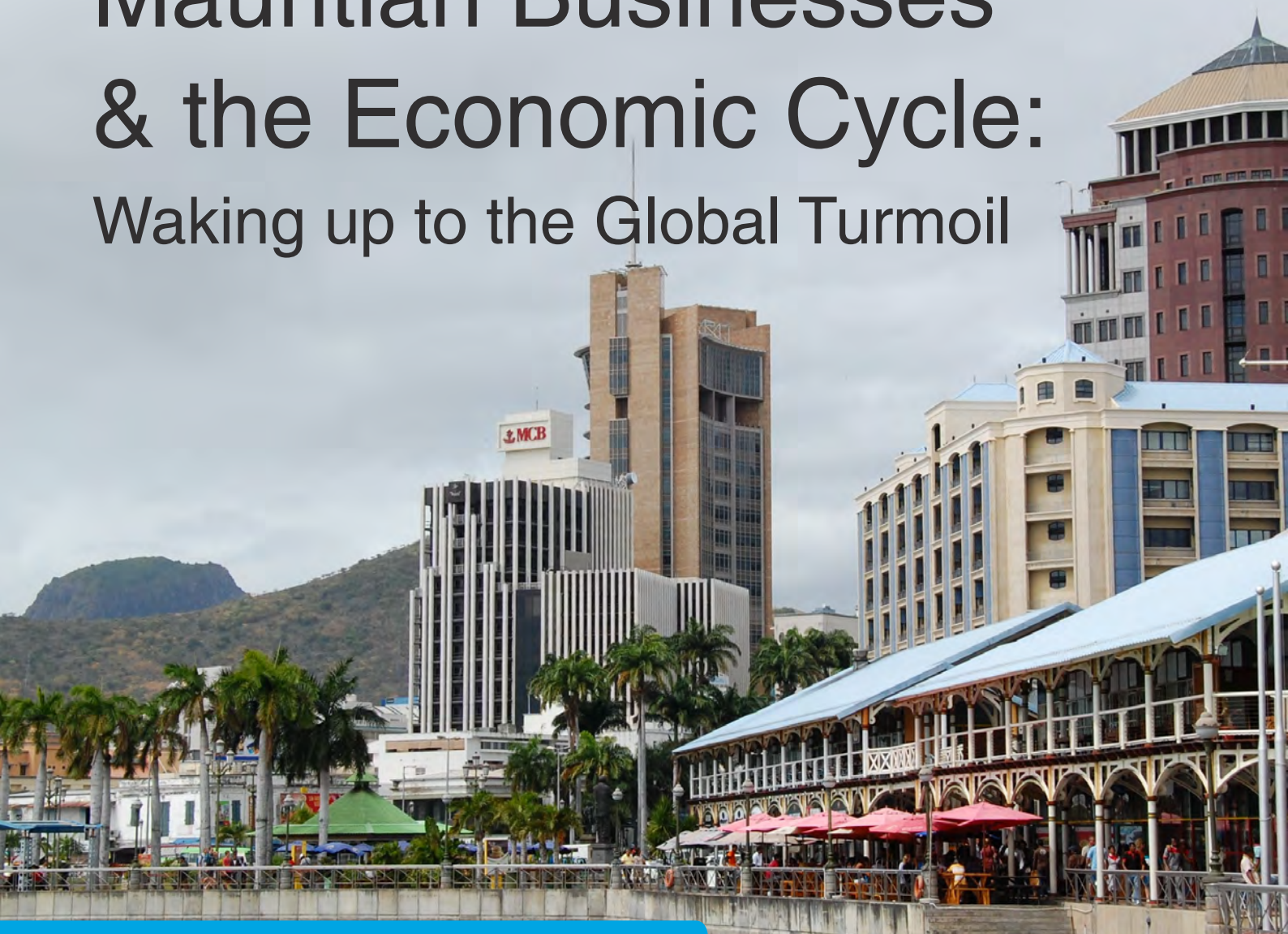


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THE MAGAZINE OF THE MAURITIUS CHAMBER OF COMMERCE AND INDUSTRY

Mauritian Businesses & the Economic Cycle: Waking up to the Global Turmoil



BoM Governor R. Bheenick:

“For activity to be sustained,
confidence needs to be sustained”





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Secretary-General

The Curse of the swing of the pendulum : Economic cycles theory revisited

Political economy, as a new research discipline, emerged when other bodies of thoughts (like sciences, religions, arts, ...) had already registered a significant development. Logically its methodology, references and foundations rested a lot upon the existing disciplines, the fathers of political economy (the 'Physiocrats', the 'Classics', ...) building their demonstrations and even using a terminology based on concepts borrowed from medicine or religion. And this applies also to the theories on economic cycles. Most probably the first proponents of the theory of economic cycles (Sismondi and Owen) had been inspired by the 'Seven years of abundance and seven years of famine' of the Bible.

