping etc. It is recommended that those sectors who have been facing a surge in import of above 30% per annum, and which trends seem likely to persist in the near future carry out a minimum import duty of 30%. That will help in establishing a level playing field.

5.11.2 Printing, editing, publishing & recorded media sub-sector

The 'Printing, Editing and Publishing' is another key sub-sector in Mauritius. Its contribution to the national economy is outstanding.

Table 81: Production data on printing, editing, publishing and recorded media sub-sector

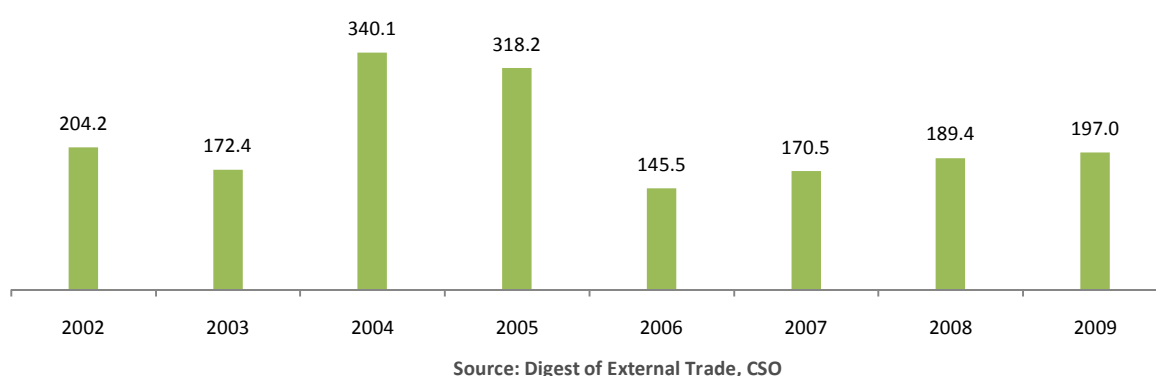
Economic parameters	Rs Million (2002)	Rs Million (2007)	Rs Million (2010) (e)
Gross output	1,643.0	2,503.3	2,815.6
Intermediate products	730.60	1212.0	1,363.2
Value Added	912.40	1291.4	1,452.5
Compensation of employees	381.5	634.5	713.7
Gross operating surplus	529.9	650.6	731.8

Source: Digest of External Trade, CSO and DCDM estimates

From **2002 to 2007**, on average, **growth output** has increased by **10%**, **intermediate products** by **13%**, **value-added** by **8%**, **compensation of employees** by **13%** and **gross operating surplus** by **5%**. For 2010, the conditions were there for a better performance.

As at to date, some **43 large establishments** are involved in the sector generating employment of some **2,500 persons**.

Figure 29: Imports of plant and machinery – printing, publishing and editing (Rs Million)



The sector has also been importing state of the art machinery to stay tune with latest development in technology. It has imported on average **Rs 217 million worth of plant and machinery from 2002 to 2009**.

- **Production edges**

The Mauritian printing and publishing sector reckons a number of edges. It includes, inter alia, **experienced entrepreneurs** and a **skilled labour force with best practice working conditions**. It was noted from above that the **compensation of employees increased by 13%** from **2002 to 2007**.

Such an operating environment provides for a solid base continuous diversification and expansion – it should on the one **hand consolidate the ‘acquired’ and capitalise on its ‘strengths’ to exploit regional markets**.

Though the performance of this sector has been outstanding for the last five years, **utmost precaution** must be taken amidst the **current operating environment**, considering the following issues:

- o increased consumer and business use of digital communications, resulting in a slowing of the growth in consumption of paper-based communication, including newspapers
- o increased competition from cheaper imports, often using fibre from unsustainable sources, resulting in an uneven level playing field
- o escalating costs of key industry inputs, especially cost of finance and electricity
- o unavailability of skilled and trained labour
- o low level of R & D affecting the level of innovation and international competitiveness

- **Conclusion**

The printing, publishing and editing sector has already shown its potential as a key contributor to the national economy in terms of output and employment. Significantly, it has substantial direct and indirect linkages with all the sectors of the economy. Taken together, there are also a multitude of small and medium enterprises in the production circuit.

Further Government support will of great assistance to take the sector forward. **Among the key measures will be:**

- o provision of **finance for CAPEX at concessionary rates of interest** to motivate the sector to scale-up production capacities
- o incentives such as share marketing expenses to promote exports
- o training in some specialised fields

6 CHALLENGES FACED BY THE DOE INDUSTRY

6.1 INTRODUCTION

The DOE sector has successfully coped with competition during the last decade and has survived crises of various origins, rise in fuel prices and global recessions. Support from Government, investment in innovation, technology and training and an average performing Mauritian market have all combined together to register a positive performance.

Such performance has in a certain way masked key structural challenges, which if left unattended and not reflected in current industrial policy, will impede on the further development of the DOE industry.

The present chapter focuses on the different **nature of structural challenges** faced by the DOE industry. It sounds appropriate to classify the challenges into ‘**domestic challenges**’ and ‘**global challenges**’.

Domestic challenges will address the **current industrial policy, gradual phasing out of import duties** and its impact of the current and future growth of the DOE industry.

The global challenges, on the other hand, will have as task to take on board global issues, often beyond the control of the DOE industry, but which impacts on the DOE operational environment. It will take the form of ‘**global competitiveness**’ and the global economic outlook.

6.2 DOMESTIC CHALLENGES – INDUSTRIAL AND STRATEGIC PLAN: 2010 -13

- **Enhanced market access and expansion**

In the Industrial and Strategic Plan 2010-13, industrial policy has been re-shaped for the DOEs (large and small) to capitalise on market access opportunities and market expansion brought in the wake of globalisation and regionalisation (SADC, COMESA, IOC, AGOA).

- **From trade preferences to global competitiveness**

The report affirms that the SME manufacturing sector, through transformational changes (processes and systems in enterprises, creativity and innovation, industrial and policy framework,

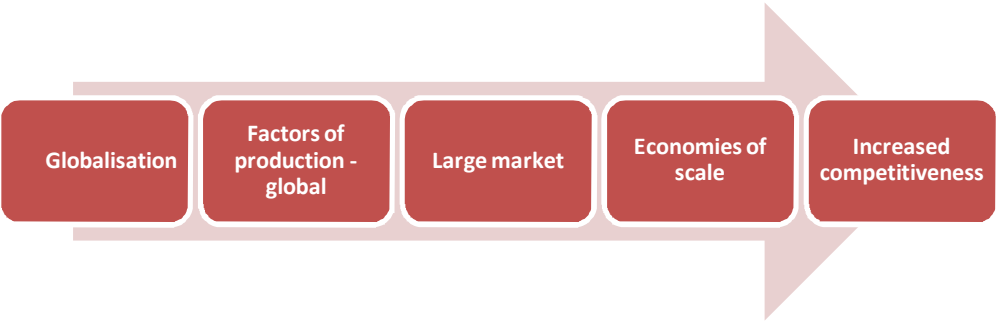
human resource development) will create **highly competitive enterprises** that will not require the **comfort of trade preferences and tariff protection**.

6.3 TRANSITION TO GLOBAL COMPETITIVENESS AND ACCESSING MARKETS

This is the area of the **revamped industrial policy** that required urgent attention. While, in theory, it looks true that ‘trade openness’ will enhance market size and access, it also implies that Mauritius will have to compete with **industrial giants like China, India and South Africa**.

Globalisation was in theory expected to incrementally and under certain given conditions, opens the world market to the Mauritian DOEs with lower tariffs. Consequently, DOEs will be able to enter and exploit new markets.

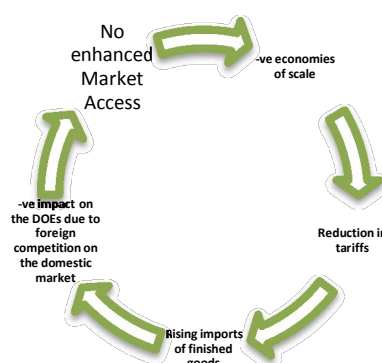
Figure 30: Globalisation – competitiveness model



Such market enlargement will encourage higher investments in productivity and innovation, as the costs will be borne by a larger market (economies of scale). It will also be accompanied by an improvement in product quality. This self-reinforcing spiral of ‘success to the successful’ will become a ‘sustainable source of competitive advantage’. This was the **feature of economic globalisation where Mauritian DOEs have invested their hopes**.

6.4 REALITY - FROM 'SPIRAL OF SUCCESS TO THE SUCCESSFUL' TO EROSION OF MARKET

Figure 31: Spiral of success to erosion of market



- **Enhanced market access**

It was difficult, in many situations, due to non-tariff barriers and other trade-related factors (payment, thefts etc) to access markets of the SADC, COMESA and the IOC.

- **Difficult to exploit markets in the SADC, COMESA and IOC**

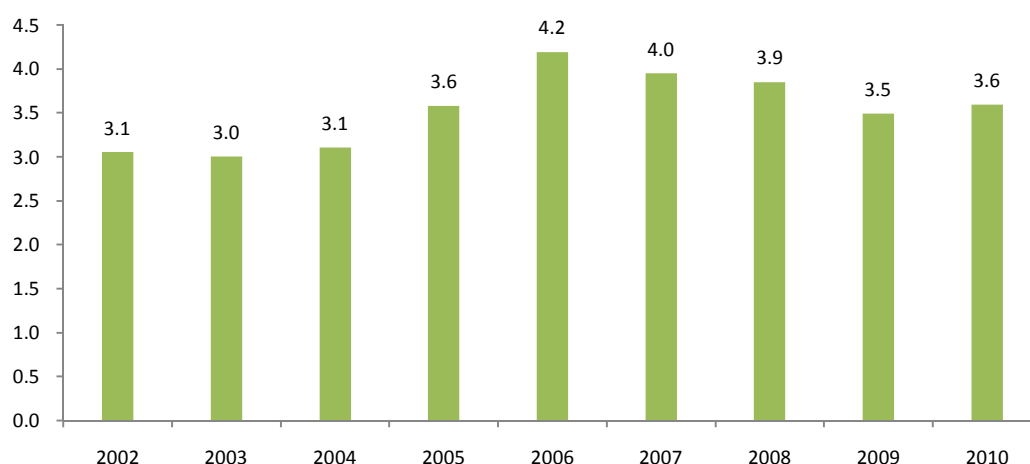
Difficulties in exploiting a bigger market imply that 'economies of scale' and 'expected improved cost competitiveness' have been underachieved.

- **Progressive reduction in tariff barriers since 1995**

On the other hand, progressive reductions in our tariff barriers since 1995 have been accompanied by **rising imports of finished goods** competing frontally with the domestic products. Thus, on one hand, markets could not be expanded and on the other hand, the local market was also shared with foreign products. In 1996, import duty had to be paid on 4,103 articles on a total of 5,112 corresponding to 80%. It declined to 323 articles on a total of 5,051 in 2010, representing a minor 6%.

Thus, the overriding objective of DOEs capturing a bigger market share was not achieved.

Figure 32: Estimated exports revenue from the DOE sector (Rs Billion)

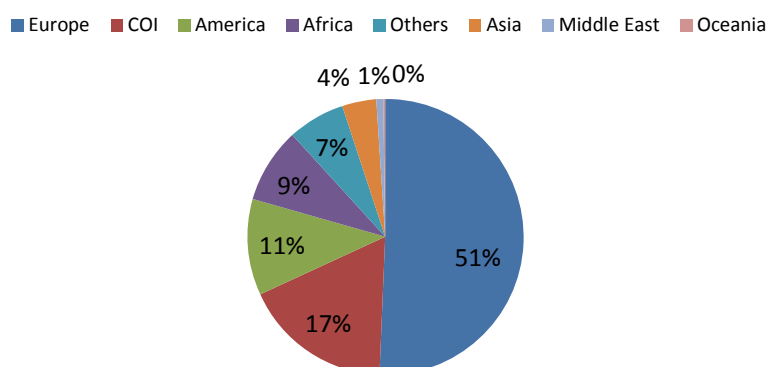


Source: DCDM estimates based on CSO 2002-2009 data on Non-EOE exports

As proven, export of DOE products for the period 2002 to 2008 have grown marginally from Rs 3.1 billion to Rs 3.9 billion, with a major chunk of the product being **live primates** – an average growth of 4% per annum, a **below standard performance** when considering the **expanded market size of 600 million people**. Exports as such for the DOEs are around Rs 2 billion.

