

SPEECH OF THE PRESIDENT

SPEECH OF THE PRESIDENT, MR. MARDAY VENKATASAMY,
ON THE OCCASION OF THE 162ND AGM OF THE MCCI,
24 MARCH 2011, LADOURDONNAIS HOTEL, PORT-LOUIS





Mr. Marday Venkatasamy at the 162nd Annual General Meeting

It is indeed a privilege and honour for me to welcome you at the Annual General Meeting of the Mauritius Chamber of Commerce and Industry. I would like to thank you all for the interest you take in the activities of our institution and for your active support to its mission. My special thanks to our Ministers who have honoured us with their participation and, more importantly, who will share with us their thoughts on issues of interest to the business community and to the country at large.

On behalf of the Business Community, Let me start by congratulating Honourable Minister Boolell for his elevation as Grand Officer of the Order of Star and Key of the Indian Ocean. He fully deserves such recognition.

During the past year, the MCCI celebrated the 160th anniversary of its existence. Beyond the festive activities, it was an opportunity for us to reflect on the effectiveness of the MCCI as a mature institution at the service of the business community and the country; on its image among various stakeholders and on its internal governance. The survey we commissioned last year gave us interesting leads on how to better align our activities and image to the expectations of our major stakeholders. A new branding exercise and the corollary internal re-organization of the MCCI is underway. The positive outcomes will emerge over the coming months and years.

Governance is also at the core of our endeavours. On the occasion of this 160th anniversary, we revisited the constitution of the MCCI to make it more representative of the new structure of the Mauritian economy and to enhance its governance principles. That is the reason

why we shall be holding, after the opening ceremony, an Extraordinary General Meeting, to examine and approve the proposed amendments to the constitution of the MCCI.

So much about our 160th anniversary and our drive to capitalize on the occasion to build a stronger, more effective and governance-ruled MCCI.

In addition to the business of the day at the EGM and AGM, I have the daunting task this morning of upholding a well-established tradition of the MCCI on the occasion of its AGM: our predicament on the 'State of the Mauritian Economy'. This is one of the traditions of the MCCI, that I would have happily skipped! At a moment when economists worldwide and reputable institutions are shying away from making economic analysis and forecasts, or cautioning their views with all sorts of conditionalities, it is not easy to venture in the dark sky of uncertainties. In this regard, let me quote what Mr. Jean Claude Trichet, President of the European Central Bank, said last week: " dans des circonstances économiques extraordinaires, les relations empiriques établies ne fonctionnent plus de la même manière. Aujourd'hui, nous naviguons sur des eaux quasiment inconnues" end of quote.

The global crisis has not only brought havoc to the world; it has also battered the economic theories and econometric tools which underpinned the world economic edifice.

So you can understand my legitimate apprehensions in accomplishing my task this morning.

I am, however, comforted by the enhanced internal economic research capabilities of the MCCI. As you are aware, during the past year, we put into place two new economic analysis tools : the first one is a quarterly Business Confidence Indicator, which we launched in June 2010; and the second, an econometric modelling of the Mauritian economy to forecast GDP growth rates. The first forecast, in Mauritius, of the GDP growth rate for 2011 was made by our institution in December last.

Thanks to these new tools, we have prepared this year a more comprehensive economic report on the Mauritian economy, which we shall, henceforth, entitle 'Economic Review and Outlook'. This report will be released after this opening ceremony and will be posted on our website this afternoon.

Drawing from this analysis and additional research, I shall focus my intervention on the Mauritian economy on the following aspects : the macro performance with respect to the global outlook; the policy orientations needed for renewed growth, including fiscal, exchange rate, monetary policies and, yes, prices. I shall end on

some comments on the policy of 'rebalancing growth', which will cover also economic diplomacy.

Let me start with the performance of the Mauritian economy. This performance has to be viewed against the background of renewed uncertainties at the global level. The peak of the global crisis was in 2009, when world output contracted for the first time since World War II, and world trade volume actually fell by 11%, impacting negatively on all countries and regions of the world. As prospects improved during the second half of 2009, the world economy was forecast to rebound in 2010 and consolidate in successive years, to reach pre-crisis growth rate levels. Although 'the double-dip theory' was floating around this time last year, consensus emerged later in 2010 that the crisis was behind us : the only issue was the pace of the recovery. Unfortunately, subsequent developments in the developed economies and some emerging ones dampened the prospects for 2011. This reversal of trend was exacerbated by the unexpected food crisis at the end of 2010 and the new oil price hikes, stemming from supply constraints, to which the developments in the Middle East have maybe transformed into a potential new oil shock.

Based on these developments, the IMF has made a revised forecast of world output of 4.8% in 2010, and a lower rate of 4.2% in 2011. However, as is the case since a few years, there are wide disparities between the growth rates between regions, with an estimated rate of 1.5% for the Euro Area in 2011, against 8.4% for 'Developing Asia', which includes China and India. But, more importantly, there are also wide disparities within regions and group of countries. For example, in the Euro Area, there is no comparison between the prospects for Germany and those of the PIGS. Similarly, in East Asia, China and Japan were already in two growth leagues even before the earthquake and tsunami, which unfortunately hit the latter.

The main lesson that we draw from the world economic outlook is that, although growth prospects everywhere remains dependent on the health of the global economy, the fortunes of individual countries seem to rest more and more on policy orientations and internal strengths than solely on the tide of business cycles.

Viewed from this global perspective, we see the performance of the Mauritian economy according to the following predicament : when Mauritius was engulfed in the global crisis at the end of 2008, it was riding high on the new economic strategy, which has triggered a new growth momentum, thanks to the leveling of the incentive regimes, the introduction of the uniform low tax regime, the opening of the country to foreign investment and talent and the significant improvement

of the business environment. The stimulus package and the implementation of the 2008 PRB report provided added cushion. As a result, the economy ended 2008 almost unscathed, registering a growth rate of 5.1%.

The momentum of growth carried us through part of 2009, resulting in a 3.1% growth rate, with all sectors registering positive growth rates, except tourism and the export-oriented industries, which were overexposed to the Euro Market. It is to be noted that this rate of growth in 2009 was higher than the average of all regions except 'Developing Asia'.

By the time the world economy started to rebound in the second half of 2009, the Mauritian economy felt the delayed impact of the crisis. Investment, especially in property development, went down, consumer pessimism had gained ground, putting a brake to consumption – induced growth. The intervention of Government had mixed results : on the one hand the stimulus package, through a significant rise in capital expenditure and various schemes to support business, contributed to mitigate the adverse impact of the crisis; on the other hand, allowing the Rupee to significantly appreciate in 2008, to supposedly fight the effects of the food crisis, has had a disastrous effect on the competitiveness of our industries, especially the export-oriented ones, eroding significantly their profitability and their capacity to invest.

In the process, it was not only the enterprises which had been hard hit. Government, through the full implementation of the PRB Report and the stimulus package had completely eroded its fiscal space and the primary balance of the Budget has turned negative. As a result, with a weakened business sector and a significantly deteriorated public finance, the country was not in a position to capitalize fully on the rebound of the world economy.

Therefore, it must not come as a surprise that the Mauritian economy underperformed in 2010, with an estimated growth rate of 4.2%. This is below the world output average of 4.8%, and much lower than many countries in Asia and Africa. Our own view is that the growth rate would have been even lower, was it not for the exemplary efforts of our enterprises, especially those in the export of goods and services, to re-establish their competitiveness and to re-capture their lost market share.

However, there is a more troubling element than the underperformance of the GDP growth in 2010 : total investment declined by almost 2%. If it was expected that public investment would fall with the exit strategy of the stimulus programme, private investment was supposed to take the lead. Unfortunately, private investment has actually fallen both in 2009 and 2010. A further

analysis on investment reveals that the composition of investment has also undergone a major change in the last three years. 'Building and Construction' represents in 2010 over 70% of total investment compared to a bit more than half in 2007, while the share of 'machinery and equipment' has fallen below 30%, from over 40% over the same period. As the multiplier factor on GDP is much lower for 'building and construction' than 'machinery and equipment', the prospects for future growth are further dampened by this development.