Two centuries of thinking and research on the subject can be summarized, in our view, in one composite image: a giant clockwork with its multiple movements at varying speeds, powering a number of mechanisms which trigger the movement of a central pendulum, which moves the economy in negative or positive territory. With globalisation, the clockwork at national level is being increasingly joined to other clockworks by more and more sophisticated cogs. Although understanding of the clockwork improved over time, the swing of the pendulum was long regarded as a fatality, beyond the reach of, we, Lilliputians, at work on some micro movement of this gigantic clockwork (remember 'Hugo Cabret' living in that huge clock?).

Even after the Great Depression of 1929, when the pendulum moved furthest in negative territory, destroying millions of jobs, enterprises and livelihoods, mankind remained convinced that there was no magic spell to put an end to the curse of the swing of the pendulum. In primitive times the gods demanded sacrifices to bring prosperity to communities; in the new capitalist system, the invisible hand of the market chooses its own victims as the pendulum swings in negative territory.

Not surprisingly, the ancient religions and other beliefs about the 'virtue' in the swing of the pendulum have had a favourable echo in economic thinking as Schumpeter came up with his theory of 'creative destruction' : the destruction of old equipment, processes and enterprises is a necessary condition for the emergence of a new generation more performing substitutes. The pendulum must be allowed to move in negative territory to spur a new growth momentum. And this theory implicitly holds that the further the pendulum moves in one direction, the stronger will be the momentum in the opposite direction: the deeper the economic

recession, the longer and stronger will be the recovery. It is almost like a story of crime and redemption (epitomised by 'A Clockwork Orange' of Stanley Kubrick). However, when the curse stroke again in 2008/2009, the extent of the sacrifice was widely regarded as unacceptable.

And for the first time the world got together in an attempt to slow down the swing of the pendulum. And, more importantly, as the population took to the streets of Madrid, Athens and even Washington to demonstrate against the sacrifices of the curse, opinion leaders were starting to challenge the clockwork itself, especially some of its workings (the financial market). Prominent economists, including Joseph Stiglitz, are now of the view that the 'creative destruction' can and should be minimized. The pendulum can be sent back in positive territory with minimal sacrifices if the States were to act decisively and give it a big push.

The evidence on the ground tends to suggest that unless the clockwork is completely overhauled, preventing the pendulum moving in negative territory does compromise, to some degree, its movement back to positive territory. For example the US, which has undoubtedly registered the most substantial losses in the developed world in the Global Crisis, is the one which is rebounding faster. On the contrary, major parts of Europe, which have been resisting the sacrifices are still in trouble.

What about Mauritius?

During the first two decades after independence, we had two cycles of seven years of sustained growth (1971 – 77 and 1984 – 90) alternating with one cycle of crisis (1978 – 83). Although the length of the cycles seems very familiar to the cycles in the Scriptures, they were in fact the results of good and bad policies and strategies pursued over this period, although mother nature did contribute to make the cycles more pronounced. Since the 1990s, it has been a battle, won so far, to keep the pendulum in positive territory. The closest to negative territory we have been, since, was in 1999 and 2002. But it is clear that since the turn of the century the pendulum has, on average, never been closer to negative territory. The impact of the major re-engineering of the clockwork in 2006 has been short-circuited by the global crisis. How longer can we keep the curse away? Can the world get rid of the curse through a new global governance pact?

Time will tell.

Qui aurait dit que de la canne naîtrait notre cyber avenir ?



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Business in Mauritius in challenging times:

Riding the tide of the current economic downturn for a better future

Times of crisis and uncertainty generate an energy which, if well harnessed, can help build the foundations for a new and better order. The tendency for businesses during times of economic downturns has been to review their strategies, reduce staff, and cut down on expenses, especially on training and Research and Development.

ANJANA CHIKHURI - Analyst, Legal and Business Facilitation



On the other hand, most governments have responded mainly by introducing stimulus packages and 'resilience funds', and eventually austerity measures.

While countries across the world do their best to juggle with the right mix of appropriate response measures to the current economic downturn, it is interesting to look into how and where the best results have been achieved so far, and what leading experts and economists have to say on the subject.

This article examines possible ways whereby both businesses and government can fight their way through the current economic crisis, minimize damages and prepare for better times. The gist of the game is well recognized as being learning to take advantage of the crisis for consolidating a better 'growth' path in the medium and long term, rather than merely surviving it.

Mauritius through the global recession

Since the onset of the global recession in 2008, Mauritius has followed a development curve marked by declining growth rate, increasing public debt, and rising unemployment. The fact that Mauritius has shown a certain degree of resilience provided some measure of comfort, not to say complacency, but nothing more. And now, with the current Eurozone crisis, short term prospects are rather bleak, as economists and trade analysts portend of even more stringent conditions. Growth forecasts for Mauritius have been revised to 3.3% for 2012. On the global front, indicators point towards an increasingly fragile and unbalanced economic environment.

In a recent article, Joseph Stiglitz writes that *"this year [2012] is set to be even worse. It is possible of course, that the United States will solve its political problems and finally adopt the stimulus measures that it needs to bring down unemployment to 6 or 7 percent (...). But this is as unlikely as it is that Europe will figure out that austerity alone will not solve its problems. On the contrary, austerity will only exacerbate the economic slowdown. Without growth, the debt crisis – and the euro crisis – will only worsen. And the long crisis that began with the collapse of the housing bubble in 2007 and the subsequent recession will continue."*

Measures taken for dealing with the economic downturn

The Government of Mauritius has taken several measures to deal with the economic slowdown. The 'Additional Stimulus Package' was presented in December 2008 to support enterprises on a short-term basis.