Indeed, exports were mainly geared towards our traditional markets -Europe. On average, for the period 2002 to 2010, Europe occupied 51% of the market share.

Figure 33: DOE exports market share (%)



Source: DCDM estimates based on CSO data (2002 - 2010)

The other markets for DOEs are the COI and America. **Africa, considered as an emerging market** for Mauritius, has a very limited market share of **7%**.

6.5 GLOBAL CHALLENGES

The global challenges facing the DOE sector have been addressed under three angles:

- Global competitiveness ('Country – Mauritius, India, China & South Africa' and manufacturing)
- Trade environment (Country – Mauritius, India, China and South Africa)
- Global economic environment
- Food security.

Four reports, namely, the Global Competitiveness Report 2010-11, the Manufacturing Competitiveness Report, the Global Enabling Trade Report 2010, and the Global Trade Alert Report 2010 have been perused to situate Mauritius' global competitiveness among other countries i.e. China, India and South Africa.

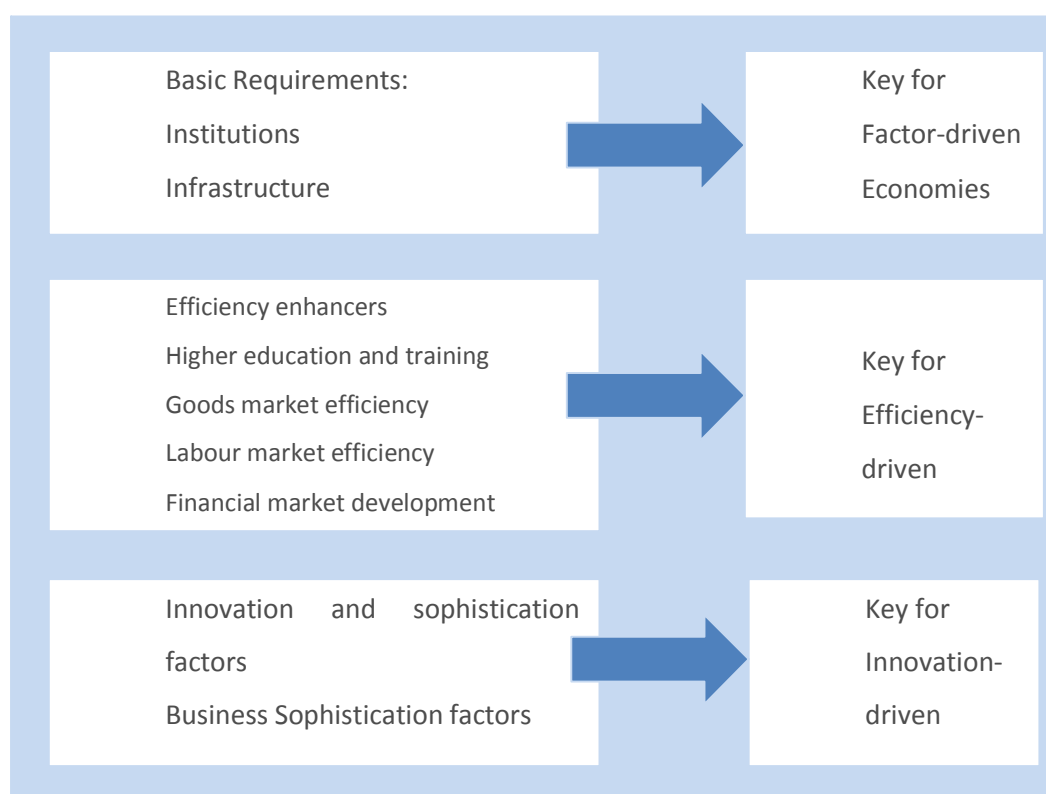
6.6 GLOBAL COMPETITIVENESS REPORT 2010 - 11

The **Global Competitiveness Report 2010-11**, prepared by the World Economic Forum defines competitiveness as the set of institutions, policies, and factors that determine the level of productivity of a country. The **level of productivity** of the country, in turn, determines **the level of competitiveness of its enterprises**. Thus, in all logic, a country registering better performance index will perform better than countries with relatively low competitiveness index.

6.6.1 'Economy's competitiveness' criteria developed by the world economic forum (WEF)

The WEF has identified 12 pillars determining 'economic competitiveness grouped under 'basic requirements', 'efficiency enhancers' and 'innovation and sophistication factor'.

Figure 34: Economy's competitiveness



Source: Global Competitiveness Report 2010-11

6.6.2 Global competitiveness index for Mauritius

In 2010-11, Mauritius ranked **55th in overall global competitiveness index**, whereas countries such as China, India, South Africa (competitors in both light and heavy manufacturing are all before us in terms of competitiveness.

Table 82: Country's Score and Rank

Country/Economy	Rank (2010 – 2011)	Score	Rank 2009 - 2010
China	27	4.84	29
India	51	4.33	49
South Africa	54	4.33	45
Mauritius	55	4.32	57

Source: Global Competitiveness Report 2010-11

In terms of efficiency enhancers (factors such as labour market efficiency, technological readiness, market size), Mauritius was ranked 66th in the report, whereas our counterparts China, India and South Africa positioned at 29th, 38th and 42nd respectively.

Table 83: Country's Ranks

Efficiency enhancers			Innovation & sophistication factors	
Country	Rank	Score	Rank	Score
China	29	4.63	31	4.13
India	38	4.42	42	3.96
South Africa	42	4.37	43	3.93
Mauritius	66	4.05	59	3.61

Source: Global Competitiveness Report 2010-11

The same trend is observed from innovation and sophistication factors.

6.7 MANUFACTURING COMPETITIVENESS REPORT

The 2010 Global Manufacturing Competitiveness index, (a collaboration between Deloitte and Touche and the U.S Council on Competitiveness) provides insights of countries competitiveness in the manufacturing sector. The Manufacturing Competitiveness Index (MCI) is based on two forces – Government ('Economic, trade, financial and tax system', 'quality of physical infrastructure', 'Government investment in manufacturing and innovation', 'legal and regulatory system', 'quality and availability of health care'), and Market ('talent-driven innovation', 'cost of labour and materials', 'energy cost and policies', 'supplier network' and 'local business dynamics').

6.8 MAIN FINDINGS OF THE REPORT (2010)

Table 84: Manufacturing Competitiveness report

Ranking	Countries	Index Score
1	China	10
2	India	8.15
3	Republic of Korea	6.79
4	United States of America	5.84
5	Brazil	5.41
6	Japan	5.11

7	Mexico	4.84
8	Germany	4.80
9	Singapore	4.69
10	Poland	4.49

Source: Global Competitiveness Report 2010-11

India and China tops the list in terms of manufacturing competitiveness.

6.9 INDUSTRIAL POLICY OUTLOOK

It is clear, based on the above two reports, that Mauritius cannot easily withstand competition from China, India and South Africa at this current stage. The current industrial policy in Mauritius tends to equate competitiveness with 'transformational changes' of enterprises. While this is a valid statement, it is believed that the current environment does not stand to enhance competitiveness only through 'transformational changes'.

6.10 GLOBAL ENABLING TRADE REPORT 2010

The Global Enabling Trade Report covers 118 major and emerging economies. At the core of the report is the **Enabling Trade Index** which ranks the countries using data from the different sources. The Enabling Trade Index measures the factors, policies and services that facilitate the trade in goods across borders and to destination. It is made up of four sub-indexes:

- market access
- border administration
- transport and communications infrastructure
- business environment

Table 85: Country's ETI Score

Country/Economy	ETI Rank (2010)	Score	ETI 2009
Mauritius	33	4.69	33
China	48	4.32	49
South Africa	72	3.95	61
India	84	3.81	76

Source: Global Enabling Trade Report 2010

With regards to facilitating international trade, **Mauritius dominates (33rd) China (48th), South Africa (72nd) and India (84th).**

6.11 PARADOX OF COMPETITIVENESS AND TRADE

Mauritius, despite a relatively low competitiveness compared to India, China and South Africa, facilitated trade transactions.

On the other hand, India, China and South Africa, who enjoy a higher productivity than Mauritius has protected their local markets – the **paradox**. The consequences has been a rising influx of imported goods in the local market.

In tandem, as illustrated in the Global Trade Alert 2010, the **protectionist measures** are still being pursued by the other countries. Perhaps one of the most illustrious findings in this report relates to the scale of the G20 members' violation of their pledge to eschew protectionism. These nations are responsible for implementing 172 of the state initiatives that have been investigated and reported in the GTA database. Of those initiatives, **121 were found to tilt the playing field against foreign commercial interests.**

6.12 CONCLUSION

Based on the conclusions of the above reports, the costs have more than outweighed the anticipated benefits from our 'trade openness' strategy. Indeed, the country has been suffering from trade deficits since 1999.

Thus, the **first remark that caught our attention** – it seems that the measures taken jointly by Government and enterprises to improve 'DOE manufacturing competitiveness' have been offset by our gradual withdrawal of duties – when we consider the rising import trends

The **second remark** - are we at 'readiness level' to compete on the international market? If not, DOE manufacturing and enterprise policy should be tuned to improve DOE 'readiness level'.

It seems that Mauritius has jumped fast on attempting to exploit the regional markets. **DCDM Research believes that the strategy should have been consolidating our local market and gradually in tandem penetrate the regional market.**

Adjusting this disequilibrium is important for the future of our DOE industry. Manufacturing policy must therefore be formulated to address:

- ‘the country’s overall competitiveness’ through the provision of adequate resources.
- its international trade policy to contain the rising trends of imports in the country.

While this will be discussed in the section , policy and recommendations, it is vital that the Mauritius DOE manufacturing, given its weight in the socio-economic architecture of this country, continues to have the **right framework of support** to ensure that DOE manufacturing sector emerged from the global slowdown **stronger and fitter than ever**, and is **better placed to exploit new opportunities of a globalised economy**.

7 POLICY AND RECOMMENDATIONS FOR THE DOE SECTOR

7.1 INTRODUCTION

DOE manufacturing matters for Mauritius. It has over the decades demonstrated inherent abilities to create wealth sustain jobs and has been central to our economic success.

It has yet to become the foundation of our strength for increasing trade in products other than textile and sugar. Being at the frontier of new technologies, expertise, knowledge and experience, its future presently lies in an industrial policy capable of providing the necessary impetus for consolidation and expansion. **Recognition of the economic merits of our DOE manufacturing sector will be a positive step forward.**

7.2 CHALLENGES & POLICY FRAMEWORK

The DOE industry is affected by short-term and long term challenges. In the short-term, it is clearly affected by the current global economic slowdown. With the global economy dipped into a second recession and the first one not yet over, Mauritius, as all other nations, has to strive hard to protect its economy.

Food security has now also become an important issue with regards to the burgeoning middle classes from China and India. Much of their agricultural product will have to be consumed within their own market and other export countries may be attracted to export to them given their market size at the expense of the tiny Mauritian market. Floods, droughts, and increasing use of agricultural produce for bio-fuel production have also added to the existing concern about food security.

Furthermore, Mauritius has to face fierce competition from China, India and South Africa. Those countries have competitive edges over Mauritius in several areas – size of the market, cost of labour, laws, access to raw materials, etc and their economic performances amidst a global economic slowdown are remarkable.