It is on the basis of this trend in investment and other macro aggregates that the MCCI made a first forecast of 4.2% for 2011 in last December. Last week, on the basis of new information, we revised this figure slightly upwards to 4.5%. But the prospects for 2011 point again to underperformance with respect to the potential of the economy.

This growth estimate for 2011 can change as growth prospects evolve in the rest of the world, especially in our export markets and sources of supply. But we can make it better or worse with the policies we pursue at home. That is why our policy stance should be aligned with the broader global perspectives.

As I said earlier, I shall concentrate on four policy areas.

First, fiscal policy. We fully appreciate the efforts of Government to promote the twin goals of social upliftment and economic efficiency. Unfortunately, since quite some time, Government is pursuing a recruitment, wages and social transfers policy, which makes abstraction of the economic environment, both in and outside Mauritius, and which is clearly unsustainable in the long term. In parallel, it is implementing measures which are unnecessarily reducing its revenue. It has, thus, recently abolished some taxes which were in line with the economic strategy and fully justified from an equity standpoint. And it is now proposing to eliminate all import duties in a bid to make of Mauritius a Duty Free Island. We have had on several occasions demonstrated that such a policy, on balance, would do more harm than good to the economy. The additional benefits derived from a 100% duty free regime do not justify the harm it will cause to the domestic-oriented industrial sector. It will also result in further loss of revenue to the Exchequer.

As a result, to avoid the debt trap, Government is being forced to take a number of measures which are definitely stifling our growth prospects. The introduction of new taxes such as the Solidarity Tax, the Capital Gains Tax and the mandatory CSR provisions is undermining the dynamism created by the establishment of a low uniform tax regime. The upward revisions of excise duties, fees

and other administrative charges are adding to the costs of doing business and fuelling inflation. And, in its endeavour to keep its indebtedness under control, it is not providing enough resources to operate a genuine rebalancing of growth and a diversification of products and markets, which are strategies, outlined in the Budget, that clearly support the growth of the economy.

Second, exchange rate. Let me at the outset make it clear that the MCCI is not a proponent of a continuous depreciation of the Rupee. This policy served the country well in the 1980s and 1990s. But it is clearly not in tune with the new strategy to open Mauritius to the world. However, allowing the Rupee to appreciate at a time when economic operators are feeling the full brunt of the global crisis is pure economic folly. This is, without any doubt, the macro policy which has caused the maximum prejudice to economic operators and the country. The unofficial justification given for the 2008 appreciation was to mitigate the impact of the food crisis on the consumer. Given price stickiness, actual gains for the consumer were small. But the harm done to economic operators and the health of the Mauritian economy was huge. Not only has the appreciation of the Rupee undermined the competitiveness of enterprises; it has also eroded the profitability margins which, in previous years have been financing investment, new jobs and higher levels of remuneration.

After some respite in 2009, there have been further appreciations of the Rupee during 2010, and again during the last two months. The Bank of Mauritius must make exchange rates work for the Mauritian economy. There are certainly more appropriate measures to deal with temporary price increases for specific categories of goods than the appreciation of the Rupee.

Third, monetary policy and interest rates. We do appreciate the challenges the Bank of Mauritius is facing to deal with a situation where there is simultaneously an excess of foreign exchange on the market and excess liquidity in the banking system. I am sure the Mauritius Bankers' Association has its own views on the most appropriate policies to deal with the situation. I shall restrict myself to the issue of interest rates. With the rising inflation rate, the case for an increase in interest rate is gaining ground. We are of the view that the rate should remain unchanged in the short term and, if revised later, any upward revisions should be very moderate. The main justification of our position is that the 100 basis points cut last year was, according to the MCCI Business Confidence Indicator, a major contributory factor in the regained optimism at the end of 2010. This has led to the upward revision of our investment and GDP estimates for 2011. It would be unwise to reverse the policy at this stage. Furthermore, there is a wide consensus that, in the current economic

environment, growth considerations should continue to have precedence over inflation.

The latest report of the IMF on this subject says the following, I quote : “While there is no evidence yet that sustained low interest rates are leading to excessive risk taking, should such risks materialize, they should be addressed through macroprudential measures, not through increases in policy rates” end of quote.

Professor Joseph Stiglitz echoed the same opinion, in an article he wrote after his recent visit to Mauritius, I quote “Like many countries around the world, Mauritius worries today about imported food and energy inflation. To respond to inflation by increasing interest rates would simply compound the difficulties of high prices with high unemployment and even less competitive exchange rate. Direct interventions, restrictions on short-term capital inflows, capital-gains taxes, and stabilizing prudential banking regulations will have to be considered” end of quote.

The fact that local demand remains subdued is a further argument to maintain the status quo.

Fourth, prices. This subject is making headlines again and, as in the past, emotions tend to overshadow the facts. Given that to a large extent, we import what we consume, either as finished products or the raw materials that make them, movement in prices reflect changes in the cost of these imported products. However abrupt or widespread the impact of imported inflation is, it serves no purpose to engage in a blame game at local level or to look for the usual scapegoats. In our view, there are only four directions in which we can look for durable solutions, if they exist. The first is to have a better control on the prices by either producing locally our needs or entering into long-term supply contracts that guarantee future prices. We all know that prospects for producing locally at competitive prices our main requirements are limited, even in the long-term.

Take for example, the case of food or energy, the products with the most impact on the consumer: it will take years for the MID and Food Security projects to make a significant dent in our external dependence. As for long term contracts to stabilize prices, is there a need to recall the ‘hedging saga’?

We should pursue our efforts in favour of higher food and energy security. But let us recognize that the first avenue offers very limited prospects in the short to medium term.

The second avenue is improving the procurement and distribution channels to get better value to the consumer. Well, Mauritius has probably the highest ratio of importers to population in the world and it is an open market for all. Can the channels of distribution be improved? We have worked in the past with three successive Governments to get two legislations on Competition in Parliament. The Competition Commission is fully operational since two years. We have worked with the Ministry in charge of consumer protection to get the ‘Observatoire des Prix’ on track. Today, we have independent regulatory bodies in place to ensure the proper functioning of the market. What more do we need to do?

The third avenue is for Government to reduce or abolish taxes or introduce or increase subsidies on products, whose price hikes are impacting most on the purchasing power of consumers. Unfortunately, almost all food products are already duty free or vat free, and the only solution is more subsidies. Reductions in taxes can certainly be considered for petroleum and some other products. But beyond the affordability of such measures, the issue of the effectiveness of universal subsidies remains on the table.

The fourth and last avenue is to give to the consumer the means to meet the higher costs of living. That is the objective of the annual salary compensation exercise.



From left to right: Mr. M. Cheeroo, Secretary-General of the MCCI, Dr. the Hon. A. Boolell, G.O.S.K, Minister of Foreign Affairs, Regional Integration and International Trade, Mr. M. Venkatasamy, President of the MCCI, Hon. S. Soodhun, Minister of Industry and Commerce and Mr. C. de Spéville, Vice-President of the MCCI

It is true that the annual exercise does not provide an answer to sudden high price increases. A formula has to be found to give temporary relief, generally to the most vulnerable, as is the practice elsewhere. Maybe the prescription of the OECD, in a note issued last week can be of help; I quote "Il est impératif de mettre en place des filets de sécurité à l'intention des populations les plus vulnérables – par la distribution de produits alimentaires, l'octroi ciblé des prestations en espèce ou les deux" end of quote.

Let us not fool ourselves. Let us not raise unnecessary expectations. There is no magic formula, for a small open country like ours to determine the prices of products.