The package introduced a 'Mechanism for Transitional Support to the Private Sector', which was eventually replaced by 'the Economic Restructuring and Competitiveness Programme' in

2010' under the "Facing the Euro Zone Crisis & Restructuring for Long Term Resilience' Memorandum presented in August 2010.

This programme also included SURE (Support Unit for Re-Employment of Employees), and plans for restructuring the tourism industry, and for supporting the sugar industry. In 2012, Rs 7.3 Billion has been committed to a National Resilience Fund to help businesses better face the economic downturn.

For its part, the Mauritian private sector has been responding mainly by cutting on expenses, introducing restructuring plans, and reviewing their business strategy, which has unfortunately involved in several cases, the lay-offs of staff. Many companies, especially those dealing with Europe, are now talking of 'plans d'austérités', as they face increasing cash-flow impediments.

While the above measures are basically emergency band-aids to deal with current difficult conditions, there is no doubt that the economic downturn can also provide the impetus for taking further initiatives for securing more longer-term objectives, beyond the crisis. Some ideas are summarized below.

- **Improve the conditions for doing business in the country**

Mauritius has a good international reputation as a politically stable, democratic and open economy, with a modern legal framework, regulatory efficiency, and a reliable system of state justice. In its 2012 Index of Economic Freedom, the Heritage Foundation, in partnership with the Wall Street Journal, lists Mauritius in its top 10 global league, making it the world's 8th freest economy, only two slots behind Canada. Furthermore, the newly released Economist Intelligence Unit's Index of Democracy places Mauritius among the world's first twenty-five "full democracies."

However, Mauritius can still do better to improve conditions for doing business. While significant improvements have been made to reduce time and administrative procedures for registering a business, buying land and enforcing contracts, some enhancements would provide much needed relief to the business community, namely the setting up of a single platform for all business-related administrative procedures.

The model we have in mind here is Bizfile, Singapore's Internet-based online registration, filing, and information retrieval system. With Bizfile, Singapore – which ranks first on the World Bank's Ease of Doing Business – has managed to reduce the time to register a new business from 24 hours to 15 minutes, and the time to incorporate a company from 5 days to just 15 minutes. Costs have been brought down too—and businesses benefit through lower registration fees. The system has also made it easier for business owners, company officers, and professionals to file documents. >

There are actually a number of websites made available by different governmental organizations and business associations which provides information on how to conduct business in Mauritius. However, what is lacking is a single platform, cross-cutting across several administrative authorities, which would enable a potential investor or a business operator to do all the necessary filing, registration, applications for permits, renewals and payments online. Time lost in queuing up for hours waiting for permits to be delivered is detrimental to business.

While the Import and Export Permit/Trade Portal project being led by the BOI are positive steps towards an improvement, its success will depend considerably on how well different public administrative divisions communicate and collaborate to put the whole act together, and how efficiently the public and the private sector can align themselves along a common perspective.

- **Capitalize on the strategic position of Mauritius as a gateway to Africa**

In a recent article, the Chairman of the BOI, Maurice Lam highlighted the strategic position of Mauritius as a gateway to Africa and emphasized the wealth of opportunities yet to be tapped into that this represents for the country: "The abundance of the mining resources available in Africa are needed in Asia. The ore is transported from Africa to Asia by ships using the sea-lanes of the Indian Ocean where Mauritius wields a strategic position".

This makes of the island State a bridge between Africa and Asia. Leveraging on its proximity to the African continent, Mauritius can develop a powerful trading platform for some of the major mining resources and commodities found in Africa."

In this context, sectors with considerable potential for growth include entrepôt trading, transshipment support services, capital-raising, logistics services, supply chain management, and asset management.

"While significant improvements have been made to reduce time and administrative procedures for registering a business, buying land and enforcing contracts, some enhancements would provide much needed relief to the business community, namely the setting up of a single platform for all business-related administrative procedures."

Government incentives to stimulate the development of these sectors could help leverage the required impetus.

Singapore again provides a good example here. Globally and regionally, the Singapore economy has demonstrated astounding resilience to the 1997 Asian Financial Crisis or the 2008 Global Financial Crisis.

The Singapore Inc. as the unique Singapore economic model is often dubbed is considered as a highly innovative and successful economic system, one where both the market and the state have an equally important role.

While opening the economy to the global market to enable it to thrive, government took care to enact economic policies that would protect the country's vulnerabilities, while actively encouraging new industries to develop to respond to the needs of the global market.

The geostrategic position of Singapore in Asia is very much comparable to that of Mauritius in the African and Indian Ocean region, and the country's success during the past years is considerably due to government and private sector capitalizing on this strategic position.

Despite a relatively small land area of 687 sq km, and no natural resources, Singapore is today the busiest port in the world, above Rotterdam and Hong Kong.

Many Multi-National Companies have also set up their regional headquarters in Singapore, due to its high degree of openness and accessibility to other markets. Singapore also engages in entrepôt trade, whereby industries and businesses in the country import raw materials, before refining them for re-export.