In the long-term, the pace of globalisation will continue to intensify, which means that if measures are not taken presently, it will be more complicated in the future.

7.3 SHORT, MEDIUM AND LONG-TERM SUPPORT FRAMEWORK

But at the same time, those short-term and long-term challenges present tremendous opportunities for growth.

The DOE industry, as it has always been, can be an indispensable asset in the pursuit for a new period of socio-economic prosperity.

It is therefore vital for the DOE industry to continue to have the **right short, medium and long-term support framework** to ensure it emerges stronger enough to exploit new market opportunities, be at the cutting edge of technology and can compete at global level.

7.4 GROWTH TRAJECTORY FOR THE DOE MANUFACTURING INDUSTRY

While most of the focus of the industrial policy during the last decades has been on the Export Oriented Enterprises, it is presently recommended that the DOE manufacturing sector has its deserved place within policy-making. It has become evident that the Mauritian DOE sector is capable of higher levels of performance. The DOE sector explicitly reckons the central role of Government in defining a coherent manufacturing policy.

A growth trajectory for the DOE manufacturing will imply:

- **permanent dialogue-based platform which promotes the alignment of both public and private sector efforts**
- **Necessary macro-economic and institutional framework to continuously improve competitiveness of the DOE industry.**
- **Identifying and addressing the cross-cutting and sector-specific constraints.**
- **Identifying upcoming opportunities.**
- **Reviewing international trade policy and exercise caution in the further lowering of industrial tariffs that could refrain domestic production and consumption.**
- **Special focus to promote DOE goods abroad.**

While ‘dialogue-based’ and ‘macro-economic and institutional ’ framework and ‘cross-cutting sector issues’ has to be embedded in a broad policy mechanism, it is recommended that ‘sector-specific constraints’, ‘upcoming opportunities’ and ‘international trade policy’ are dealt at sector and sub-sector levels.

7.5 CROSS—CUTTING SPECIFIC CONSTRAINTS

Before addressing specifically the above-mentioned points, technical insights about constraints faced by the DOE manufacturing sector are presented below.

- **Level playing field**

Competition is the essence of business and is healthy if it is done at a level playing field. Already, Mauritius has to face competition arising from the limited size of its market, economies of scale, cost of raw materials, labour costs etc. It is important appropriate policies are enacted to level this playing field. For example, ensuring that imported products are compatible with international environmental and labour laws is vital. Authorities must also ensure, through legislation and enforcement, that imported goods undergo the same level of quality assurance that domestic products.

- **Access to finance at concessionary rates of interest**

Market realities have shown that during global economic slowdown, business investments decline at a speedier pace than consumption. This is in fact true for Mauritius. Access to finance at concessionary rates of interest is always important for sector development and even more so presently. It can also be streamlined in such a way to encourage manufacturing entrepreneurs to invest in state of art technology or other areas that will impact on productivity, thus boosting enterprise competitiveness.

- **Clear-cut foreign direct policy and market size**

It is to be reckoned that Mauritius has a tiny market. With imported products, the market has been further shared. While attracting foreign direct investment constitutes several blessings for the country, it is important to have a clear-cut policy that channels investment in non-exploited sectors or in sectors where Mauritius has very limited know-how. Investment in already matured sector, where DOEs have acquired management and technical maturity, will be at their detriment.

- **Progressive tariff reduction**

Tariffs, by virtue of our commitments to WTO and other regional organisations have been constantly reviewed downward. It is recommended that prudence be exercised with regards to the speed at which tariff lines are dismantled.

- **Dumping**

Dumping is highly detrimental for the DOE sector as in most cases the price charged is more or less equal to marginal cost. This makes the imported products fraudulently cheaper than the locally produced ones. Government should be pro-active in ensuring that such practices by foreign exporters are referred to WTO Panel.

- **35% value added with regards to export to the SADC and COMESA Markets**

This is a factor affecting exports to SADC and COMESA markets. Value creation of 35% makes price not competitive on the export market as most of the raw materials are being imported. Action by Government in regional trade meetings would be helpful.

7.6 DOE MANUFACTURING INDUSTRY COMPETITIVENESS

Addressing all these cross-cutting sector issues will be a milestone step in achieving competitive advantage. It will assist in compensating the above handicaps and creates 'enabling environment' for the industry to be cost competitive.

Mauritius has played the game of trade liberalisation with gradual drops in import duties. **However, continued uncontrolled market access to imported products benefitting from 'unfair' (dumping) or 'natural' competitive advantage (labour costs) will constantly grab the market share of our local product.**

Compensating both 'unfair' and 'natural' handicaps will foster the second phase of our industrial take-off. A number of handicaps have been observed as acting in favour of imported products.

7.7 FIRE AT ALL CYLINDERS

In the section concerned with sub-sectors of the DOE Industry, proposals have been made in line with the incumbent conditions of different sub-sectors. One emerging force – **all sectors of the DOE industry have a growth future.** However, the essence of our DOE manufacturing policy should be to fire at all cylinders – financial and non-financial resources, economic diplomacy, non-tariff barriers etc.

7.8 SECTORS – AMPLE OPPORTUNITIES FOR GROWTH

The sub-sectors of the agro-industry have potential for growth prospects. It has already shown its economic potential with regards to its contribution to GDP, its horizontal and vertical linkages to other sectors, its capacity to generate employment etc.

Indeed, the current global context and Government objective to achieve food sovereignty in certain areas, and achieving part self-sufficiency are all pushy forces.

Government must consider such measures as putting more land at the disposal of DOE entrepreneurs, support in terms of veterinary services and technology, training, etc will all but be beneficial for the country, its entrepreneurs and its people. The agro-industry also comprises the dairy sector. Milk and dairy products are a national source of protein for the population. These are areas where local private investors can join hand with foreign investors to set up dairy farms and locally supply companies involved in producing dairy-related products.

As the dairy and meat sector, the flour sector is a sensitive product. Its quality and its supply are vital given its role to feed the local population. Measures should be in place to make sure that bad quality flour does not reach our borders, especially through dumping. The same principle has to be observed for our animal feed sector.

The condiment, the bakery and the pastry sector are testimony of our culture and our know-how, other than its economic spill-over effects. Already drop in duties have flooded the local market with a multitude of substitutable imported products. Government must through non-tariff measures provide support to these sectors.

The chemical sector (which comprises soaps and detergents, paints and varnishes, fertilisers, cosmetics, agro-chemicals, plastics and rubber) has survived in spite of the rising imported products. Most of the sectors, accompanied by Government support, have invested in high-tech to cope with competition. At this level of global integration, it may be difficult for Mauritian economic diplomacy to revert back towards the re-introduction of import duties. However, as mentioned in the Global Trade Alert 2010, other countries have gone through this process, wherever required (Europe). But resorts to stringent norms such as ‘taxes on

phosphates’ or ‘taxes non-compliant Maurice Ile Durable products’ will boost the local chemical sector and attract more investment, with all its spill- over effects.

The paper, printing, editing, packaging and publishing sector has also been a key productive sector of the Mauritius economy. Present in Mauritius since the use of carved-stone templates, the sector is now at the frontier of high-tech for production. Reduction in duties on certain products has slowed growth perspectives. For such sectors, it is important the current level of duties are maintained while in tandem encourage entrepreneurs in moving further on the technology ladder.

Similar to the paper sector, the wood and the furniture sector has also been affected by drop in import duties. The wood and furniture sector has peculiarities of its own. 75% of its output is produced by small and medium enterprises scattered over all the districts of Mauritius. Maintaining the current level of duty (30%) is vital for finished furniture products. Government must provide facilities to enable them to move upmarket.

The shoe, the leather and the jewellery sector seemed to have been deeply affected by the drop in tariff lines. The shoe sector has suffered the most. The leather and the jewellery sector, have managed to cope, but it stagnated in terms of investment and sales. The leather and the jewellery sector should be given more opportunities in the tourism and shopping value-chain.

The shipping and the repair sector have potential for growth as Mauritius positions itself as being a hub in the Indian Ocean.

7.9 WAY FORWARD

In a nutshell, the ‘way forward’ should comprise such actions related to branding of our local products, revisiting the escalating costs of vital inputs for production (fuel, logistics, transports, etc) access to finance at low rates of interest, tax exemptions for enterprises investing in new technology and stringent non-tariff barriers to closely monitor imported products (production system, quality, expiry dates, etc) and re-introduction of import duties wherever necessary.

‘Industry’ is ‘inherited knowledge’ having gone through various generations. Countries that have lost this faculty have not regained it (Ireland). On the other hand, countries that have safeguarded this knowledge are in a stronger position to maintain a growth path and to raise their standard of living.

In joint collaboration between Government and the entrepreneurs, a ‘middle-ground’ policy mix must be developed, with the end objective of ensuring the continuity of the manufacturing sector, comprising a robust and expanding array of DOE enterprises.

We would conclude by:

‘The **DOE manufacturing sector** has over the years **acquired industrial strength of its own**, but has remained **invisible to most people**. It is now time to **value the contribution of this sector and support its initiatives in a prospect of fairness and level playing field**’

ANNEX I

HS CODE	DESCRIPTION	UNIT	CUSTOM
01011010	Live horses, pure-bred breeding	U	Rs 30,000/ UNIT
01019010	Live horses, asses, mules and hinnies.- Other	U	Rs 30,000/ UNIT

HS CODE	DESCRIPTION	UNIT	CUSTOM
09023000	Black tea (fermented or partly fermented) in pac	kg	30
09024000	Black tea (fermented or partly fermented) in pac	kg	30
09041200	PEPPER OF THE GENUS PIPER, CRUSHED OR GROUND	kg	10
09042090	Dried fruits of the genus capsicum or pimenta cr	kg	10
09050090	Vanilla crushed or ground	kg	10
09062000	Cinnamon and cinnamon-tree flowers, crushed or g	kg	10
09070090	Cloves (whole fruit,cloves & stems) crushed or g	kg	10
09081090	Nutmeg,crushed or ground	kg	10
09082090	Mace crushed or ground	kg	10
09083090	Cardamoms crushed or ground	kg	10
09091090	Seeds of anise or badian,crushed or ground	kg	10
09092090	Seeds of coriander,crushed or ground	kg	10
09093090	Seeds of cumin,crushed or ground	kg	10
09094090	Seeds of caraway, crushed or ground	kg	10
09095090	Seeds of fennel or juniper,crushed or ground	kg	10
09101090	Ginger crushed or ground	kg	10
09103090	Turmeric (curcuma), crushed or ground	kg	10
09109190	Mixtures of spices ref to in note 1(b) to chap 9	kg	10
09109910	Spices nes excl those of 0910101/919,neither cru	kg	10
09109999	Curry spices, crushed or ground	kg	10

HS CODE	DESCRIPTION	UNIT	CUSTOM
11010000	Wheat or meslin flour	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
15079000	Refined soya-bean oils & its fractions , not che	kg	10
15089000	Refined ground-nut oil and its fractions, not ch	kg	10
15121900	Sunflower-seed or safflower oil/fraction, refine	kg	10
15122900	Cotton-seed oil & its fractions, refined, but no	kg	10
15131900	Coconut copra oil & its fractions refined but not chemically modified.	kg	10
15132900	Palm kernel or babassu oil & their fractions,ref	kg	10
15141900	Refined oil of low erucic acid rape colza oil an	kg	10
15149900	Refined oil other than of low erucic acid rape c	kg	10
15152900	Maize (corn) oil and its fractions refined but n	kg	10
15171000	Margarine excluding liquid margarine	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
22011011	mineral waters in plastic bottles	L	15
22011019	Mineral waters not in plastic bottles	L	15
22011021	aerated waters in plastics bottles	L	15
22011029	Aerated waters not in plastic bottles	L	15
22019010	Natural waters,ice and snow unsweetened or unfla	L	15
22019090	Natural waters, ice,snow unsweetened or unflavoured not in plastic bottles	L	15
22021010	waters incl mineral & aerated,sweetened or flavo	L	15
22021020	In aluminium can	L	15
22021090	Other waters incl mineral & earated waters,nes	L	15
22029090	Other non-alcoholic beverages	L	15
22030010	In aluminium can	L	15
22030090	Beer made from malt: other	L	15
22041010	Champagne	L	15
22041090	Other wine of fresh grapes	L	15
22042110	Fortified wine of fresh grapes, in container hol	L	15
22042190	Other wine of fresh grapes, in container holding	L	15
22042910	Wine (excl. sparkling); imported for bottling pu	L	15
22042920	Fortified wine	L	15