As I said earlier, I shall end with some comments on the strategy of rebalancing growth. We fully share this strategy and we have since a number of years been actively engaged in its promotion. First, as an active partner in all the trade negotiations conducted by the Ministry of Foreign Affairs and International Trade, to open new markets and enhance market access for our exports of goods and services. Second, in our private endeavours to facilitate and promote business with new partners. And, third, through our collaboration with other public organizations, like Enterprise Mauritius and the Board of Investment, in promotional events, as we did recently for the Trade and Investment Mission to Tanzania and Kenya, led by Honourable Soodhun.

However, we have learned on the ground, that rebalancing growth is not just about market access and some occasional promotional activities. It requires significant resources to establish a permanent presence in the target markets, strong bilateral political and business links and sustained support to operators to penetrate such markets. If the resources allocated to this strategy are not stepped up and a more professional approach adopted in the promotional efforts, the objectives of this strategy will not be attained. Economic diplomacy without resources to back it up, will lead us nowhere.

These were some of our thoughts on the 'state of the Mauritian economy'. We do hope that they will trigger some discussions in relevant quarters in the interest of the Mauritian economy.

I take this opportunity to thank my fellow Council Members, the wider membership of the Chamber and other stakeholders who have supported the MCCI in the fulfillment of its mission.

I was President of the MCCI for the first time in 1995. Since then, our institution has made a huge leap forward in the quality of its services, the professionalism of its staff and its reputation beyond the shores of Mauritius. We must continue to make of the MCCI an institution we are proud of.

I thank you for your attention.

PRESIDENT'S REPORT



1. INTRODUCTION

2010 was the 160th anniversary year of the MCCI. In addition to its continuous efforts to improve the environment to doing business in Mauritius, its endeavours beyond the shores of the country to enhance the regional and international business prospects and the further development and sophistication of its specialized services, it was the occasion for the MCCI to take a longer term look at its role, its mode of functioning and its image among its major stakeholders and the general public.

On its past role, it was fitting to look at the history of the MCCI. An electronic version of a book on the history of the MCCI was completed during the year.

The MCCI has been an open organization for a very long time and the improvement of its internal governance has been one of its core objectives. During the past year, a thorough review of the constitution was conducted and amendments to its provisions will be proposed to an Extraordinary General Meeting, to further reinforce its representative character and enhance its governance principles.

A lot of efforts and resources were also devoted during the past year to get an updated image of the MCCI through a comprehensive survey and to develop a plan to build a more coherent and strong identity of the institution.

2. THE CHAMBER IN ITS REPRESENTATIVE ROLE

Over the years, the MCCI has successfully evolved from an organization looking solely at the interests of the trading community to one that can take in its fold all new emerging sectors. This inclusive approach and capacity are clearly spelt out in its mission, developed a few years ago, which is *"to serve and promote the interests of the business community in playing a leading role in the economic development of Mauritius."*

The Chamber has since over time translated this multisectoral character in practice by welcoming on board new sectors, particularly the services sector.

However, this development needed action in two specific directions. First, some amendments had to be made to its constitution to make provision for a larger range of sectors. Second, there was a need to

develop new partnerships with sectoral associations representing these sectors.

(a) Review of Rules

A Sub-Committee was set up by Council in December 2008, chaired by the then President, Mr. Ahmed Parkar, and comprising Past Presidents Paul Clarenc, Azim Currimjee, François de Grivel and Marday Venkatasamy.

The Terms of Reference of this important Sub-Committee were to review the MCCI Rules and propose adaptations to better suit the present circumstances and future development of the MCCI. Several meetings were held and recommendations were made to Council which decided to adopt nearly all recommendations. These proposals for amendment will be submitted as a special resolution to an Extraordinary General Meeting, to be held on 24 March 2011.

The main amendments proposed to the MCCI Rules are with regard to the composition of Council, the rotation of Members, the applications for membership and the introduction of a Code of Conduct.

On the composition of Council, the number of seats has been increased from 17 to 21 to accommodate new emerging sectors, and some minor modifications have been brought to the appellation and allocation of existing seats. The new composition of Council is proposed as follows:

Sectors	No. of Seats
Industry	4
Commerce	4
Financial Services	2
Tourism	1
Logistics	1
I.C.T.	1
Property Development	1
Other Business Services	2
Affiliated Associations	3
Open Seats	2
TOTAL	21

On the rotation of Members, the mandate period has been reviewed from three to two years, and eight seats instead of four will be vacant each year.

Furthermore, the sponsorship by two members for admission of new members has been withdrawn as our rules already provide for a thorough process before approval by the Council. Also, the existing provisions made it compulsory for an association which seeks the membership of MCCI to have 80% of its members as direct members of the MCCI. This percentage has been reduced to 30%. Finally, a Code of Conduct, to be developed, will now be applicable to all members.

(b) Representation Through Associations

A more effective representation of new emerging sectors can be achieved only if in addition to existing members from these sectors, an active partnership is developed with the sectoral associations where they exist.



Président of AMM addressing Members and guests at the AGM

Such a partnership has been particularly effective as regards the Association of Mauritian Manufacturers (AMM). In addition to hosting the secretariat of AMM, the MCCI provides technical assistance to the association and works very closely with her to promote the local industrial sector. This partnership has been particularly effective during the past year, which is reviewed later under the section on industry.



Guest Speaker, Hon. T.Pillay Chedumbrum, addressing Members of OTAM at the AGM'

Similarly, the partnership with the Outsourcing and Telecommunications Association of Mauritius (OTAM) has been upgraded during the past year. A new agreement has been signed, whereby more support is being provided to assist the Association in its role to promote the ICT sector in Mauritius.

For the logistics sector, the partnership of the MCCI is with the 'Association Professionnelle des Transitaires'. The support consists mainly of providing necessary facilities for the secretariat and administrative tasks.

3. GOVERNANCE

In addition to changes in the constitution, the MCCI has during the past years undertaken several initiatives to achieve higher level of governance both internally and in its dealing with other stakeholders.

(a) Internal Audit

The Audit Committee was chaired last year by the Vice President, Mr Cédric de Spéville. The Committee concentrated its efforts mainly on the improvement of the financial management. It also devoted quite some time to examine ways of mitigating the risks in the existing IT system at the airport. The Committee examined the reports of the Internal Auditors, namely on the 'Close the Book procedures, Fixed Assets accounting and Budgeting' and 'IT General Controls Review Performed at Plaisance'.

The recommendations made have been implemented in most cases.

In addition, the Committee initiated a 'Business Self Risk Assessment' exercise in order to assess the current state of the risk environment for MCCI and the change in the risk environment since the previous risk assessment exercise was carried out.

Finally, the Committee recommended the preparation of a comprehensive 'Financial Procedures Manual', on which work has started and which will be completed by the end of 2011.

(b) Finance

Last year was a very difficult year for the MCCI, given the continued impact of the economic crisis which has affected some of its main revenue earning activities. But various steps were taken to mitigate the adverse impact and some activities have done fairly well. As a result, a surplus was registered in 2010.

Given the context, expenses are being monitored very closely and action is being taken for the financial sustainability of the Chamber in the longer term.

4. PROMOTION OF THE INTERESTS OF THE BUSINESS COMMUNITY

(a) National Economic Policy Orientations

One of the main achievements of the MCCI is its capacity to contribute to the national economic policy formulation, which shapes the economic future of our country, through its research, the development of new economic analysis tools and the submission of its views on a number of occasions. The major contributions are the speech on the 'State of the Economy', by the outgoing President on the occasion of the AGM, and the Memorandum on the National Budget.

In addition, during the past year, two new economic analysis tools have been developed, the 'MCCI Business Confidence Indicator' and the 'MCCI GDP Forecasts'.

(i) The Speech on the 'State of the Economy'

In March 2010, the Speech on the 'State of the Economy', centred on the policy orientations needed to steer the economy out of the crisis. The emphasis of the proposals was on a more focussed approach for state support to sectors with potential for growth and the need to give due importance to traditional sectors of the economy, including the industrial sector. Measures to enhance the competitiveness of industries and to support the diversification of products and markets were outlined.