Moreover, despite not having a single drop of proven oil reserves in the country, Singapore is the 18th largest exporter of oil in the world. In 2010, Singapore exported 1.374 million barrels of oil/day. Its petroleum and petrochemicals industry is one of the biggest in the world.

The country imports oil from other countries before refining them

for further use to other countries, and has the third largest oil refinery in the world, behind Rotterdam and Houston.

- **Support innovation and invest in Research & Development**

While the tendency for business and governments during economic downturns is to cut back on expenses such as R&D, training and innovation, it appears that better results are achieved from doing the opposite. The OECD for instance advocates support to innovation and R&D during times of crisisⁱ: “The crisis can(...) magnify the competitive advantage of research-intensive firms who seize the opportunity to reinforce market leadership through increased spending on innovation and R&D.

Many of today's leading firms such as Microsoft or Nokia were born or transformed in the “creative destruction” of economic downturns. And several of today's leading technology firms such as Samsung Electronics or Google increased their R&D expenditures during and after the “new economy” bust of 2001ⁱⁱ.”

Finland and Korea provide good examples. During the economic crisis of the first half of the 1990s, the Finnish government cut public expenditures almost across the board and raised some taxes, but increased its R&D spending. This helped lay the ground for a strong rebound, and helped set the Finnish economy on a stronger, more knowledge-intensive growth path following the crisis.

Korea's response to the Asian financial crisis of the late 1990s was rather similar: the Korean government increased its education expenditure, and its R&D budget, and used the crisis as an opportunity to develop a technology-based SME sector, using the Special Law to Promote Venture Firms.

A co-ordinate mix of policy measures was put in place: regulations that helped improve the environment for venture start-ups and their growth, government-backed venture funds, tax incentives for investors, as well as measures to support research.

The Mauritius Research Council has worked on several projects involving the production of certain innovative products

using materials available in Mauritius, and which can be commercialized for the food and health market.

What are needed now are sound measures for bridging the gap between those researches, and the availability of financing mechanisms for supporting their commercialization. The promotion of venture firms, seed funding and ‘angel investment’ are potential avenues worth considering.

- **Better coordinate and manage private sector - government actions for finding new markets**

The need to diversify into non-euro based markets has been evoked from the onset of the crisis, and is strongly emphasized in the “Facing the Euro Zone Crisis & Restructuring for Long Term Resilience” programme presented by the Minister of Finance & Economic Development in 2010.

There is however a strong need to better coordinate private sector and governmental actions towards prospecting such new markets. Part of the National Resilience Fund's resources should definitely be committed towards the facilitation of business prospecting studies and missions in key sectors outside Euro-based markets.

The organization of trade missions must be given due consideration to avoid wastage of resources and ensure that the objectives sought are achieved. Too often, business operators come back from trade missions empty handed, because of lack of adequate preparation and organization.

- **Take advantage of the crisis for initiating restructuring or re-orientation programs towards ‘greening the economy’**

The crisis can also provide opportunities and incentives to move towards more efficient use of energy and materials, more sustainable manufacturing, and to develop new green businesses and industries.

Innovation and R&D should ideally be directed towards dealing effectively with the current environmental and societal challenges, for example, developing more energy-efficient buildings and transport systems, finding alternative energy supplies, and ensuring better pollution control. ■

ⁱ “Think 2011 Was Bad? 2012 Will Be Even Worse” by Joseph Stiglitz, 12 January 2012, www.economywatch.com.

ⁱⁱ Mauritius: Reasserting its role as the Star and Key of the Indian Ocean - an Analysis by Maurice Lam, BOI's Chairman, by Maurice Lam, BOI Newsletter, January 2012, Issue No. 38.

ⁱⁱⁱ Singapore Economic Structure, www.economywatch.com.

^{iv} ‘Policy Responses to the Economic Crisis: Investing in Innovation for Long-Term Growth’, OECD, June 2009



The Governor of the Bank of Mauritius, Mr. Rundheersing Bheenick

BoM Governor R. Bheenick:

“For activity to be sustained, confidence needs to be sustained”

The Governor of the Bank of Mauritius (BoM), Mr. Rundheersing Bheenick, sheds some light on the impact of economic fluctuations on Mauritius and elaborates measures to be taken to palliate the effects of the consecutive crises that have shaken the world’s financial structure.

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1. History has witnessed several business cycles, bringing in their strides several booms and crises, varying in their magnitude and density. Based on your long and illustrious career in the economic sphere, has the recent events changed your views on economic cycles?

Business cycles have been there throughout history.

Despite being termed cycles, these fluctuations in economic activity do not follow a mechanical or predictable periodic pattern. It is virtually impossible to predict the precise timing and intensity of future busts. It is nonetheless during a recession that inefficiency is replaced by newer and efficient firms shifting capital and labour to where they are most highly valued, ultimately creating the preconditions for long-term economic growth.

In the present case, neither economists nor market participants, nor indeed macroeconomic policymakers and regulators were able to foresee a financial crisis of the type and magnitude we have had. Booms and slumps are the result of the interplay of demand and supply. Crises, however, are the result of abuse, where essentially confidence in the economy has been lost because a few economic agents have taken undue advantage of the trust placed on them.