22042990	Wine excluding for bottling purposes	L	15
22051010	Food supplements of wines, of fresh grapes, in	L	15
22051090	Vermouth and flavoured wine of fresh grape in <2	L	15
22059010	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances.- in bulk for bottling purposes	L	15
22059090	Vermouth and other wine not for bottling purpose	L	15
22060010	Fermented beverages e.g cider, perry, mead for b	L	15
22060020	Fortified country liquor	L	15
22060030	Shandy	L	15
22060041	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:In aluminium can	L	15
22060049	Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:other	L	15
22060051	In aluminium can	L	15
22060059	Other	L	15
22060060	Made wine	L	15
22060070	Island wine	L	15
22060080	Admixed wine	L	15
22060091	In aluminium can	L	15
22060099	Other	L	15
22071090	Other undenatured ethyl alcohol, strength >=80%	L	15
22072020	Denatured alcohol (heating and lighting)	L	15
22072030	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.- Other	L	15
22072090	Other denatured ethyl alcohol and spirits	L	15
22082011	COGNAC IMPORTED IN BULK FOR BOTTLING PURPOSES	L	15
22082019	OTHER COGNAC NOT IN BULK	L	15
22082021	BRANDY OR MATURED BRANDY	L	15
22082029	BRANDY NOT IN BULK FOR BOTTLING PURPOSES	L	15

22082090	Spirits distilled from grape wine or marc excl c	L	15
22083010	Whiskies imported for bottling purposes	L	15
22083090	Whiskies not in bulk for bottling purposes	L	15
22084010	Agricultural rum	L	15
22084020	Island recipe rum (30% 200/litre absolute alcoho	L	15
22084090	Other rum	L	15
22085010	Spirits obtained by distilling grape wine or grape marc:Distilled gin	L	15
22085020	Spirits obtained by distilling grape wine or grape marc:London gin	L	15
22085090	Spirits obtained by distilling grape wine or grape marc:Other	L	15
22086010	Vodka produced from alcohol obtained by treating fermented mash of cereals or potato	L	15
22086090	Other	L	15
22087000	Liqueurs and cordials	L	15
22089011	Eau de vie in bulk for bottling, alcoholic strength <55% vol	L	15
22089019	Other eau de vie	L	15
22089020	Spirit cooler	L	15
22089021	Spirit cooler in can	L	15
22089029	#NAME?	L	15
22089031	Tequilla in bulk for bottling of alcoholic strength <55% vol	L	15
22089039	Other tequilla	L	15
22089040	Spirits obtained by redistilling alcohol obtaine	L	15
22089050	Spirits obtained by compounding alcohol from mol	L	15
22089060	Admixed spirits	L	15
22089090	Undenatured alcohol <80% vol, spirituous beverag	L	15
22090000	Vinegar and substitutes for vinegar obtained fro	L	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
23091000	Dog or cat food, put up for retail sale	kg	15
23099020	Pet foods other than those of heading 230910	kg	15
23099090	Preparations used in animal feeding excl sub hea	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
24011000	Unmanufactured tobacco, not stemmed/stripped	kg	15

24012000	Unmanufactured tobacco, partly or wholly stemmed	kg	15
24013000	Unmanufactured tobacco; tobacco refuse.- Tobacco, partly or wholly stemmed/stripped	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
25010011	Refined common salt, whether or not in aqueous s	kg	15
25010019	Common salt not refined, whether or not in aqueo	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
32081090	Other paints based on polyesters	kg	15
32082090	Other paints on acrylic or vinyl polymers	kg	15
32089090	Other paints NES	kg	15
32091090	Other paints based on acrylic or vinyl polymers	kg	15
32099090	Other paints	kg	15
32100099	Other paints	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
33030000	Perfumes and toilet waters	kg	15
33041000	Lip make-up preparations	kg	15
33042000	Eye make-up preparations	kg	15
33043000	Manicure or pedicure preparations	kg	15
33049100	Beauty or make-up powders, whether or not compre	kg	15
33049900	Beauty/make-up preparation excl lip,eye, manicur	kg	15
33051000	Shampoos	kg	15
33052000	Preparations for permanent waving or straighteni	kg	15
33053000	Hair lacquers	kg	15
33059090	Other preparations for use on the hair	kg	15
33061000	Dentifrices	kg	15
33071000	Pre-shave, shaving or after-shave preparations	kg	15
33072000	Personal deodorants and antiperspirants	kg	15
33073000	Perfumed bath salts and other bath preparations	kg	15
33074900	Preparations for perfuming or deodorising rooms	kg	15

33079090	Depilatories,perfumery,cosmetic/toilet preparati	kg	15
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HS CODE	DESCRIPTION	UNIT	CUSTOM
34011100	Soap and organic surface-active products in bars	kg	15
34011900	Soap/organic surface active agent in bars, cakes	kg	15
34012000	Soap in other forms,excluding 340111-19	kg	15
34013000	Organic surface-active products and preparations	kg	15
34022090	Other preparations for cleaning or disinfecting	kg	15
34052000	Polish;cream,similar preparation for wooden furn	kg	15
34053000	Polishes and similar preparations for coachwork	kg	15
34054000	Scouring pastes and powders and other scouring p	kg	15
34060000	Candles, tapers and the like.	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
36050000	Matches, other than pyrotechnic articles or head	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
39172100	Rigid tubes, pipes & hoses of polymers ,of ethyl	kg	15
39172200	Tubes, pipes and hoses, rigid, of polymers of pr	kg	15
39172300	Tubes, pipes and hoses, rigid, of polymers of vi	kg	15
39172900	Tubes, pipes and hoses, rigid, of other plastics	kg	15
39173100	Flexible plastic tubes,pipes,hoses minimum burst	kg	15
39173200	Plastic tube,pipe,hose,not reinforced,without fi	kg	15
39173300	Plastic tubes,pipes & hoses,excl 391721-32,not r	kg	15
39173900	Tubes,pipes & hoses,of plastics ,nes, excl 39171	kg	15
39174000	Fittings of plastics for tubes,pipes & hoses	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
39221000	Baths, shower-baths and wash-basins, of plastics	kg	15
39222000	Lavatory seats and covers of plastics	kg	15
39229010	Dual flushing system sanitary cisterns and mecha	kg	15
39229090	Other sanitary ware of plastic	kg	15
39232110	Ethylene polymers' shopping bags not for prolong	kg	30
39232910	Shop bags not for prolonged use with handles, o	kg	30
39241000	Tableware and kitchenware of plastics	kg	15
39249060	Tablecloth	kg	10
39249090	Other household articles of plastics	kg	15
39252000	Doors, windows and their frames and thresholds f	kg	15
39253000	Shutters, blinds and similar articles and parts	kg	15
39259010	Toilet articles of plastics for permanent instal	kg	15
39259090	Builders' ware of plastics, nesoi, excl 392510-3	kg	15
39261090	Office or school supplies of plastics excl. eras	kg	10
39262030	Gloves made of cloth	kg	15
39264090	Statuettes & ornaments of plastics excl. religio	kg	10
39269050	Handset of a kind used for shower bath	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
40111000	New pneumatic rubber tyre for use on motor car,	U	30
40112000	New pneumatic tyres, of rubber of a kind used on	U	30
40114000	New pneumatic tyres, of rubber of a kind used on	U	30
40116100	New pneumatic tyres, of rubber, having a "herrin	U	30
40116200	New pneumatic tyres, of rubber, having a "herrin	U	30
40116300	New pneumatic tyres, of rubber, having a "herrin	U	30
40116900	Other New pneumatic tyres, of rubber, having a "	U	30
40119200	Other new pneumatic tyres, of rubber, of a kind	U	30
40119300	Other new pneumatic tyres, of rubber, of a kind	U	30
40119400	Other new pneumatic tyres, of rubber, of a kind	U	30
40119900	New pneumatic tyres, of rubber, excl 401110-91	U	30
40121100	Retreaded tyres, of a kind used on motor cars (including station	U	30

	wagons an		
40121200	Retreaded tyres, of a kind used on buses or lorries	U	30
40121900	Other Retreaded tyres	U	30
40122000	Used pneumatic tyres of rubber	U	30
40129000	Solid or cushion tyres interchangeable tyre trea	U	30
40151900	Gloves other than surgical of vulcanised rubber	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
42021290	Other suit-cases and similar containers	U	30
42021900	Trunk,suit/vanity/brief-cases,satchel, nes excl	U	30
42022200	Handbags with strap,handle or not,of or covered	U	30
42022900	Handbags, with strap,handle or not, nes, excl 42	U	30
42023200	Article carried in pocket/handbag of or covered	kg	30
42023900	Article carried in pocket/hand-bag nes excl 4202	kg	30
42029200	Cases and containers, nes, of or covered with pl	kg	30
42029900	Cases and containers, nes, excl 420291-92	kg	30

HS CODE	DESCRIPTION	UNIT	CUSTOM
44181000	Windows, french-windows and their frames, of woo	kg	15
44182000	Doors and their frames and thresholds, of wood	kg	15
44185000	Shingles and shakes, of wood	kg	10
44186000	Posts and beams	kg	15
44189000	Builders' joinery,carpentry of wood,inc cellular	kg	15
44190000	Tableware and kitchenware, of wood.	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
44201090	Statuettes & other ornaments of wood excl. relig	kg	10
44209000	Wood marquetry,inlaid wood;casket,case for jewel	kg	10

HS CODE	DESCRIPTION	UNIT	CUSTOM
46019200	Plaits and similar products of plaiting material	kg	15
46019300	Plaits and similar products of plaiting materials of rattan	kg	15
46019400	Plaits and similar products of plaiting material	kg	15
46019900	Plaits etc not of veg. material, nes, in parallel	kg	15
46021100	Basketwork, wickerwork and other articles, of Ba	kg	15
46021200	Basketwork, wickerwork and other articles, of ra	kg	15
46021900	other Basketwork, wickerwork and other articles,	kg	15
46029000	Basket/wickerware, similar article of plaiting ma	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
48171000	Envelopes of paper or paperboard	kg	15
48172000	Letter cards, plain postcards and correspondance	kg	15
48173000	Boxes/pouches/wallets/writing compendiums of pap	kg	15
48181010	Toilet paper in rolls width >15cm =<36 cm	kg	30
48181090	Toilet paper excl 4808,4816109	kg	30
48182000	Handkerchiefs and cleansing or facial tissues &	kg	30
48183000	Tablecloths and serviettes of paperpulp, paper,	kg	30
48184010	Napkins and napkin liners for babies of paper	kg	15
48184090	Sanitary towels and tampons and similar sanitary	kg	30
48189010	Paper nes for household, sanitary etc use, in rol	kg	30
48189090	Household articles nes of paper, pulp etc excl 48	kg	30
48196000	Box file, letter tray, storage box & similar articl	kg	15
48201000	Register/account/note/order/receipt book, letter	kg	15
48202000	Exercise-books of paper of paperboard	kg	15
48203000	Binders, folders and file covers of paper or pap	kg	15
48204000	Manifold business forms and interleaved carbon s	kg	15
48205000	Albums for samples or for collection of paper or	kg	15
48209000	Articles of stationery of paper/paperboard nes e	kg	15
48236100	Trays, dishes, plates, cups and the like, of pap	kg	30
48236990	Other Trays, dishes, plates, cups and the like,	kg	30
48239099	Other paper, paperboard,	kg	30