The analysis and measures contained in the 'Speech on the State of Economy' found a favourable response, first in the 'Economic Recovery and Competitiveness Program' (ERCP) and, subsequently, in the 2011 Budget, which was entitled 'Rebalancing Growth ...'.

(ii) Memorandum on the 2011 Budget

Like every year, the MCCI presented to the Ministry of Finance a number of proposals to be considered during the preparation of the 2011 Budget. In our Memorandum, our Institution presented its views on several matters, including fiscal policy, trade liberalization, business facilitation, exchange rate policy, as well as specific proposals at sectoral level.

Furthermore, it highlighted the necessity to implement bolder and deeper reforms and to revisit the long term strategy to put the country on a new high-growth trajectory.

Again the 2011 Budget shared the macro-analysis contained in our Memorandum and included some of the policy orientations proposed. Unfortunately, it also announced some measures which ran counter to the coherence of the economic thrust pursued since a few years.

(iii) The 'MCCI Business Confidence Indicator'



From left to right, Mr. M. Cheeroo, Secretary-General, M.M.Venkatasamy, President and Dr. R. Padayachy, Macroeconomist at the launching indicator

In line with its policy to develop new economic tools, the MCCI decided during the past year to establish an economic barometer of the business climate in Mauritius, based on OECD standards.

The purpose of this indicator is to transcribe the views of business leaders on their recent activities and business prospects into information on the current economic situation and its evolution, and to have also a global view of the business world. The 'MCCI Business Confidence Indicator' describes in a single figure the mood and the confidence of the entrepreneurs.

The first results of the Indicator were made public in June 2010 and subsequent results have been released on a quarterly basis according to the methodology.

It is to be noted that it is the first time that such a tool is introduced in the country.

- The 'MCCI GDP Forecasts'

Today, the forecast of economic activity is a key element for policy makers, businesses, researchers and households. Economic agents often use these forecasts to appreciate the economic prospects.

There are different methods for the forecasts of economic growth rates. These methods usually make use of the econometric tool. Whether International Organizations such as the IMF, the World Bank or the OECD or the National Institutions, each has its own methodology.

Our Institution has decided to establish its own GDP forecasts, using econometric models, as part of its economic research programme and its endeavor to introduce new tools for economic analysis.

The first estimates were for the GDP growth of 2011 and they were released in December 2010, making the MCCI the first local institution to forecast the growth rate for 2011.

(vi) Other Contributions to Policy Orientations

The MCCI continued to bring a clearer understanding on several key policy orientations through its interviews and articles in the press and in its own publications.

(b) Trade

(i) The Local Trade Environment

As part of its fundamental role of promotion of the interests of its Members, the Chamber has been active on different fronts to take up the challenges arising from the developments in the trading environment.

- Enactment of the Trade (Anti-Dumping and Countervailing Measures) Act

With the trade liberalization process that started in Mauritius some years back, the introduction of a legal framework to deal with trade-distorting practices had become of utmost importance for the business community. Over the last decade, our Chamber has been advocating the need to have a national trade remedy legislation that would deal with unfair trading practices. Our aim was to ensure a level playing field for our domestic-oriented enterprises and safeguard their interests whilst, at the same time, help them face the challenges of global competition.



Mr. S. Boodhoo, Deputy Director, International Trade Division, Ministry of Foreign Affairs, Regional Integration and International Trade addressing the audience at the opening ceremony of the training session

The Trade (Anti-dumping and Countervailing Measures) Act, was enacted in March 2010 providing the legal framework for the setting up of an Investigating Authority and conducting investigations on dumped and subsidised imports. As part of a sensitisation program, a training was organised in collaboration with the Ministry of Foreign Affairs, Regional Integration and International Trade to apprise the business community of the main provisions of the Act and the investigation procedures. The Chamber also participated in an intensive two-week training course on the investigation procedures, together with the officers of the Investigating Authority.

- 'Observatoire des Prix'

As Members will recall, a Sub-Committee on the Protection of Purchasing Power was set up in 2008 to work out proposals for ensuring that the purchasing power of the population be maintained in response to the global economic downturn and one of their main recommendations was the setting up of an 'Observatoire des Prix'.

Following the approval of Government, the 'Observatoire des Prix' was established this year to monitor the evolution of retail prices in Mauritius and will comprise representatives of Government, private sector and consumer associations. One of the first Commissions to be set up will be the "Caddie-Type" for monitoring the retail prices of goods purchased by a typical family. The MCCI has been appointed as a member of both the "Observatoire des Prix" and the 'Caddie-Type' Commission. It is to be noted that a representative from supermarkets will also be part of the latter.

- Study on the Electronic System for the submission of Trade Documents



Hon. T. Pillay Chedumbrum, Minister of Information and Communication Technology, addressing the audience at the workshop

As part of its trade facilitation mandate, the Chamber commissioned a study on the electronic submission

of trade documents. The objective of the study was to identify the different options and the technical requirements for implementing a 'Single Window' in Mauritius for the one-time submission of all trade documents to the authorities. The options proposed were based on an assessment of the current local situation whilst also taking into consideration the international experience of Singapore, South Korea and Sweden. A workshop was held to apprise all stakeholders on the outcome of the study.

(ii) The International Trading Environment

Trade negotiations continued to be an important part of our activities and the MCCI continued to devote a lot of time and resources to safeguard and promote the interests of the business community.

- Update on WTO

At the level of the World Trade Organisation, there has been no major development in the trade negotiations during 2010 on the Doha Development Round and on issues of key interests to our Members, namely market access for industrial products. However, there are indications that negotiations may resume with the Director-General of the WTO, Mr. Pascal Lamy, announcing an intensive work programme to ensure that the Doha Round of negotiations be completed by the end of 2011.

- Interim EPA

The MCCI has been the main private sector institution involved in the Economic Partnership Agreement (EPA) trade negotiations and we have been regularly participating in the technical meetings held both at regional level and with the European Commission. There has been very little progress on the outstanding issues in the EPA negotiations, which include trade in services, investment, private sector development and trade facilitation. Negotiations are expected to be pursued next year.

- Regional Trade

Last year, the agenda of the regional trade negotiations, both at the level of SADC and COMESA, focused mainly on the setting up of the Tripartite Free Trade Area. The MCCI participated in a number of meetings both at national and regional levels for the setting up of an enlarged COMESA-EAC-SADC Tripartite FTA.

The MCCI also attended a number of SADC and COMESA meetings aimed at improving market access and facilitating trade under the respective trade protocols. Several regional meetings were also held on the online reporting system for non-tariff barriers (NTBs) faced by operators when exporting to the region. It is to be noted that the MCCI has been appointed as the National Private Sector focal point for the reporting of NTBs.

Within its trade facilitation ambit, the COMESA Secretariat made a presentation on the "Regional Electronic Payment and Settlement System - REPSS" at the Bank of Mauritius in February 2010 for facilitating trade. The REPSS is a new cross-border regional payment and settlement system that allows central banks to make direct payments at the request of traders and their local commercial banks. The MCCI and several operators attended the presentation, which focused on payment and settlement flows and the REPSS benefits.

(iii) Bilateral Trade Agreements

- Turkey



5th Round of discussions between Mauritius and Turkish Delegation in January 2011

The MCCI was closely involved in the successive rounds of negotiations for the setting up of a Free Trade Area (FTA) between Mauritius and Turkey. Significant progress has been achieved and the negotiations were concluded during the last round held in Mauritius in January 2011.