Two main factors have been shaping business cycles in recent decades: (i) The forces of globalization have increased cross-border economic interdependence and led to the convergence of business cycle fluctuations; and (ii) emerging markets (e.g. India and China and other Asian economies) have to some extent “decoupled” from industrial economies, in the sense that their business cycle dynamics are less linked to advanced economies’ business cycles, mainly because of two reasons, first, the intra-regional trade and trade among emerging countries have significantly increased; second, as a result of rising middle-class in these emerging countries, domestic demand has gone up.

2. How was the past different from the current situation?

During the golden era i.e. from early 1980’s and early 2000’s, business cycles have been artificially long – each business cycle threatening incident was dealt with using aggressive intervention by the authorities. This, coupled with the lower and lower interest rates, led to previously unthinkable levels of public and private leverage. Along with loose monetary policy pursued by the US Fed between 2000 and 2007, the multiplicity of regulators, combined with growing supervisory laxity, – remember the Glass-Steagall Act which abolished the distinction between retail banking and investment banking –, underscored by too much faith in the efficiency of markets, were the main culprits in causing the global financial crisis.

Post global financial crisis, policymakers have used fiscal stimulus

and excessively loose monetary policy to revive the global economy. Because these policies have been overused before the crisis, they became less effective after the crisis. Authorities seem now to be out of ammunition and they will be less able to prolong the cycle.

What distinguishes the current crisis from the previous crises is that trust in the two most important foundations of an economy, banks and government, has been shaken. Rebuilding that trust, which took ages to be forged, cannot happen overnight; it requires more efforts and firm actions by all stakeholders.

3. What is being done to palliate the effects of cyclical fluctuations?

Post global financial crisis, there have been concerted efforts worldwide. New regulations are being put in place; banks are becoming more cautious when they recruit people; regulators are adopting new supervisory approaches; more central banks are now understanding the importance of financial literacy; and banking and financial product end-users, themselves, are becoming more prudent in their dealings.

What we need to do is to work harder at strengthening the countercyclical features of fiscal, monetary, and financial policies, both to reduce the intensity of future business cycles and lower the likelihood of a global crisis like the current one happening again. We need sound and prudent macroeconomic policies as well as responsible central banks and fiscal authorities to ensure the stability of the economy. Essentially what I am saying is that we will continue to have crises in future. However, we should draw lessons from past crises to reduce the frequency and severity of future crises.

4. Arguably, 2008 was a year of slump, followed by a recession in 2009 where the world output actually did contract. 2010, and perhaps early 2011, gave much hope of recovery, however shaky it was. However, it appears that we are now backpedalling on the cycle, drifting further away from the boom we were supposed to achieve. How do you view the current global economic situation, and how long do you think this current state of affairs is expected to prevail?

The current global economic conditions are certainly weak and uncertain, but a lot of progress has been made. There are signs of stabilisation in the euro zone after the implementation of recent measures by European authorities to address the sovereign debt crisis. The fears of a global recession seem to have receded and the US economic outlook is improving. In Europe, while we are coming out of the Greek crisis and talks about the possible collapse of the Euro have dissipated, some important challenges persist. The Spanish and Irish problems have yet to be solved; >



unemployment is at historical high; Governments have to implement fiscal reforms and adhere to prudent fiscal rules, and the firewall has to be strengthened considerably to minimize contagion risks.

What people tend to forget is that we have been hit by several successive crises, and not by one: The sub-prime crisis in the US led to the global financial crisis and a global recession. This brought to the forefront vulnerable balance sheets of banks, households and government, creating the conditions for the intensification of the Euro sovereign debt crisis. The latter spurred the Arab Spring paving the way for political crises in several parts of the world. On top of all this, there have been natural disasters in Japan and oil prices trading over US\$100 barrel, longer than anyone could have expected. All this has been blurring the good news and we are not being able to rebuild confidence. Getting back business and consumer confidence to normal levels is what is required.

Predicting the shape of the business cycle in such circumstances is difficult. The recoveries nowadays tend to be long flat U's or W's rather than the V-shaped recoveries of yesteryears. It is clear that engineering a recovery from postmodern recessions is much harder than engineering a recovery from a recession in past years. The balance sheets of households and companies which have been badly hit by the global financial crisis will take time to recover.

Monetary policies are near the zero-bound and fiscal policies have been used to its maximum such that fiscal debt is a major constraint. Intervention appears to have pushed a culmination of business cycle and long wave into a global 2012-13 transition period that will set the stage for future economic growth. In 2012, global growth is projected to grow at 3.5 per cent, then accelerate somewhat to 3.6 per cent from 2013-2016.

Nowadays we hear much talk about recovery. I do not see many signs of a sustained economic recovery. We have to bear in mind that post-financial crises' recovery takes much longer than normal. Against the backdrop of globalization and rapid improvements in technology, pre-crisis jobs in the US and Europe might no longer be available. An important lesson for us is that attempts to save jobs across all chains of production where we might not be globally competitive may weigh on the long-term growth potential of the economy.