HS CODE	DESCRIPTION	UNIT	CUSTOM
49090000	Printed or illustrated postcards; printed cards	kg	15
49119920	Scratch cards	kg	15
49119990	Other, Instructional charts	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
56011010	Napkin and napkin liners for babies of wadding	kg	15
56011090	Sanitary towels,tampons and similar article of w	kg	30
56012190	Articles of wadding of cotton	kg	15
56012290	Articles of wadding of man-made fibres	kg	15
56012990	Articles of wadding of textile material excl. co	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
61012010	Men's or boys' wind-cheaters,wind-jacket &sim ar	U	Rs 30/U
61013010	Men's or boys' wind-cheaters,wind-jacket &sim art of man-made fib knit/cro	U	Rs 30/U
61019010	Men's or boys' wind-cheaters,wind-jacket &sim a	U	Rs 30/U
61021010	Women's or girls'wind-cheaters'wind-jack &sim art of wool knit/croch	U	Rs 30/U
61022010	Women's or girls' wind-cheaters,wind jackets & s	U	Rs 30/U
61023010	Women's or girls' wind cheaters,wind jackets& sim art of m/made fib knit/cr	U	Rs 30/U
61029010	Women's or girl wind cheaters,wind jackets&sim a	U	Rs 30/U
61031000	Men's or boys' suits, knitted or crocheted	U	Rs 165/U
61032210	Suit-type jacket &blazer,imp as parts of ens	U	Rs 130/U
61032220	Other jackets &blazer,imp as parts of ensemble o	U	Rs 30/U
61032230	Trousers ,breeches &shorts, imp as parts of en	U	Rs 30/U
61032240	Shirts,imp as parts of ensemble of cotton knit	U	Rs 30/U
61032250	Waistcoats,&sweaters,imp as parts of ensemble of	U	Rs 30/U
61032310	Suit-type jackets &blazers,imp as parts of ensemble of synt fibres	U	Rs 130/U
61032320	Other jackets & blazers ,imp as parts of sy	U	Rs 30/U

61032330	Trousers breeches & shorts imported as parts of	U	Rs 30/U
61032340	Shirts,imp as parts of ensemble of synth fibr	U	Rs 30/U
61032350	Waistcoats,&sweaters,imp as parts of ens of synth fibres knit/croch	U	Rs 30/U
61032910	Suit-type jackets &blazers ,imp as parts of onse	U	Rs 130/U
61032920	Other jackets &blazers ,imp as parts of ensem of	U	Rs 30/U
61032930	Trousers ,breeches&short ,imp as parts of ensem	U	Rs 30/U
61032940	Shirts ,imp as parts of ensemble of other text	U	Rs 30/U
61032950	Waistcoats & sweaters,imp as parts of ensem of o	U	Rs 30/U
61033110	Men's or boys' suit-type jackets &blazers of woo	U	Rs 130/U
61033190	Other men's or boys' jacket/blazer of w/fine ani	U	Rs 30/U
61033210	Men's or boys' suit-type jackets/blazers of cott	U	Rs 130/U
61033290	Other men's or boys' suit-type jackets &blazers	U	Rs 30/U
61033310	Men's or boys' suit-type jackets/blazers of synth fibres	U	Rs 130/U
61033390	Other men's or boys' suit-type jackets & blazers	U	Rs 30/U
61033910	Men's or boys' suit-type jackets &blazers Of oth	U	Rs 130/U
61033990	Other men's or boys' suit-type jackets & blazers	U	Rs 30/U
61034110	Men's/boys' trouser,bib,breech,short etc of wool	U	Rs 30/U
61034210	Men's/boys' trouser,bib,breech,short etc knit/cr	U	Rs 30/U
61034310	Men's/boys' trouser ,bib,breech,short of synth f	U	Rs 30/U
61034910	Men's/boys' trouser,bib,breech etc of other text	U	Rs 30/U
61041300	Women's or girls' suits of synthetic fibres, knitted or crocheted	U	Rs 65/U
61041900	Women's or girls' suit of other textile,nes,excl	U	Rs 65/U
61042210	W/girls' jackets/blazers of cotton ,imp as parts	U	Rs 30/U
61042220	Skirts & divided skirts of cotton ,imp as parts	U	Rs 30/U
61042230	W/girl trouser,breeches&short of cotton, imp as	U	Rs 30/U
61042240	W/girls blouses, skirt/blouses & top ,imp as par	U	Rs 30/U
61042250	W/girls waistcoat & sweaters of cotton ,imp as p	U	Rs 30/U
61042310	W/girls jackets/blazers of synth fibre ,imp as p	U	Rs 30/U
61042320	Skirts & divided skirts of synth fib,imp as parts of ensemble	U	Rs 30/U
61042330	W/girls trousers,breeches & short of synt fib ,imp as parts of ensemble	U	Rs 30/U
61042340	W/girls blouses,shirt/blouses & tops of synt fib	U	Rs 30/U
61042350	W/girls waistcoat & sweater of synth fib,imp as	U	Rs 30/U

61042910	W/girls jackets & blazers of other text ,imp as parts of ensembles	U	Rs 30/U
61042920	Skirts & divided skirts of other text,imp as par	U	Rs 30/U
61042930	W/girls trousers ,breeches & shorts of other tex	U	Rs 30/U
61042940	W/girls blouses ,shirt/blouse & top of other tex	U	Rs 30/U
61042950	W/girls waistcoat & sweater of other text ,imp a	U	Rs 30/U
61043100	Women's or girls'jackets, of wool or fine animal hair,knitted/crocheted	U	Rs 30/U
61043200	Women's or girls' jackets, of cotton, knitted or	U	Rs 30/U
61043300	Women's or girls' jackets, of synthetic fibres,	U	Rs 30/U
61043900	Woman's or girls' jackets, of other textile,excl	U	Rs 30/U
61044100	Women's or girl's dresses of wool or fine animal	U	Rs 30/U
61044200	Women's or girl's dresses of cotton,knitted or c	U	Rs 30/U
61044300	Women's or girl's dresses of synthetic fibres, k	U	Rs 30/U
61044400	Women's or girl's dresses of artificial fibres,k	U	Rs 30/U
61044900	Women's or girl's dresses of other textile excl	U	Rs 30/U
61045100	Women's or girls' skirt/divided skirt of wool ,	U	Rs 30/U
61045200	Women's or girl's skirt/divided skirt of cotton,	U	Rs 30/U
61045300	Women's or girls' skirt/divided skirt of synthet	U	Rs 30/U
61045900	Women's /girl's skirt etc of other textile excl	U	Rs 30/U
61046110	W/girls trouser ,bib,breech.short etc of wool kn	U	Rs 30/U
61046210	W/girls trouser ,bib,breech,short,etc of cotton	U	Rs 30/U
61046310	W/girls trouser ,bib,breech etc of synth fibre k	U	Rs 30/U
61046910	W/Girls trouser ,etc of text excl 610461-63,knit	U	Rs 30/U
61051000	Men's or boys' shirts of cotton, knitted or croc	U	Rs 30/U
61052000	Men's or boys' shirts of man-made fibres, knitte	U	Rs 30/U
61059000	Men's or boys' shirts of other textile,nes,excl	U	Rs 30/U
61061000	Women's or girls' blousers,shirts etc of cotton,	U	Rs 30/U
61062000	Women's or girls' blouser, etc, of man-made fibr	U	Rs 30/U
61069000	Women's or girls' blouser, etc, of other textile	U	Rs 30/U
61091000	T-shirts, singlets and other vests, of cotton, k	U	Rs 15/U
61099000	T-shirt,singlet & other vest of other textile ex	U	Rs 15/U
61101100	Jerseys, pullovers, cardigans, waist-coats, knit	U	Rs 30/U
61101200	Jerseys, pullovers, cardigans, waist-coats, knit	U	Rs 30/U
61101900	Other Jerseys, pullovers, cardigans, waist-coats	U	Rs 30/U

61102000	Jerseys, pullovers, cardigan,waist-coat etc of c	U	Rs 30/U
61103000	Jersey,pullover,cardigan,waist-coat etc of man-m	U	Rs 30/U
61109000	Jersey,pullover,cardigan of other textile,excl 6	U	Rs 30/U
61121100	Track-suits of cotton, knitted or crocheted	U	Rs 30/U
61121200	Track-suits of synthetic fibres, knitted or croc	U	Rs 30/U
61121900	Track-suits of other textile,excl cotton/synthet	U	Rs 30/U
61130011	Suits made up of k/cro fabrics or H 59.03 whethe	U	Rs 165/U
61130012	Suit-type jackets/blazer kni/cro of h 59.03 whet	U	Rs 130/U
61130013	Other jackets/blazer kni/cro of h 59.03 whether or not imp as part of ens	U	Rs 30/U
61130014	Men/ boys trousers,breeches & short made up of k	U	Rs 30/U
61130016	Shirt made up of kni/cro fabric of hd 59.03 whet	U	Rs 30/U
61130017	Men/boys waistcoat & sweater made up of knit/cro fabrics of hd 59.03	U	Rs 30/U
61130091	Suits made up of knit/cro of hd 59.03	U	Rs 65/U
61130092	Jacket/blazer made up of kni/cro fab of hd 59.03	U	Rs 30/U
61130093	Skirts ÷d skirts made up of knit/cro fab o	U	Rs 30/U
61130094	Women/girls trouser,breech& short made up of k/c	U	Rs 30/U
61130096	Blouses,shirt/blouse & top ,made up of fab of hd	U	Rs 30/U
61130097	Dresses made up of fab of heading 59.03	U	Rs 30/U
61130098	Women/girls waistcoat & sweater made up of k/cro fab of hd 59.03	U	Rs 30/U
61142011	Men/boys suits of cotton knitted or crocheted, n	U	Rs 165/U
61142012	Men/boys suit-type jack&blazs, whet nt imp as pr	U	Rs 130/U
61142013	Men/boys other jacts&blazs whet nt imp as prts o	U	Rs 30/U
61142014	Men/boy trouser breech/short whet nt imp as prt	U	Rs 30/U
61142016	Shirts whet nt imp as prt of ensemble of cotton	U	Rs 30/U
61142017	Men/boys waistcoat/sweaters whet nt imp as prt o	U	Rs 30/U
61142091	Women's/girls suits of cotton knitted or crochet	U	Rs 65/U
61142092	Women jackets/blazers of cotton,k/cro nes whethe	U	Rs 30/U
61142093	Skirts& divided skirts ofcotton,knit/cro nes or	U	Rs 30/U
61142094	Women trousers,breech/short of cotton k/cro whet	U	Rs 30/U
61142096	Blouses ,shirt/blouses & top of cotton ,k/croch	U	Rs 30/U
61142097	Dresses of cotton ,knitted or crocheted,nes	U	Rs 30/U