Turkey has agreed to offer duty-free and quota free access for all industrial goods, except for a number of clothing items, on which duties will be reduced over four years. With respect to agricultural products, Mauritius obtained concessions on a list of products including cut flowers, vegetables, pasta, preserved tuna and sweet biscuits. The market access offer of Mauritius to Turkey was similar to the Interim EPA signed between EU and Mauritius. On rules of origin, both parties agreed to use the rules of origin applicable under the Interim EPA

for products to acquire originating status. The FTA will be signed after both Governments have approved the final documents.

- Pakistan

The consolidation of the trade and economic relations between Mauritius and Pakistan PTA were also on the trade agenda this year. The Secretary General of the Chamber and the President of the Mauritius-Pakistan Joint Business Council participated in the 9th Meeting of the Joint Working Group held in February 2011 in Islamabad. Both parties agreed that there was a need to consolidate the Preferential Trade Area before embarking on a full Free Trade Area. New areas of cooperation between both countries were also identified.

(iv) Workshops and Seminars

- National Seminar on WTO Dispute Settlement Mechanism

The MCCI participated in a national seminar on the WTO Dispute Settlement procedures and practices organised by the World Trade Organisation (WTO) Secretariat in collaboration with the Ministry of Foreign Affairs, Regional Integration and International Trade from 12 to 16 April 2010. The seminar aimed at deepening participants' understanding on the dispute settlement mechanism of the WTO, panel procedures and implementation phases of disputes. Participants, both from the public and private sector organisations, were also given the opportunity to familiarise themselves with the current disputes concluded so far in which Mauritius was involved as a third party, such as the EU sugar regime and the EU GSP.

(c) Industrial Development

Prevailing adverse conditions at various levels, including the global economic crisis, have represented very tough challenges for the whole industrial sector of Mauritius in recent years. For the MCCI, its role in defending and promoting the interests of that essential component of our economy was also very challenging.

On the external front, manufacturing firms had to grapple with difficult market conditions for raw materials and finished products and non-tariff measures in some markets. At home, Government announced policy of a Duty Free Island, coupled with unsuitable exchange rate and wages policy, further undermined

the competitiveness of both export oriented and domestic oriented industries.

(i) Policy Dialogue on Industrial Policy

The policy dialogue on industrial policy continued to be difficult during the past year. The 'Duty Free Island' objective seemed to be back on track when the MCCI, working with AMM, had built an emerging consensus on the compatibility of maintaining a residual duty on a limited number of sensitive products with the 'shopping tourism' concept. The MCCI made new representations both in the context of ERCP and the 2011 Budget on the objective need of supporting the local industrial sector, especially in a context where a level-playing field between locally manufactured products and imported ones has yet to be established.

Our efforts have met with some degree of success. First, we have been able to obtain a further breathing space for the sector, with Government decision in the 2011 Budget to suspend for another year the dismantling of import tariffs. Second, we succeeded in reversing a measure contained in the 2011 Budget which changed the status of "zero-rated" to "Exempt" for a number of agro-industrial products. Third, the MCCI obtained financial support from Government to carry out a study on the domestic market oriented enterprises (DOE). The findings of the study will hopefully help us to develop a new consensus on a development strategy for the sector.

With a view to bringing about a level playing field between locally manufactured products and equivalent imported ones, we have supported the idea of having mandatory standards for some products; but with proviso that this measure be used neither as a deliberate tool to unduly penalize imported products, nor as a pretext to exert more control on local products.

In our submission on macro economic orientations, we have underlined that the appreciation of the Rupee, at a time of global economic crisis, was detrimental to the competitiveness of our export enterprises, including our industrial ones.

In its various submissions, the MCCI made representations for an enhanced support to industry to improve competitiveness and diversify products and markets. The response of government has been the introduction of the "Mauritius Business Growth Scheme" in lieu of past schemes, while the 'LEMS' schemes were maintained and the MTSP transformed into ERCP.

Although these schemes do represent tangible support to industry, they are, in the view of MCCI insufficient to enable our industries to fight on equal terms with our competitors.

(ii) Promoting the Interests of Industry Outside Mauritius

The main objective of the sustained efforts deployed by the Chamber in trade negotiations, mentioned earlier, is precisely to enhance market access to existing export destinations and to open new markets for our products. The discussions on Rules of Origin in SADC, COMESA, the EPA and the Tripartite Initiative and conclusions on the bilateral agreement with Turkey, hold interesting prospects for the local industry.

In addition to market access, the MCCI has been active to address the challenge of Non-Tariff Barriers, which are detrimental to companies engaged in exports. In addition to its role of focal point for the reporting of NTBs for SADC and COMESA, the MCCI has worked with Government to have bilateral discussions with a number of countries to eliminate NTBs, especially Tanzania and Kenya, with whom discussions were held during the past year.

(iii) The Challenge of Sustainable Development

The MCCI remained the main private sector institution promoting sustainable development.

Discussions with UNIDO and UNEP were completed with respect to the future setting up of a National Cleaner Production Centre in Mauritius. However, Government has decided to go ahead with the UNIDO-UNEP Programme on Resource Efficient and Cleaner Production (RECP), in the first instance, with Enterprise Mauritius (EM) as the host institution. MCCI will be collaborating with EM for the successful implementation of RECP in the country with a target of 20 companies over a three-year period.

Proposals were made regarding the 'Maurice Ile Durable' (MID) framework and the release of funds for the MID Fund, specially for the manufacturing sector. MCCI also participated in the Working Group on MID of the European Union funded Multi-Annual Indicative Programme (MIP) 2011-2013 and the MID workshop held in December 2010. Despite private sector expectations for project funding under the MID funding, the criteria are still to be finalized and the strategy unclear. The MID fund itself will be closed this year.

The MCCI was also involved in various initiatives regarding Sustainable Consumption and Production, Removal of barriers to Solar PV Power Generation and Sustainable Public Procurement policy. The President of MCCI, with a private sector delegation, participated in the visit of the Prime Minister in Reunion Island, which had Sustainable Development as one of its focus points.

(d) Specialized Services

The MCCI in its endeavor to facilitate business for the community, has continued to consolidate its existing specialized business facilitation services and introduced, through advanced technology, new business facilitation services

(i) Barcode Service



'GS1 Mauritius', represented in Mauritius by the MCCI, welcomed some 100 additional subscribers to the GS1 bar-coding system in 2010. The majority of new subscribers were from the small and medium enterprises and individual business entrepreneurs. GS1 barcode is increasingly recognised as a necessary tool in Mauritius to facilitate the rapid flow of goods at points of sale, especially in supermarkets. By barcoding their products, small businesses and entrepreneurs integrate major distribution chains and develop further their business opportunities.

In 2010, the MCCI in its endeavour to improve the services provided by 'GS1 Mauritius', had meetings with representatives of major supermarkets to work in close collaboration to identify current problems pertaining to GS1 barcode in Mauritius and to propose solutions. Furthermore, various processes were reviewed to better meet the requirements of GS1 subscribers.

(ii) ATA Carnets

The MCCI was entrusted with a special mission from the 'International Chamber of Commerce' to train Malagasy Customs and Chambers of Commerce officers on the ATA carnet international legal framework and procedures in November 2010.

Following the training in Madagascar, the MCCI was

invited to a General Meeting of the World ATA Council (WATAC) in December 2011 in Dubai to report on this mission in Madagascar.

(iii) Mauritius Cargo Community Services Ltd

The project, in which the MCCI is a major stakeholder, is still being implemented, as there have been considerable delays in the customisation of the system, more particularly in the development of interfaces with the IT platforms of major stakeholders. However, one positive note is that the transshipment module of the Cargo Community System has been implemented and the shipping lines have been enjoying full benefits of the system. They are now able to submit their documents to MRA Customs on a 24/7 online basis. Furthermore, the process time has been considerably reduced from 48 hours to 3 hours.

The implementation of the import and export modules have been scheduled for April and September 2011, respectively.

The MCCI together with other shareholders, are working towards the successful implementation of the project.