5. Crises have come and gone several times. This particular one seems to be lasting, with policymakers unable to find sustainable solutions. What do you believe are the factor, or factors, that define this particular one from the others?

The particularity of the current crisis is that it combines a financial crisis originating in the world's largest economy, the US, with a global downturn. As we all know, the financial crisis started in the US during summer 2007. Given the interconnected nature of financial markets, the crisis spread rapidly through the financial sector and spilled over to other industrialized and emerging market economies, leading to the deepest global downturn since the Second World War. To a large extent, lack of proper regulation and blind belief in the market mechanism for resource allocation accounted for the mess.

As I said earlier, the best way to get out of this bad phase is by rebuilding business and consumer confidence. Producers and consumers are postponing hiring and consumption decisions given still weak labour and housing market conditions in some countries. That is why recent economic data do not show a clear trend. They show low levels for two or three quarters, then an abrupt significant rise and then back again to two or three quarters of slumps. Global uncertainty is at an unprecedented level and its persistence has made things worse.

For activity to be sustained, confidence needs to be sustained. This requires the collaboration of every stakeholder of the economy and a long-term approach, certainly not the short-term speculative ill. As far as Mauritius is concerned, our Eurocentricity has been a significant factor influencing the impact of the crisis on our economy.

6. Given the openness of our economy, Mauritius is bound to be affected by the situation in other economies. What does 2012 and beyond reserve for Mauritius?

Mauritius has so far demonstrated a fairly good degree of resilience. Our economy posted a positive growth rate despite the uncertain economic conditions prevailing in our main markets. The unemployment rate was fairly stable at 7.9 per cent. We scored good points with the IMF and we are currently on the positive watch for an upgrade of our ratings by Moody's. But past

performance cannot always be an indication of the future.

Like it or not, our euro-centric economy will be affected by the fall out of the euro crisis. Europe represents around 60 per cent of our export market, both goods and services. We are very much dependent on imports to meet our consumption and raw material needs. Europe is expected to have sluggish economic conditions in 2012 and oil price, which is currently over US\$125 per barrel and projected to hover above US\$100 for most of 2012, will certainly have adverse spillover effects on our small open economy.

Our oil import bill today represents around 19 per cent of our total import bill compared to less than 10 per cent a decade ago. In the meantime, the goods import bill has doubled from around Rs70 billion to around Rs140 billion. This increase has been principally driven by price effect with less important volume changes.

These two factors along with the ongoing global uncertainty will continue to weigh on our economy in 2012 and 2013. GDP growth may thus be below average at around 3.8 per cent and inflation will be around 5 per cent since both fiscal and monetary authorities are doing what it takes to maintain confidence in the economy. Risks from the external side have certainly increased, but, there are a lot of things that we can do to avert the worst if we are united and if each stakeholder of the economy put in an honest effort.

Beyond that, I believe we are operating well below our potential. There are many opportunities that we are missing because we are not bold enough to capitalise on them. Our own history gives us many insights. We moved away from a monocrop economy to develop other sectors. And we succeeded in our development path.

Our call to diversify production and find alternative markets two years ago, which had seemed to fall in deaf ears when we first mooted the idea, is increasingly finding a favourable echo among real-sector operators and decision-makers. I think we must step up our diversification drive and look for what we may be best at. The economy can only develop through, as Schumpeter puts it, a perennial gale of creative destruction. So, we need to keep on trying.

7. In your opinion, what strengths does our economy have in dealing with the adverse economic situation?

It is not the first time in our history that we are confronting a challenging environment. We have been through worse episodes in the past. But we have shown we can rise up to the challenges. In the past, we may have undertaken policies which were potentially sub-optimal. But sustained policy and institutional reforms over the years have enabled us to reach where we are



today. We have to combat the creeping pessimism so evident in other parts of the world. Crises provide opportunities as well. We should reorient our business strategies to tap new opportunities in growing markets. A case in point is the sugar sector which has reinvented itself to survive the drastic 36 per cent cut in sugar prices following the reform of the EU Sugar Protocol. Prior to the reforms, the sugar sector consisted of 14 factories and generated, directly and indirectly, some 40,000 jobs. As a result of centralization and modernization, today there are only 7 enterprises but the sugar sector still generates some 30,000 jobs. Sugar is better described today as the cane industry – in fact, there is much more than sugar in sugar cane. Mauritius is now known as a successful and respected exporter of refined sugar to Europe.

I think our most effective and immediate strength is our current fiscal and monetary space that allows us to act with much less constraint than several advanced economies. The coordinated actions of Government and the Central Bank during the crisis reinforced the effectiveness of our policy actions. And this did not happen overnight. We have all been working hard for that in spite of all the ill-conceived critics thrown at us.

Another of our strength, as I mentioned in my Letter to the Stakeholders, is our smallness that allows us to remain flexible and adapt to the changing environment. This permits us to concentrate in niche markets and avert the disastrous impact of crises. Our political stability and strong institutions provide the comfort that allows businesses to operate peacefully and without disruption.