61142098	Women waistcoat & sweater of cotton nes whet or	U	Rs 30/U
61143011	Men/boys suits of man made fibres knitted or cro	U	Rs 165/U
61143012	Other garments, knitted or crocheted.- Suits, whether or not imported as parts of Ensembles	U	Rs 130/U
61143013	Other garments, knitted or crocheted.- Suits, whether or not imported as parts of Ensembles	U	Rs 30/U
61143014	Men/boy trouser breech short w/nt imp as pt of ens of m/made fib k/cro	U	Rs 30/U
61143016	Men/boy shirts w/nt imp as parts of ens of m/mad	U	Rs 30/U
61143017	Other garments, knitted or crocheted.- Shirts, whether or not imported as parts of Ensembles	U	Rs 30/U
61143091	Women's or girl's suits of man made fibres knit	U	Rs 65/U
61143092	Women/girl jackets&blazers of m/made fib w/nt im	U	Rs 30/U
61143093	Wom/girl skirt÷d skirt of m/made fib k/cro	U	Rs 30/U
61143094	W/girl trouser,breech&short of m/m fib k/cro nes	U	Rs 30/U
61143096	W/g blouses,shirt/blouses&top of m/m fib k/cro n	U	Rs 30/U
61143097	Women/girl dresses of man made fibres knitted or crocheted n.e.s	U	Rs 30/U
61143098	Women/girl waistcoat&sweaters of m/m fib nes w/nt imp as pt of ens	U	Rs 30/U
61149011	Men/boy suits of textile excl 611410-20 knitte	U	Rs 165/U
61149012	Men suit type jac&bla w/n imp pt of ens of ot textl excl 611410-20 k/cro nes	U	Rs 130/U
61149013	Mens other jac/bla w/n imp as pt of ens of ot te	U	Rs 30/U
61149014	Men/boy trouser/breech short w/nt imp as part of	U	Rs 30/U
61149016	Men/boy shirts w/nt imp as pt of ens of other te	U	Rs 30/U
61149017	M w/coats&sweat w/nt imp as pt of ens of ot text excl 611410-20 k/c nes	U	Rs 30/U
61149091	Women/girl suits of other textiles excl 611410/2	U	Rs 65/U
61149092	W jacket/blazer of ot text exl 611410/20 k/cro n	U	Rs 30/U
61149093	W skirts&d/skirt of o/tex excl 611410/20 k/c nes	U	Rs 30/U
61149094	W trou/breech/shrt of o/t ex 611410/20 k/c nes w	U	Rs 30/U
61149096	Blouse shirt/blouse top of tex/fib excl 611410/2	U	Rs 30/U
61149097	Dresses of other textiles excl 611410/20, knitte	U	Rs 30/U
61149098	Women waistcoat&sweater of o/text excl 611410/20	U	Rs 30/U

HS CODE	DESCRIPTION	UNIT	CUSTOM
62019100	Men/boy anorak,wind-cheater,wind-jacket of wool,	U	Rs 30/U
62019200	Men/boy's anorak,wind-cheater,wind-jacket of cot	U	Rs 30/U
62019300	Men/boy's anorak,wind-cheater etc of man-made fi	U	Rs 30/U
62019900	Men's/boy's anorak,wind-cheater etc of textile n	U	Rs 30/U
62029100	Woman's/girl's anorak,wind-cheater etc of wool,not knitted/crocheted	U	Rs 30/U
62029200	Woman's/girl's anorak,wind-cheater etc of cotton	U	Rs 30/U
62029300	Woman's/girl's anorak,wind-cheater etc of man-ma	U	Rs 30/U
62029900	Woman/girl anorak etc of textile,nes,excl 620291	U	Rs 30/U
62031100	Men's/boy's suit of wool or fine animal hair,not	U	Rs 165/U
62031200	Men's or boys' suits of synthetic fibres,not kni	U	Rs 165/U
62031900	Men's or boys' suit of textile,nes, excl 620311-	U	Rs 165/U
62032210	Men/boy suit-type jacket&blazer imp as pt of ens	U	Rs 130/U
62032220	Other men/boy jacket&blazer imp as pt of ens of	U	Rs 30/U
62032230	Men/boy trouser breech&short of cotton nt k/cro	U	Rs 30/U
62032240	Men/boy shirt of cotton not knit/cro imp as part	U	Rs 30/U
62032250	Men/boy waistcoat&sweater of cotton nt k/cro imp	U	Rs 30/U
62032310	Men/boy suit-type jacket&blazer imp as pt of ens	U	Rs 130/U
62032320	Other men/boy jacket&blazer imp as pt of ens of	U	Rs 30/U
62032330	Men/boy trousers breech&short of synt fib nt k/c	U	Rs 30/U
62032340	Men/boy shirt of synt fib nt k/cro imp as part o	U	Rs 30/U
62032350	Men/boy waistcoat&sweater of synt fib nt k/cro i	U	Rs 30/U
62032910	Men/boy suit-type jacket&blazer of text nes imp	U	Rs 130/U
62032920	Other men/boy jacket&blazer of text nes imp as p	U	Rs 30/U
62032930	Men/boy trouser breech&short of oth text nt k/cr	U	Rs 30/U
62032940	Men/boy shirt of other textile not k/cro importe	U	Rs 30/U
62032950	Men/boy waistcoat&sweater of oth text nt k/cro i	U	Rs 30/U
62033110	Men/boy suit-type jacket&blazer of wool/ fine an	U	Rs 130/U
62033190	Other men/boy suit-type jacket&blazer of w/fine	U	Rs 30/U

62033210	Men/boy suit-type jacket&blazer of cotton not kn	U	Rs 130/U
62033290	Other men/boy suit-type jacket&blazer of cotton	U	Rs 30/U
62033310	Men/boy suit-type jacket&blazer of synt fibres n	U	Rs 130/U
62033390	Other men/boy suit-type jacket&blazer of synt fi	U	Rs 30/U
62033910	Men/boy suit-type jacket&blazer of text excl 620	U	Rs 130/U
62033990	Other men/boy suit-type jacket&blazer excl 62033	U	Rs 30/U
62034110	Men/boy trouser breech&short of w/fine animal ha	U	Rs 30/U
62034210	Men/boy trouser breech&short of cotton not knitt	U	Rs 30/U
62034310	Men/boy trouser breech&short of syntheti fibre n	U	Rs 30/U
62034910	Men/boy trouser breech&short of text nes excl 62	U	Rs 30/U
62041100	Women's/girls' suit of wool / fine animal hair,n	U	Rs 65/U
62041200	Women's/girls' suit of cotton, not knitted or cr	U	Rs 65/U
62041300	Women's or girls' suits of synthetic fibres,not knitted or crocheted	U	Rs 65/U
62041900	Women's or girls' suits of textile ,nes,excl 620	U	Rs 65/U
62042110	Women/girl jacket&blazer of w/fine ani hair nt k	U	Rs 30/U
62042120	Women/girl skirt÷d skirt of w/fine ani hai	U	Rs 30/U
62042130	Women/girl trouser breech&short of wool fine ani	U	Rs 30/U
62042140	Women/girl blouse shirt/blouse&top of w/fine ani	U	Rs 30/U
62042150	Women/girl waistcoat&sweater of w/fine ani hair	U	Rs 30/U
62042210	Women/girl jacket & blazer of cotton not k/cro i	U	Rs 30/U
62042220	Women/girl skirt & divided skirt of cotton nt k/	U	Rs 30/U
62042230	Women/girls trouser,breech &short of cot not k/c	U	Rs 30/U
62042240	Women/girl blouses,shirt/blouses &top of cot not	U	Rs 30/U
62042250	Women/girl waistcoat & sweater of cot not k/croc	U	Rs 30/U
62042310	Women/girl jacket/blazer of synth fib not knit/c	U	Rs 30/U
62042320	Women/girl skirt & divided skirt of synth fib no	U	Rs 30/U
62042330	Women/girl trouser,breech & short of syn fib not	U	Rs 30/U
62042340	Women/girl blouser,shirt/blouser &top of syn fib	U	Rs 30/U
62042350	Women/girl waistcoat & sweater of synth fib not	U	Rs 30/U
62042910	Women/girl jacket &blazer of text excl 620421-23	U	Rs 30/U
62042920	Women/girl skirt & divided skirt of text excl 62	U	Rs 30/U
62042930	Women/girl trouser,breech & short of text excl62	U	Rs 30/U
62042940	Women/girl blouser,shirt/blouser &top of text ex	U	Rs 30/U
62042950	Women/girl waistcoat & sweater of text excl 6204	U	Rs 30/U

62043100	Women's/girls' jacket of wool/fine animal hair,	U	Rs 30/U
62043200	Women's or girls' jackets of cotton, not knitted	U	Rs 30/U
62043300	Women's or girls' jackets of synthetic fibres, n	U	Rs 30/U
62043900	Women's/girls' jacket of textile, nes, excl 620431	U	Rs 30/U
62044100	Women's or girls' dresses of wool or fine animal	U	Rs 30/U
62044200	Women's or girls' dresses of cotton, not knitted	U	Rs 30/U
62044300	Women's or girls' dresses of synthetic fibre, n	U	Rs 30/U
62044400	Women's or girls' dresses of artificial fibres,	U	Rs 30/U
62044900	Women's or girls' dresses of textile, nes, excl 62	U	Rs 30/U
62045100	Women's/girls' skirt/divided skirt of wool/animal hair, not knitted/croche	U	Rs 30/U
62045200	Women's or girls' skirt & divided skirt of cotton	U	Rs 30/U
62045300	Women's/girls' skirt & divided skirt of synthetic	U	Rs 30/U
62045900	Women's/girls' skirt/divided skirt of textile nes	U	Rs 30/U
62046110	Women/girl trouser, bib, short of w/fine animal hair	U	Rs 30/U
62046210	Women/girl trouser, bib, short of cotton, not knit/	U	Rs 30/U
62046310	Women/girl trouser, bib, short of synth fib, not kn	U	Rs 30/U
62046910	Women/girl trouser, bib, short of text not knitted	U	Rs 30/U
62052090	Other men's or boys shirts of cotton	U	Rs 30/U
62053090	Other men's or boys shirts of man-made fibres	U	Rs 30/U
62059000	Men's or boys' shirts of textiles material, nes,	U	Rs 30/U
62061090	Other women's, girls' blouses of silk/silk waste	U	Rs 30/U
62062000	Women's/girls' blouse, shirt, etc, of wool/fine ani	U	Rs 30/U
62063090	Other women's/girls' blouses of cotton, nes	U	Rs 30/U
62064090	Other women's/girls' blouses of man-made fibres,	U	Rs 30/U
62069000	Women's/girls' blouse, shirt, etc of textile, nes, n	U	Rs 30/U
62079110	Men/boys singlets & other vests of cotton, not kn	U	Rs 15/U
62079910	Mens/boys singlets & other vests of text not kni	U	Rs 15/U
62089110	Women/girls singlets & other vests of cotton, not	U	Rs 15/U
62089210	Women/girls singlets & other vests of man made fi	U	Rs 15/U
62089910	Women/girl singlets & other vests of text, not kn	U	Rs 15/U
62101021	Mens or boy suits made up of fabrics of 5602/3	U	Rs 165/U
62101022	Men suit-type jackets & blazers made up of fab of 5602/3 w/not imp as pt/ens	U	Rs 130/U

62101023	Men other jackets & blazers made up of fab of 56	U	Rs30/U
62101024	Men trouser breech&short made up of fab of 5602/	U	Rs30/U
62101026	Men/boy shirt made up fab of 5602/3 whether or n	U	Rs30/U
62101027	Men waistcoat & sweaters of 5602/3 whether or no	U	Rs30/U
62101031	Women girl suits made up of 5602/3	U	Rs65/U
62101032	Women/girl jackets & blazers of 5602/3 w/nott imp	U	Rs65/U
62101033	Women/girl skirt & divided skirt of 5602/3 w/nt	U	Rs30/U
62101034	Women/girl trousers breeches & short of 5602/3 w	U	Rs30/U
62101036	Blouses, shirt, shirt-blouses & top of 5602/3, w/not	U	Rs30/U
62101037	Dresses of 5602/3	U	Rs30/U
62101038	Waistcoat & sweater of 5602/3, whether or not imp	U	Rs30/U
62104091	Other men's or boys' suits	U	Rs 165/U
62104092	Men's/boys suit-type jackets & blazers, whether or not imp as pt of ensem	U	Rs 130/U
62104093	Other mens or boy jackets & blazers, whether or n	U	Rs30/U
62104094	Other men's or boys trousers, breech & short ,w or	U	Rs30/U
62104096	Other mens or boy shirt , whether or not imp as p	U	Rs30/U
62104097	Other mens or boy waistcoat & weaters , whether o	U	Rs30/U
62105091	Other women's or girls' suits	U	Rs 65/U
62105092	Womens or girls jackets & blazers, whet or not	U	Rs 30/U
62105093	Other women's or girls skirts & divided, whether	U	Rs30/U
62105094	Other womens or girls trousers, breech & shorts, w	U	Rs30/U
62105096	Other women's or girls blouses shirts, shirt/blo	U	Rs30/U
62105097	Other dresses	U	Rs30/U
62105098	Other women's or girls' waistcoat & sweater, w/n	U	Rs30/U
62113220	Men/boy track suits of cotton, not knitted and c	U	Rs 30/U
62113291	Men/boy suits nes of cotton, not knitted or croc	U	Rs 165/U
62113292	Men suit-type jackets&blazers nes of cotton nt k	U	Rs 130/U
62113293	Men other jackets&blazers of cotton nes nt k/cro	U	Rs30/U
62113294	Men trousers breech&shorts of cotton nes nt k/cro w/nt imp as pt of ens	U	Rs30/U
62113296	Men shirts of cotton nes not knit/cro, w/not imp as parts of ensembles	U	Rs30/U
62113297	Men waistcoat&sweater nes of cotton not k/cro w/	U	Rs30/U