(iv) Electronic Certificates of Origin

The MCCI launched the first web-based Electronic Certificate of Origin (CoO) in Mauritius in 2010 and it has been a complete success. Operators are saving much time and money by using the on-line services. As a second phase of the project, the Chamber is working towards delivering the CoO at the operators' place of business. This is a very ambitious objective which, if successfully achieved, will facilitate further the work of users. The main security features, which represent an important part of the project, are being developed by MNS, our partner in this project.

(v) Duty and VAT Refund

- Promotion and Branding



The MCCI Business Network Facilitation Services (BNFS) has been branded as 'Tax Tourist Refund System' (TTR)', with a new logo that can be easily recognized by tourists visiting the country. Stickers with

the logo are being distributed to both existing and new operators.

A bilingual guide (English/French) giving all the details for tourists to enjoy duty-free or VAT-free shopping in Mauritius has been distributed to many operators. It can also be downloaded from the dedicated website www.touristrefund.org. The mini-clip promoting TTR was shown on all long-haul flights of 'Air Mauritius' in the magazine 'Maurice Prestige' and is also available on the website.

- Technology Upgrading

Three keyboards with Optical Character Recognition, enabling passport reading of tourists coming to our TTR counter for refunds, are now fully operational. A central UPS has been acquired to protect our IT equipment from frequent power shortages at the airport.



The MCCI Duty Free and VAT refund counter at the Airport

Software development for the TTR to be linked with 'Mauritius Revenue Authority' (MRA) Customs counter at the airport has been completed and is awaiting internet broadband access from MRA to be operational.

- The DCP Funded Project

The 'MCCI Business Network Facilitation Services for SMEs' project funded by the 'Decentralised Cooperation programme' (DCP) of the European Community, was successfully completed. One hundred SME shops have joined the TTR online system and have benefited from free training, PC, modem and related equipment and software.

(vi) Arbitration

In the field of arbitration, the MCCI concentrated its efforts last year in laying down the groundwork for provision of training facilities in Arbitration and other Alternative Dispute Resolution techniques.

The MCCI endeavours to develop and promote an arbitration culture in the country and in the Region, to facilitate trade and investment, and to create opportunities for our professionals in the legal sector. In line with this objective, we believe that it is important that our law practitioners and other qualified professionals receive the appropriate training in techniques of arbitration, mediation and conciliation.

In this context, the MCCI has been exploring options available to set up training facilities for Arbitrators and Mediators in Mauritius at its Centre for Business Studies, based in Ebène. To cater for the urgent need for transfer of competence and know how in this field, Mr. Ben Beaumont, presently the Chairman of the Forum for International Conciliation and Arbitration (FICACIC), was invited to lead a workshop on International Arbitration in May 2010. FICACIC is an eminent institution based in Oxford, England, which trains aspiring arbitrators and works in close collaboration with WTO, ITC and UNCITRAL.

With the visit of Mr. Beaumont to Mauritius, a project to set up a training programme in Arbitration was initiated, and a possible relocation of FICACIC in Mauritius was also discussed. These developments are believed to hold good promises for the future development of commercial arbitration in Mauritius.

(vii) Intellectual Property Rights (IPR)

The subject of Intellectual Property Rights is gaining increasing importance and recognition among the business community, as more and more operators understand the value of the IPRs and use them as marketing and business tools. Some major shopping complexes are currently under construction in Mauritius, and with the massive development of retail trade in the country, the sale of branded items is expected to take an upward trend.

In line with these developments, the Chamber continues to support and encourage the business community towards maximising the use of their IPRs, by acting as a help desk for provision of information on IPRs. We are also in close contact with the Industrial Property Office to facilitate trademark, industrial designs and patent registration procedures, and to facilitate the amicable resolution of IPR related disputes.

(viii) Competition

During the course of 2010, the Chamber maintained regular consultations with members and with the Competition Commission of Mauritius on issues such as the implementation of competition guidelines and regulations and investigation procedures, in order to ensure a smooth adaptation by the business community to the new competition rules.

In May 2010, the Chamber organised a workshop on the theme of "The Competition Investigation Process", in collaboration with the Competition Commission of Mauritius. This workshop was preceded by a major Conference on 'Competition Policy and Law, Anticompetitive Practices and Trade Remedial Measures', in February 2010, organised by the Chamber in collaboration with 'Parker Randall' and 'CUTS International'. Around 40 participants took part in this workshop, which was conducted by eminent local and international resource persons.

5. PROJECTS-BASED ACTIVITIES

The MCCI has since a few years collaborated with bilateral donors and other international funding institutions to support some of its initiatives, as was the case for the ZEP schools project or the Business Network Facilitation Services (BNFS), mentioned earlier. In addition the MCCI has embarked on a few projects which are regional or international and cut across sectors. During the past year, the MCCI participated in three such projects.

(a) SOPSED

SOPSED – Sustainable Organisations for Private Sector Development – began in May 2010, and will end in September 2011. It is a programme of best practices and business experience exchange, implemented through a series of training activities and networking events, with the ultimate objective of building institutional capacity and strengthening private sector organisations nationally, regionally and internationally.

Under this project, the MCCI is collaborating with 11 business associations from 10 European and African countries, namely Belgium, Burundi, Ethiopia, France, Germany, Italy, Kenya, Netherlands, Uganda and UK. It is the first time in the MCCI's history that an international cooperation project of this scale is being

undertaken, and beyond its objective of capacity-building, SOPSED is contributing to build up valuable networks which will continue to serve us in long term, beyond the scheduled duration of the project.

(b) 'Reinforcing the ICT Sector in the Indian Ocean' Project



Reinforcing ICT Sector Workshop in February 2011

This project began in December 2010, and will last until March 2011. Its overall objective is to reinforce the ICT sector in the Indian Ocean Region, and more particularly in Mauritius and Madagascar. Its specific objective is to strengthen the service capability of ICT intermediary organisations in Mauritius and Madagascar, The MCCI is working closely with OTAM, and the Malagasy sister association, GOTICOM, on this project, which involves participation in training, workshops, B2B and networking events.

(a) COM4DEV

COM4DEV is an "E-Platform" project funded by Proinvest. Work on the project began early in 2010. The Com4Dev E-Platform is designed to house a Knowledge Centre for Intermediary Organisations (IOs), Investment Promotion Agencies, Governments, Regional Organisations and Donors, as well as capacity building tools for Intermediary Organisations, namely with regard to events and membership management.

Its objective is to allow IOs to have a higher online visibility, identify partners, expertise and donors, network and formulate fundable projects, obtain, generate and exchange information and best practices, and deliver information to their members and to potential investors in ACP countries.

The project was officially launched in January 2011, and its objective to become the key information platform for private sector ACP intermediary organisations by September 2011.

6. IMAGE OF THE CHAMBER

(a) Branding

In the context of the 160th anniversary, the MCCI took the decision to take a critical look at its image and to find ways and means to reinforce its position as the inspiring private sector institution in the country.

In this context, a study was commissioned in March 2010 by our institution to assess its image within its Members, Members of the business community, other stakeholders and the public at large. Foreign organizations were also invited to give their views in this regard.

Following the presentation of the findings to Council Members and recommendations made, a 'brand building' action plan has been developed.

The action plan comprises the design of a new logo and the development of new tools, materials and messages to enhance the value of the institution.

(b) Publications and Web-based Services

During the past year, in its endeavour to keep Members informed of the latest developments, the MCCI continued to devote significant resources to continue to provide various publications to its Members on a regular basis. The 'Chamber News', which is issued on a weekly basis, the CCI Info, the MCCI's magazine and the Annual Report, have been updated and upgraded in order to provide better information to the business community.

In addition to the publications issued by the MCCI, our institution, through its exclusive affiliation with the International Chamber of Commerce, has continued to provide Members with unique reference tools which assist them in dealing with complex terms, procedures, rules and regulations that play a role in all international transactions today.

With a view to making the website more user-friendly, some contents have been reviewed and upgraded. Videos have also been uploaded.