Moody's Investors Service, which has recently placed Mauritius on a watch for a possible upgrade at a time when ratings of stronger economies in the West are being downgraded, has underscored the strengths of our small open economy in times >



of crisis. These strengths are based on three main factors: (1) the country's resilience to shocks, supported by positive growth in recent years; (2) the foreign direct investment (FDI) into the high-value-added service sector and successful diversification of the economic base; and (3) Government's significant progress in reducing its debt-servicing burden and improving its debt structure by lengthening maturities.

Mauritius has undertaken various steps to diversify its economy, transitioning from a comparatively low-skilled sugar and textile exporter to that of a higher-skilled services economy. The country has been able to attract significant FDI flows over the past five years and develop new sectors to diversify the economy.

The IMF in its Public Information Notice (PIN) released recently commended the authorities' skillful policy response to the global crisis, which has enabled a strong economic recovery and contained inflationary pressures.

8. And, what weaknesses need to be addressed to come out of this turmoil relatively unscathed?

Paradoxically, our greatest weaknesses are the rampant complacency that still plagues a number of public sector institutions and private companies, and our lack of unity that makes the decision-making process much too rusty and at times unfortunately jeopardizing our own chances. For this to change, it is important that many of our politicians and future ones get out of their many hidden agendas and come out clear when they propose alternatives to what is being done, in a holistic manner.

There are structural weaknesses that need to be addressed.

i. There is an absence of strategic planning capacity which needs to be remedied urgently; **ii.** We are too much dependent on

certain markets. EU accounts for two thirds of Mauritius's export market, implying that the country is significantly exposed to the crisis in Europe; **iii.** We need to invest more in Research & Development – the culture of innovating is almost absent. We tend to be 'copy cats' rather than forging our own identity. **iv.** We lack technological preparedness: In all economies, it is the private sector that keeps on pushing the technology level higher and higher. But this is not happening here. **v.** There is a real mismatch between skills required and the jobs – skilled human capital deficit in certain key sectors: The training and skilling of the labour force is left too much to the public institutions whereas the private sector can help reduce this mismatch to a large extent by providing experience and exposure to fresh school leavers. **vi.** Our proverbial low productivity is more a question of mindset – one solution: provide the labour force with proper tools and training and the space to be the source of innovation. **vii.** We need also to curb excessive leverage through recapitalization and restructuring measures; to ensure social cohesion and address growing inequality; and increasing savings and investment is crucial for our future growth.

In sum, we need all stakeholders to collaborate — public, private sector, the civil society at large. We need continued efforts to secure more inclusive and diversified growth. In addition to social protection and state-owned enterprise reform, we need investments in human and physical infrastructure (water, electricity, transport) as well as further improvements in the business environment.

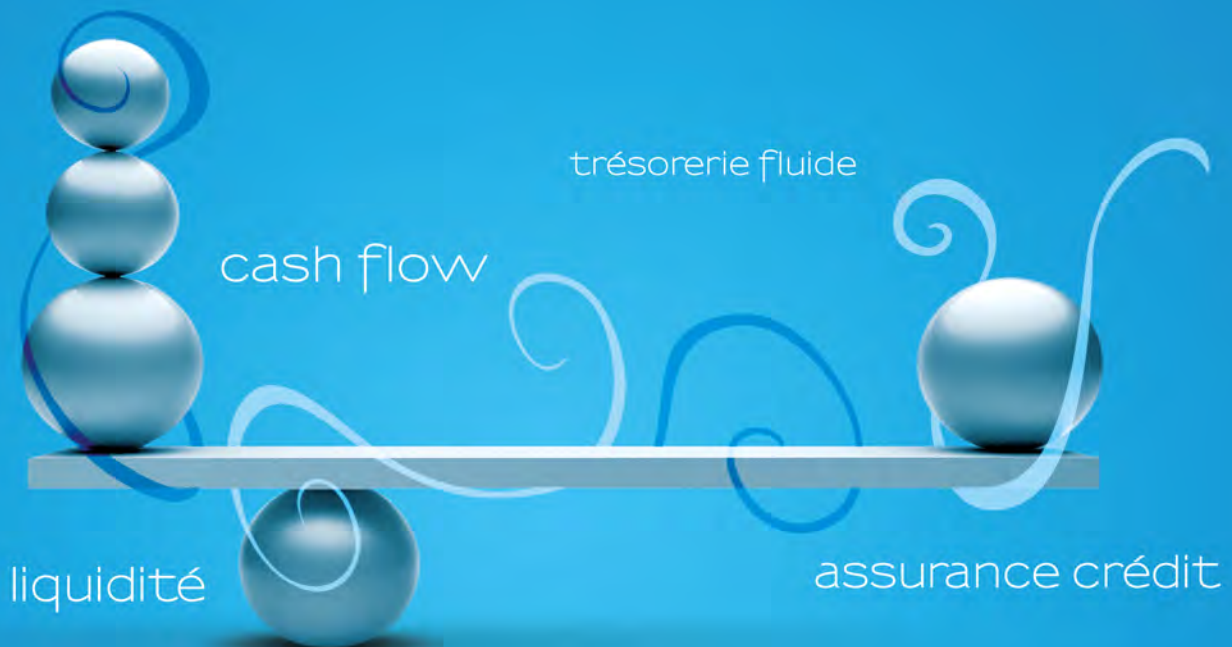
9. Any other comments?