62113320	Men track suits of man made fibres not knitted &	U	Rs30/U
62113391	Men's/boy's suits nes of man made fibres	U	Rs 165/U
62113392	Men suit-type jackets/blazers of m/made fib nes	U	Rs 130/U
62113393	Men other jackets & blazers of man made fibre nes w/nt imp as pt of ens	U	Rs30/U
62113394	Men trousers breech&shorts of m/made fib nes w/n	U	Rs30/U
62113396	Men/boy shirts of man made fibres nes w/not impo	U	Rs30/U
62113397	Men/boy waistcoat&sweaters of m/made fibre nes w/nt imp as pt of ens	U	Rs30/U
62113920	Men's/boy's track suits of textile nes	U	Rs30/U
62113991	Men's/boy's suits of textile nes	U	Rs 165/U
62113992	Men/boy suit- type jackets & blazers of text nes	U	Rs 130/U
62113993	Men/boy other jackets & blazers of text nes w/nt	U	Rs30/U
62113994	Men/boy trousers,breech &shorts of text nes w/no	U	Rs30/U
62113996	Men/boy shirts of text nes whether or not imp as	U	Rs30/U
62113997	Men/boy waistcoat & sweaters of text nes w/nt imp as parts of ensembles	U	Rs30/U
62114110	Women's or girls' suits of wool nes not knitted	U	Rs65/U
62114120	Women/girl jackets/blazers of wool nes,whether o	U	Rs30/U
62114130	Women's or girls and div skirts of wool whet/not	U	Rs30/U
62114140	Women/girl trouser breech & shorts of wool nes w	U	Rs30/U
62114160	Women/girl blouse shirt/blouses & top of wool wh	U	Rs30/U
62114170	Dresses of wool nes not knitted or crocheted	U	Rs30/U
62114180	Women/girl waistcoat & sweater of wool ,wheth or	U	Rs30/U
62114220	Other women/girls track suits of cotton nes not	U	Rs30/U
62114291	Women/girls suits of cotton nes not knitted or c	U	Rs 65/U
62114292	Women/girls jackets & blazers of cotton nes whet	U	Rs30/U
62114293	Women/girl skirts & divided skirts of cotton nes	U	Rs30/U
62114294	Women/girls trousers ,breech & shorts of cotton	U	Rs30/U
62114296	Blouses, shirts & tops, whether or not imported	U	Rs30/U
62114297	Dresses of cotton nes not knitted or crocheted	U	Rs30/U
62114298	Women/girls waistcoat & sweater of cotton nes w/not imp as pts of ensem	U	Rs30/U
62114320	Other women/girls track suits of man-made fib no	U	Rs30/U

62114391	Women/girls suits of man-made fibres not knitted	U	Rs 65/U
62114392	Women/girls jackets & blazers of man made fibre w/n	U	Rs30/U
62114393	Women/girls skirt/divided skirts of man made fibre w/not imp as pts of ensem	U	Rs30/U
62114394	Women/girls trouser breech & shorts of man made	U	Rs30/U
62114396	Women/G blouse, shirt, shirt-blouse & tops of m/m fi	U	Rs30/U
62114397	Dresses of man made fibres not knitted/croch	U	Rs30/U
62114398	Track suits, ski suits and swimwear; other garments. - Dresses	U	Rs30/U
62114920	Other women/girls track suits of text fabrics ne	U	Rs30/U
62114991	Women/girls suits of ether text fabrics not knit	U	Rs65/U
62114992	Women/girls jackets & blazers of other text fab	U	Rs30/U
62114993	Women/girls skirts & div skirts of other text fa	U	Rs30/U
62114994	Women/girls trousers, breech & shorts of oth text	U	Rs30/U
62114996	Women/G blouse shirts shirt-blouse & tops of ot t	U	Rs30/U
62114997	Dresses of other text fabrics not knitted or	U	Rs30/U
62114998	Women/girls waistcoats & sweaters of oth text fa	U	Rs30/U

HS CODE	DESCRIPTION	UNIT	CUSTOM
63021000	Bed linen, knitted or crocheted	kg	15
63022100	Printed bed-linen of cotton (excl. knitted or cr	kg	15
63022200	Printed bed-linen of man-made fibres (excl. knit	kg	15
63022900	Printed bed-linen of other textiles (excl. knitt	kg	15
63023100	Bed linen of cotton, not printed, knitted or c	kg	15
63023200	Bed linen of man-made fibre not printed, knitted	Kg	15
63023900	Bed linen of textile, nes, not printed, knitted	Kg	15
63024000	Table linen, knitted or crocheted	Kg	15
63025100	Table linen of cotton not knitted or crocheted	Kg	15
63025300	Table linen of man-made fibre, not knitted or cr	Kg	15
63025900	Table linen of textile, nes, not knitted or croc	Kg	15
63026000	Toilet and kitchen linen, of terry towelling/sim	Kg	15
63029100	Toilet linen and kitchen linen of cotton, excl 6	Kg	15
63029300	Toilet linen and kitchen linen of man-made fibres, excl 630260	Kg	15
63029900	Toilet linen and kitchen linen of textile, nes,	Kg	15

63031200	Curtain & interior blind; etc of synthetic fibre	Kg	15
63031900	Curtain & inter blind etc of textile, nes, knitt	Kg	15
63039100	Curtain & interior blind of cotton etc; not knit	Kg	15
63039200	Curtain & interior blind etc, of synthetic fibre	Kg	15
63039900	Curtain, interior blind etc of textile, nes, not	Kg	15
63041100	Bedspreads, knitted/crocheted, excl those of 940	Kg	15
63041900	Bedspreads, not knitted/crocheted, excl 9404	Kg	15
63049190	Other, Mosquito nets , Knitted or crocheted	Kg	15
63049290	Other, Mosquito nets, Not knitted or crocheted o	Kg	15
63049390	Other, Mosquito nets, Not knitted or crocheted o	Kg	15
63049990	Other, Mosquito nets, Not knitted or crocheted o	Kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
64011000	Waterproof footwear upper/sole of rubber/plastic	2U	15
64019200	Waterproof footwear,upper/sole of rubber/plastic	2U	15
64019910	Other footwear: covering the knee	2U	15
64019990	Other footwear:	2U	15
64022010	Rubber or plastic sandals with v-shaped straps a	2U	Rs 10/2U
64022090	Rubber/plastic footwear with strap assembled to	2U	15
64029120	Other footwear, covering the ankle, of an interi	2U	Rs 50/2U
64029190	Other footwear, covering the ankle, of an interi	2U	Rs 80/2U
64029921	Footwear obtained in a single piece of rubber or	2U	Rs 15/2U
64029922	Slippers with open heel & without functional lac	2U	Rs 15/2U
64029929	Other footwear with outer soles & uppers of rubb	2U	Rs 50/2U
64029991	Footwear obtained in a single piece of rubber or	2U	Rs 25/2U
64029992	Slippers with open heels & with uppers of rubber	2U	Rs 25/2U
64029999	Other slippers with open heel and uppers of rubb	2U	Rs 80/2U
64032030	Other footwear with outer soles of leather & upp	2U	Rs 50/2U
64032090	Footwear with outer soles of leather, and uppers	2U	Rs 80/2U
64034020	Other footwear , incorporating a protective meta	2U	Rs 50/2U
64034090	Other footwear , incorporating a protective meta	2U	Rs 80/2U
64035120	Other footwear with outer soles of leather, covering the ankle,of an inter	2U	Rs 50/2U

64035190	Other footwear with outer soles of leather, cove	2U	Rs 80/2U
64035920	Other footwear with outer soles of leather, of a	2U	Rs 50/2U
64035990	Other footwear with outer soles of leather, of a	2U	Rs 80/2U
64039120	Other footwear, covering the ankle, of an interi	2U	Rs 50/2U
64039190	Other footwear, covering the ankle, of an interi	2U	Rs 80/2U
64039920	Other footwear, of an interior length exceeding	2U	Rs 50/2U
64039990	Other footwear, of an interior length exceeding	2U	Rs 80/2U
64041921	Pantoufles with inner soles of text& outer soles	2U	15
64041922	Slippers with open heel & without functional lac	2U	Rs 25/2U
64041929	Other pantoufles	2U	Rs 50/2U
64041991	Pantoufles with inner soles of textiles & outer	2U	15
64041992	Slippers with open heels & without funtional lace	2U	Rs 40/2U
64041999	Other slippers	2U	Rs 80/2U
64042021	Slippers with open heel & without functional lac	2U	Rs 25/2U
64042029	Oth footwear outer rubber/plastics,leather-upper	2U	Rs 50/2U
64042091	Slippers with open heel & without functional lac	2U	Rs 40/2U
64042099	Other slippers, n.e.s	2U	Rs 80/2U
64051092	Footwr.- interior length >15 cm<=21 cm,upper of	2U	Rs 50/2U
64051099	Other footwear with uppers of leather or composi	2U	Rs 80/2U
64052020	Other footwear, with uppers of textile materials	2U	15
64052092	Footwear-interior>15 cm/<=21cm with uppers of te	2U	Rs 50/2U
64052099	Other footwear with uppers of textile materials	2U	Rs 80/2U
64059020	Other footwear, excluding those with uppers of t	2U	Rs 50/2U
64059090	Other footwear, excluding those with uppers of t	2U	Rs 80/2U
64061010	V-shaped straps for rubber or plastic sandals	2U	Rs 7/2U
64061030	Strap type uppers	kg	Rs 10/2U or 15% whichever is higher
64069992	Parts of footwear, Assemblies of parts not yet c	kg	Rs 40/2U