(c) The MCCI's Annual Dinner

The 21st Annual Dinner was held on 18 February 2011 at Hilton Hotel. The Guest Speaker this year was Mr. Didier Robert, President of 'Région Réunion'. The theme of his speech was "Dans un monde globalisé, quelle vision pour la Réunion et la région?". The choice of the Guest Speaker and the theme of his speech were well appreciated, as the efforts of MCCI to give a new impetus to regional cooperation among the Islands of the Indian Ocean, through the UCCIOI, and bilateral

relations with Réunion, had just obtained an official endorsement with the visit of the Prime Minister to Réunion Island and the launching of the 'Plateforme-Maurice Réunion', in January 2011.

The dinner which was, as usual, attended by Senior Ministers, top Government officials, Members of the diplomatic corps and many of our Members, witnessed also this year the participation of representatives of private sector institutions from Réunion Island and Madagascar.



The guest of honour Mr. D. Robert, Président du Conseil Régional of Réunion Island greeted by the President of the MCCI, Mr. M. Venkatasamy and Mrs. I. Venkatasamy, Vice-President, Mr. C. de Spéville and Secretary-General, Mr. M. Cheeroo and Mrs. S. Cheeroo.



President of the MCCI, Mr. M. Venkatasamy, addressing guests and Members



The head table



The guest of honour, Mr. D. Robert, Président du Conseil Régional of Réunion Island, addressing the audience

(d) 100% Challenge

Members will recall that the Chamber took the initiative in 2009 of producing six episodes of a documentary film, entitled '100% Challenge', to show-case the know-how of local companies and to highlight their contribution to the economic development of Mauritius.

During 2010, five episodes of 26 mn each were produced and broadcasted twice per month on the national TV and twice on a Satellite Channel. Videos can also be viewed on the Chamber's website.

7. TRAINING



Mr. Ashraf Joomun, Director of the Centre for Business Studies of the MCCI during 'Career World 2010'

The Centre for Business Studies of the MCCI has registered significant progress since its inception in the mid-eighties. From two-year French Higher Diploma Courses ('Brevet de Technicien Supérieur' – BTS), it has diversified its offer of courses to include diploma, bachelor and masters degrees in association with reputable higher education institutions in Réunion and France. The quality of the courses dispensed, the results obtained and the motivation of teaching staff are strong assets of the Centre. However, it was felt since some time that there was a need to review the strategy, especially in the light of the new very competitive environment developing in Mauritius in the tertiary sector.

(a) New Strategy

The Board of Governors of the Centre for Business Studies was reconstituted in October 2010 under the chairmanship of the President, Mr Marday Venkatasamy. The Board has since met several times to take stock of the situation and it has come to the conclusion that a new strategy is warranted to take the Centre to new heights.

A study on the market for tertiary education in Mauritius will be commissioned shortly to provide the necessary information to develop a new strategy for the Centre.

(b) Award of Certificate Ceremony 2010

The traditional annual award of certificate ceremony took place in November 2010 at the Cyber Tower No1 Conference Room. We were honoured by the participation of the Minister of Tertiary Education, Scientific Research and Technology, Hon. Dr. Rajesh Jeetah, at the function. The ceremony was meant to reward all the successful students in the award training programmes organized by our Centre. 50 students have successfully completed the BTS courses in June 2010. It is to be highlighted that the success rate was once again 100% in the marketing field and of 85% on average for the three BTS. Some 50 more students were also rewarded for successfully completing the following courses: Diploma in Accounts and Finance, 'Licence de Gestion', 'Master en Administration des Entreprises', and 'Master en Management International'.

8. CORPORATE SOCIAL RESPONSIBILITY

The Chamber has been involved in CSR activities since a number of years. With the recent Budgetary measures on CSR, the MCCI has been actively involved with JEC to discuss with the authorities on the new modalities associated to the implementation of CSR programmes.

(a) Zones d'Éducation Prioritaires (ZEP)

The objective of the Private Sector's involvement, which is coordinated by the MCCI, in the ZEP Schools is to create favourable learning conditions for children living mainly in the deprived regions of Mauritius.

One of the main achievements during 2010 is the Reading Project which has the objective of improving the level of French and English in the ZEP schools.

The Reading Project, which was prepared and implemented by the MCCI, benefited from financing by the Decentralised Cooperation Programme of the European Community to the tune of Rs 4.2 M. Although, initially it targeted only pupils with low level of English and French, it was extended to all pupils from standard II to V during the implementation phase.



Distribution of books in a ZEP school

2200 reading sessions were conducted. Around 3000 pupils benefited from the project. Books and stationeries were distributed to all ZEP Schools. Several schools benefited from photocopying machines, PCs, LCD projectors and screens.



Vice-Prime Minister, Minister of Social Integration and Economic Empowerment, Hon. Xavier Luc Duval and Mr. S. Naidu being apprised of the achievements of the projects implemented by the MCCI in the context of European Week 2010

The project came to an end officially on 31st March 2010. Moreover, a follow-up exercise is being conducted in collaboration with the Ministry of Education and Human Resources to see to it that the objectives of the project are achieved.

The Memorandum of Understanding between the MCCI and the Ministry of Education and Human Resources was renewed in September 2010 for a period of one year.

(b) MCCI – Foundation

Members will recall that following the new legal framework for CSR activities the Chamber was solicited by a number of companies to set up a 'vehicle' which can contribute to give greater effectiveness and visibility to the CSR activities of the private sector and to play an advocacy role on CSR matters vis-à-vis the public authorities.

The entity has been set up and registered under the name "MCCI – Foundation", a company limited by guarantee.

9. REGIONAL AND INTERNATIONAL BUSINESS DEVELOPMENT

(a) Working with Business Organizations and International Institutions

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

As Chair of UCCIOI, the MCCI continued to play a leading role in the activities of the organization. It was through this channel that the initiative was instigated at the IOC level to give a new impetus to regional cooperation among the Indian Ocean Island States and the 'Plateforme Maurice-Réunion' was launched.

Given the contribution of MCCI in achieving these goals, the MCCI has been re-elected Chair of the 'UCCIOI' at the General Meeting held in Moroni, Comoros Islands, on 21 February 2011.

(ii) COMESA Business Council

The MCCI has been elected Board Member of the COMESA Business Council at the General Meeting held in Manzini, Swaziland on the 28 August 2010.

The COMESA Business Council was established to play the key role of a platform for advocacy vis-à-vis the COMESA Secretariat and Policy Organs and to support the development and progress of the private sector in the respective COMESA countries.

The COMESA Business Council has had several meetings during the year, the latest being the one organized in South Africa on 8 – 9 March to discuss the Rules of Origin in the COMESA-SADC-EAC Tripartite Initiative, reviewed earlier. At that meeting, which was attended by the President, MCCI has been chosen to drive the establishment of an COMESA/ICT Private Sector Platform.

(b) Incoming Missions

The Chamber facilitated the visit of several delegations from abroad.

(i) Pakistan



A delegation comprising 16 members from the Rice Exporters Association from Pakistan, led by Mr. Rafique Suleman, Vice Chairman of the Rice Exporters Association visited the MCCI in July 2010. Discussions centred on certification of rice exported to Mauritius and the potential to use Mauritius to export to the Region.

(ii) Swaziland



A delegation from the Swaziland Investment Promotion Agency (SIPA) led by its CEO Mr. P. Ginidza, visited the MCCI in August 2010 to exchange on best practice in investment promotion and to better understand the role of the private sector in the mobilization of FDI.

(iii) India



A 17-Member delegation from the National Defence College of India, comprising Senior Indian Civil Service and Defence Officers had a working session with representatives of the MCCI in September 2010, to have a private sector perspective of the economic development strategy of Mauritius.