HS CODE	DESCRIPTION	UNIT	CUSTOM
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66011000	Garden or similar umbrellas	U	15
66019100	Umbrella & sun umbrella, having a telescopic shaf	U	15
66019900	Umbrellas and sun umbrellas, nes, excl 660110-91	U	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
67021090	Other articles made of artificial flowers,foliag	kg	15
67029090	Other art made of artificial flowers,foliage & f	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
68099090	Article of plaster not for religious purposes	kg	15
68101100	Building block,brick of cement/concrete/artifici	kg	15
68101900	Tile,flagstone,etc,of cement,concrete,art stone,	kg	15
68109100	Prefab structure for build.,etc,of cement/conc/a	kg	15
68109990	Articles of cement, concrete or artificial stone	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
69101010	Dual flushing system, sanitary system of porcela	U	15
69101090	Other sanitary ware of porcelain or china	U	15
69109010	Dual flushing systems, sanitary cisterns of cera	U	15
69109090	Other sanitary ware of ceramic	U	15
69111000	Tableware and kitchenware, of porcelain or china	kg	15
69119000	Household and toilet articles of porcelain or ch	kg	15
69120000	Ceramic tableware, other household articles and	kg	15
69131090	Statuette & ornaments of porcelaine or china not	kg	10
69139090	Statuettes & ornaments other than porcelaine not	kg	10
69141000	Ceramic article of porcelain or china nes excl 6	kg	15
69149000	Ceramic articles, nes (excl. 6904-6913)	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
70071910	Toughened safety glass (tempered) in sheets	m2	15
70071990	Toughened safety glass (tempered) not in sheets	m2	15
70072910	Laminated safety glass in sheets	m2	15
70072990	Laminated glass not in sheets	m2	15
70080000	Multiple-walled insulating UNITS of glass	kg	15
70099100	Unframed glass mirrors (excl. rear-view for vehi	kg	15
70099200	Framed glass mirrors (excl. rear-view for vehicl	kg	15
70131090	Other glassware of glass-ceramics	kg	15
70132200	Stemware drinking glasses, other than of glassce	kg	15
70132800	Other Stemware drinking glasses, other than of g	kg	15
70133300	Other drinking glasses other than of glasscerami	kg	15
70133700	Other drinking glasses other than of glasscerami	kg	15
70134190	Other Glassware for table (other than drinking g	kg	15
70134290	Other glassware Of glass having a linear coeffic	kg	15
70134990	Other glassware excl. those of linear coefficien	kg	15
70139100	Toilet/office/indoor decoration glassware nes of	kg	15
70139900	Toilet/office/indoor decoration etc glassware ne	kg	15
70140000	Signalling glassware and optical elements of gla	kg	30
70161000	Glass cubes and smallware,for mosaics/similar de	kg	15
70169000	Paving block,slab,brick etc of glass,multicellul	kg	15
70189090	Statuettes and ornaments of glass not for religi	Kg	10
70199010	Sanitary ware and parts thereof of glass fibre	kg	15
70199090	Articles of glass fibres excl fabrics,sanitarywa	kg	15
70200090	Other articles of glass n.e.s	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
72131020	Round bar/rod of iron >6mm HR contg ribs/grooves	kg	15
72142020	Round bar/rod of iron >6mm HR,ribs/grooves/defor	kg	15
72161010	U/i/h sections of iron/steel hot-rolled, -drawn,	kg	15
72162110	L-sections of iron/steel hot-rolled,-drawn, <80mm height, galvanised	kg	15

72162210	T sections of iron/steel hot-rolled,-drawn,<80mm	kg	15
72163110	U sections of iron/steel hot-rolled, -drawn, >=80mm height, galvanised	kg	15
72163210	I sections of iron/steel hot-rolled, -drawn >=80mm height, galvanised	kg	15
72163310	Angles, shapes and sections of iron or non-alloy steel.- Galvanised	kg	15
72164010	L/t-sections of iron/steel hot-rolled, -drawn >=80mm height galvanised	kg	15
72165010	Angle,shape & section of iron/steel hot-rolled,- drawn,galvanised,nes	kg	15
72166110	Galvanised angles/shape etc of flat rolled produ	kg	15
72166910	Galvanised angle/shape/section excl 7216611 col	kg	15
72169110	Galvanised angle/shape/section cold formed/finis	kg	15
72169910	Galvanised angle/shape excl. 7216101/7216911	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
73065010	Tubes and pipes,welded,circular,of other alloy s	kg	15
73065090	Tubes/pipes,welded,circular of other alloy steel	kg	15
73066110	Galvanised Other, welded square or rectangular c	kg	15
73066190	Other than Galvanised welded square or rectangu	kg	15
73066910	Galvanised noncircular crosssection:	kg	15
73066990	Other noncircular crosssection other than galvanised:	kg	15
73069010	Iron/steel tubes,pipes/hollow profiles,riveted,n	kg	15
73069090	Iron/steel tubes,pipes/hollow profiles,riveted,n	kg	15
73083000	Doors, windows,their frames & their thresholds o	kg	15
73142000	Grill,netting or fencing of iron/steel	kg	15
73231090	Other iron or steel wool, pot scourers, scouring	kg	15
73239190	Other kitchen utensils of cast iron, not enamele	kg	15
73239290	Other kitchen utensils of cast iron, enameled	kg	15
73239390	Other kitchen utensils of stainless steel	kg	15
73239490	Other kitchen utensils of iron(other than cast i	kg	15

73239990	Other kitchen utensils of iron or steel	kg	15
73241000	Sinks and wash basins, of stainless steel	kg	15
73242100	Baths of cast iron,whether or not enamelled	kg	15
73242900	Baths of iron or steel excluding cast iron	kg	15
73249000	Sanitary ware excluding sink/bath/flush cistern	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
74181190	Other pot scourers, pads and the like of copper	kg	15
74181990	Other table, kitchen or other articles and part	kg	15
74182010	Dual flushing systems sanitary cisterns and mech	U	15
74182090	Other sanitary ware of copper	U	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
76101000	Doors, windows and their frames and the treshold	kg	15
76151190	Other pots scourers, pads and the like of alumin	kg	15
76151990	Other kitchen utensils of aluminium	kg	15
76152010	Dual flushing system sanitary cisterns and mechanism thereof of aluminium	U	15
76152090	Other sanitary ware & parts thereof of aluminium	U	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
83100090	Sign,name,address plate,number,letter,etc of bas	kg	15
83111000	Coated electrodes of base metal, for electric ar	kg	15
83112000	Cored wire of base metal, for electric arc-weldi	kg	15
83113000	Coated rod & cored wire,for soldering,brazing or	kg	15
83119000	Wire,rod,etc electrodes/parts of base metal for	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
84073100	Spark-ignition reciprocating piston engines for	U	15
84073200	Spark-ignition reciprocating piston engines for vehicles, 50-250cc	U	15

84073300	Spark-ignition reciprocating piston engines for	U	15
84073400	Spark-ignition reciprocating piston engines for	U	15
84082000	Compression-ignition internal combustion piston	U	15
84099190	Other parts suitable for use with spark-ignition	kg	15
84099990	Other parts suitable for diesel and semi diesel	kg	15
84131100	Pumps for dispensing fuel or lubricants, for fil	U	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
85061000	Manganese dioxide primary cells or batteries	U	15
85063000	Mercuric oxide primary cells or batteries	U	15
85064000	Silver oxide primary cells or batteries	U	15
85065000	Lithium primary cells or batteries	U	15
85066000	Air-zinc primary cells or batteries	U	15
85068000	Other primary cells/batteries excl. 850610/60	U	15
85071000	Lead-acid electric accumulators for starting pis	U	15
85072000	Lead-acid electric accumulators excl those for s	U	15
85101000	Shavers with self-contained electric motor	U	15
85102000	Hair clippers with self-contained electric motor	U	15
85103000	Hair-removing appliances electric	U	15
85162100	Electric storage heating radiators	U	15
85162900	Electric space heating and soil heating apparatu	U	15
85284990	Other Cathoderay tube monitors :	U	15
85285990	Other monitors	U	15
85287290	Other Reception apparatus for colourtelevision	U	30
85287299	other	U	15
85391000	Sealed beam lamp UNITS	U	30
85392100	Tungsten halogen filament lamp,excl ultra-violet	U	30
85392200	Filament lamps of a power =<200w and of a voltag	U	30
85392900	Filament lamps	U	30
85393990	Discharge lamps,other than ultra-violet,low ener	U	30
85394100	Arc-lamps	U	30
85394900	Ultra-violet or infra-red lamps excl arc-lamps	U	30

HS CODE	DESCRIPTION	UNIT	CUSTOM
87021091	New public transport vehicle, diesel excl. buses	U	10
87021092	New, bus which is propelled by a system combining an internal combustion engine and an electric motor and is equipped with a regenerative braking system	U	5
87021093	Used, bus which is propelled by a system combining an internal combustion engine and an electric motor and is equipped with a regenerative braking system	U	5
87021099	Used public transport vehicle, diesel excl. buse	U	10
87029091	New public transport vehicle, excl. buses of 870	U	10
87029092	New, bus which is propelled by a system combining an internal combustion engine and an electric motor and is equipped with a regenerative braking system	U	5
87029093	Used, bus which is propelled by a system combining an internal combustion engine and an electric motor and is equipped with a regenerative braking system	U	5
87029094	New, electrically operated	U	5
87029095	Used, electrically operated	U	5
87029099	Used public trans. vehicle, excl. buses of 87029	U	10
87071000	Bodies (incl. cabs) for the motor vehicles of 87	U	30
87079000	Bodies (incl. cabs) for the motor vehicles of 87	U	30
87089920	CANOPY	kg	30
87161010	New trailers & semi-trailers of the caravan type	U	15
87161090	Used trailers & semi-trailers of the caravan type for housing/camping	U	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
94012090	Other, Baby seats of a kind used for motor vehic	U	30
94013000	Swivel seats with variable height adjustment exc	U	15
94014000	Seats, (excl. garden seats or camping equipment)	U	30

94015100	Seats of Bamboo or rattan	U	30
94015900	Other Seats of similar materials :	U	30
94016100	Upholstered seats, with wooden frames excl 94011	U	30
94016900	Seats with wooden frames, not upholstered, excl	U	30
94017100	Upholstered seats, with metal frames,excl 940110	U	30
94017900	Seats with metal frames, not upholstered, excl 9	U	30
94018090	Other seats	U	30
94019000	Parts of seats of 9401	kg	30
94031010	Metal tables of a kind used in offices	kg	15
94031090	Other metal furniture of a kind used in offices	kg	30
94032010	Small hanging foodsafe/medicine/toilet wall cabi	kg	15
94032050	Other metal tables	kg	15
94032090	Metal furniture excl. 9401, 9402, 940310/201	kg	30
94033010	Wooden tables of a kind used in offices	U	15
94033090	Other wooden furniture of a kind used in offices	U	30
94034000	Wooden furniture of a kind used in the kitchen e	U	30
94035000	Wooden furniture of a kind used in the bedroom e	U	30
94036010	Small hanging food safe/medicine/toilet wall cab	U	15
94036090	Wooden furniture, nes excl. 9401, 9402, 940330-9	U	30
94037010	Small hanging food safe/medicine/toilet cabinet	kg	15
94037090	Furniture of plastics, excl. 9401, 9402, 9403701	kg	30
94038190	Furniture of bamboo or rattan	kg	30
94038990	Other furniture of other materials	Kg	30
94039000	Parts of furniture of 940310-940380	kg	30
94041000	Mattress supports	kg	30
94042190	Other matteresses of cellular rubber or plastics	U	30
94042990	Matteresses of other materials	U	30
94049090	Other mattresses	kg	15
94051090	Chandelier/electric ceiling/wall lighting fittin	kg	15
94052090	Electric table, desk, bedside or floor-standing	kg	15
94053000	Lighting sets for christmas trees	kg	15
94054090	Electric lamp/lighting fitting nes excl. fluores	kg	15
94056000	Illuminated signs, illuminated name-plates and t	kg	15
94059100	Parts of lamps and lighting fittings of glass	kg	15

94059200	Parts of lamps and lighting fittings of plastic	kg	15
94059900	Parts of lamps and lighting fitting of any mater	kg	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
95030021	Dolls, whether or not dressed	kg	15
95030029	Other dolls	kg	15
95030030	Toys representing animals or Nonhuman creatures	kg	15
95043010	Other games, other than bowling alley equip in completely knocked down	U	15
95043090	Other games, other than bowling equip, nes	U	30
95049030	Casino tables, croupier's rakes, poker chips, roulette	U	30
95069910	Swimming pools	U	15

HS CODE	DESCRIPTION	UNIT	CUSTOM
96034000	Paint, distemper, varnish or similar brushes; pa	U	15
96039000	Hand-operated floor sweepers, mops, etc, nes	U	15
96131000	Pocket lighters, gas fuelled, non-refillable	U	15
96132000	Pocket lighters, gas fuelled, refillable	U	15
96138000	Lighters, excl. pocket/table	U	15
96139000	Parts of lighters (excl. flint and wicks)	kg	15
96140000	Smoking pipes (including pipe bowls) and cigar o	U	15