(iv) Liberia



A three-Member delegation from the Liberian Chamber of Commerce, led by Mr. Freddie Robert Taylor, Immediate Past President, met with representatives of the MCCI in March 2010 to discuss cooperation between the two institutions and business prospects between Mauritius and Western Africa.

(v) Ghana



A delegation from the National Board for Small Scale Industries (NBSSI) of Ghana visited the Chamber in July 2010 in the context of a study tour.

(vi) Burkina Faso



Representatives from the 'Conseil Présidentiel de l'Investissement' and from the Ministry of Commerce of Burkina Faso also visited the MCCI in March 2010.

(vii) Madagascar

A delegation from the 'Centre d'Etudes Diplomatiques' in Madagascar, led by Mr. Solofo Rasoarahona, 'Délégué Général' for the Indian Ocean, and comprising about thirty members, met with representatives of the MCCI in May 2010 at the Centre for Business Studies of the MCCI in Ebène.

(c) Outgoing Missions

During the past year, the Chamber has participated in various trade and investment missions to provide support to our local operators to explore business opportunities in the region and beyond.

(i) 6ème Forum Economique des Iles de l'Océan Indien (FEIOI)

The 6th edition of the FEIOI was held between the 19 and 21 October 2010 in Seychelles. The FEIOI, which was held for the first time in Madagascar in 2005 and which is organized on a rotation basis in each IOC country, has established itself as the main regional event organized by the private sector in the IOC Countries.

The 2010 edition, organized by the 'Seychelles Chamber of Commerce and Industry' in collaboration with the 'Indian Ocean Commission' under the aegis of 'l'Union des Chambres de Commerce et d'Industrie de l'Océan Indien' has attracted around 150 participants.

Discussions focused on regional tourism, sustainable development and the regional economic blocks and presentations were made by high-level speakers.

The delegation of the MCCI, which comprised around 20 Members from various sectors, was led by the President of the MCCI, Mr. Marday Venkatasamy.

The next edition of the Forum will be held in October 2011 in Fort Dauphin, Madagascar.

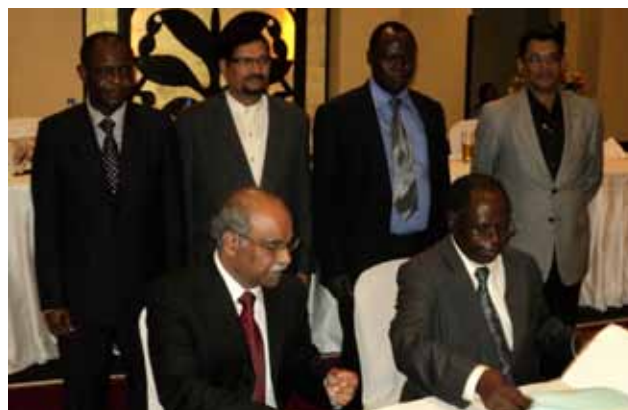
(ii) Réunion Island

The President of the Chamber, Mr. Marday Venkatasamy, participated in the public/private sector mission to Réunion Island held on 22 and 23 January 2011.

The delegation was led by the Prime Minister of Mauritius, Dr. The Honourable Navinchandra Ramgoolam. One of the major outcomes of the mission is the setting-up of a 'Plateforme Maurice-Réunion', whose objectives are to find ways and means to strengthen cooperation between the two islands.

(iii) Tanzania and Kenya

The Chamber participated in a trade and investment mission to Tanzania and Kenya, held from 24 to 28 January 2011. The delegation was led by the Minister of Industry and Commerce, Hon. S. Soodhun, and comprised also the Minister of Tertiary Education, Hon. R. Jeetah. The objective of mission, which was organized by Enterprise Mauritius with the support of MCCI, was to promote trade and investment between Mauritius and Tanzania and between Mauritius and Kenya respectively.



In this context, two Memoranda of Understanding were signed, respectively, between the MCCI and Tanzania Chamber of Commerce, Industry and Agriculture and between the MCCI and the Kenya National Chamber of Commerce and Industry.

The MCCI was represented by the Secretary-General, Mr. Mahmood Cheeroo.

(iv) COMESA Business Forum

The COMESA Business Forum was held in conjunction with the COMESA Summit in August 2010 in Manzini,

Swaziland. One of the main outcomes was the project of setting-up a business information network among COMESA countries.

(v) Russia – Africa Business Forum



The Russia-Africa Business Forum, which was held on 15 and 16 June 2010, was an opportunity for Mauritian businessmen to promote their products and services. The Chamber was represented by the President, Mr. Marday Venkatasamy.

(d) Visits of Dignitaries

The MCCI has become an inescapable point of visit for ambassadors and high-level visitors who are looking for a private sector independent view on the business prospects in Mauritius and ways of enhancing relations between the Mauritian Private Sector and their respective countries.

During the past year, we had the visits of the following high profile visitors:



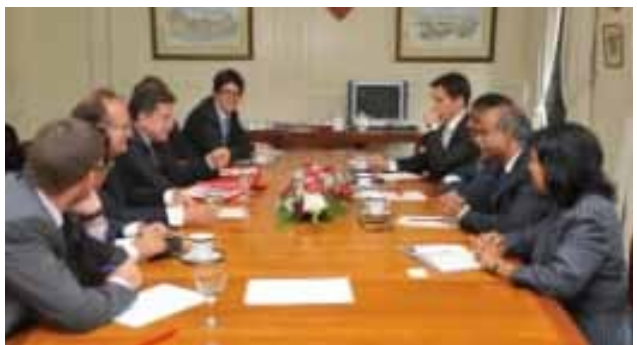
Portugal's State Secretary for Trade, Services and Consumer Protection , Mr. F. Serrasqueiro



The Ambassador-designate of Sweden to Mauritius, H. E. Mr. Anders Lidén



The High Commissioner of Ghana to Mauritius, H. E. Mr. Lee Ocran



The 'Préfet' of Réunion Island, Mr. Michel Lalande



The Minister Counsellor of Royal Thai Embassy in Pretoria, H. E. Mr. S. Susomboon



The Honorary Consul General of Mauritius in Lebanon, Mr. Salem Beydoun



The Ambassador of France in Mauritius, H. E. Mr. Jean-François Dobelle.

The US Resident Ambassador to Mauritius, Mrs. Mary Jo Wills and the Russian Ambassador to Mauritius, Mrs. Olga Ivanova had working sessions with the President and Secretary General at the seat of MCCI.

10. PROSPECTS

The results of the survey carried out on the image of the MCCI, as part of the 'Branding Exercise', gave a comforting picture of the reputation of the organization, the professionalism of its staff and the high quality of its services. There is no doubt that these are strong foundations on which the MCCI will continue to grow. However, the survey has also revealed that many stakeholders are not aware of all the services provided by the institution and its innovative projects in business facilitation. There is a challenge to bridge this communications gap, which will further boost the image of the MCCI and generate greater support from Members and other stakeholders to develop its activities.

These seems to be also a need for more interaction between the MCCI and Members, and the business community at large, for developing shared objectives and working together to achieve them.

The specialized services of the Chamber are certainly of high quality but some of them, including the training facilities at the Centre for Business Studies at Ebène, will have to develop new strategies to fair better in the new rapidly changing environment.

Finally, if the MCCI has developed the level of professionalism and sophistication in its services, it is thanks to its ability to generate financial resources to support the continuous development of these services. As circumstances change, and they will change, generating additional resources will be in itself a major challenge.

However, I am confident that the MCCI will rise to these challenges, ensure the further development of its services to the business community and the country and continues to be a beacon of governance among institutions in Mauritius.

I would like to put on record my thanks to the Vice President, Mr. Cédric de Spéville, Members of the Council, MCCI Members, the Secretary-General, Mr. Mahmood Cheeroo and the staff of the MCCI for their support during my third term of office as President. It is thanks to this support and the professionalism of the Secretary General and his staff that I can present to Members to-day such a report of activities.

Marday Venkatasamy

President