Apart from the things you have been asking me about the crisis, you have omitted a very important issue, which is one of the major concerns for Central Banks – INFLATION. For a central bank, our very reason to exist is related to inflation, so I get puzzled that you didn't talk about it. That's partly because we have delivered quite efficiently on our mandate in the recent past, in spite of all external shocks endured by the economy. Had we had inflation of the kind of Zimbabwe, then your first question would have been about inflation.

The fact that you didn't even bother to talk about it means that it's not a problem. But it doesn't mean that we must not be prepared for the battle because it can rear its ugly head anytime, especially because we depend so much on imports.

We do not have much control over external factors. But we should not complicate things by following the wrong policies domestically. To me inflation is an ever-present danger, so we should always be on the look out for it. ■

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Economic Cycles: A never-ending story

As clichéd as it may seem, life is a rollercoaster. At the very least, it is so according to the tenets of economics. The successive and recurring periods of economic prosperity and distress by their very nature piques the concern of each and everyone.

SANROY SEECHURN - Analyst, Economic Analysis and Industry Division



From policy makers and researchers to the layman, one and all finds a certain fascination in how the economy functions, perpetually going up and down, rising from the abyss to reach new heights before plunging once again.

Recessions and booms were believed for a long time to be the results of 'accidents', one off shocks to the normal state of affairs that diverted output from its normal course. History, however, has shown that it indeed repeats itself with a regularity that is as

astonishing as revealing. This led to the formulation of a theory of cycles in the level of economic activity, reinforced later by post-Industrial Revolution occurrences.

An economic cycle basically refers to economy-wide fluctuations in the level of productive economic activity over a certain period of time, usually months or years. This volatility occurs around a long term growth trend, with periods of relatively rapid economic growth replacing periods of relative stagnation or decline on a perpetual basis.

Phases of an economic cycle

The consensus is that a cycle consists of four major phases, which Schumpeter identified as the expansion, the crisis, the recession and the recovery. There are certain changes in some macroeconomic variables that often harbingers what is to happen in the future, and help recognize particular phases.

The peak is the point in time where confidence levels of consumers and entrepreneurs are at their highest. Income, investment spending and growth thrive while increasing aggregate demand stifles unemployment, which is limited to its natural rate. There is the general feeling that all is well in the economy and the population actually does experience being better off.

However, the increase in expenditure entails pressure on prices and a rise in debts. The inflationary pressures are compounded by the rising incomes that moreover reduce the competitiveness of products. To curb the rise in prices and debt levels, rates of interest are hiked.

This is the preamble of the crisis about to follow. Indicators start

deteriorating. A vicious chronic sequence starts. Higher interest rates appreciate the local currency, further eroding competitiveness of local industries engaged in the external trade.

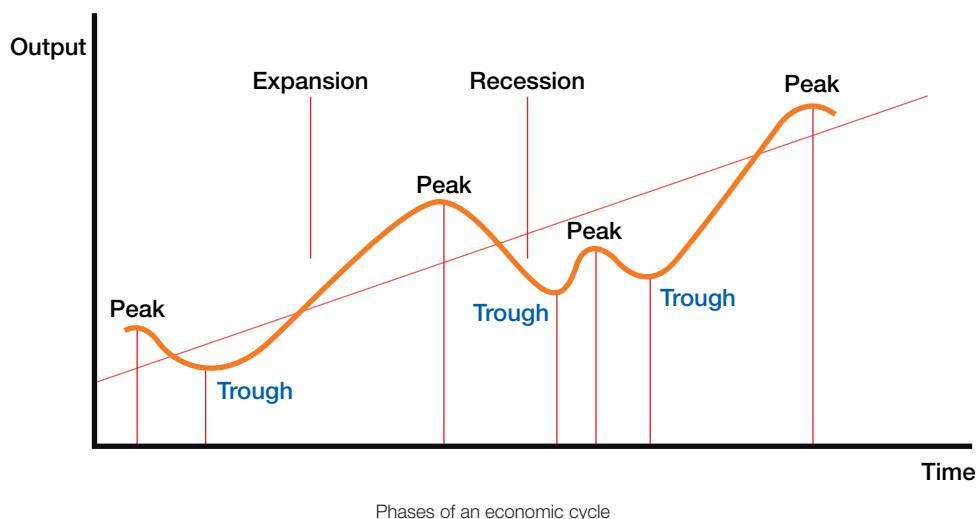
Savings is encouraged and investment discouraged as the opportunity cost of money increases. Dwindling demand leads to rising unemployment. Overall, income falls, with the accompanying reductions in demand, consumption and ultimately production. The series starts again, leading to even more unemployment and even lower demand. This marks the beginning of the recession

When the nadir of the business cycle is reached, we have a trough. Unemployment, investment, and aggregate demand are at an all time low. The business climate and consumer confidence are at their weakest. National output and the level of production experience contractions. At that point, expansionary fiscal and monetary policies are usually required.

A reduction in the rate of interest increases the cost of holding money and abets investment. Consumption picks up, creating a demand for goods and services that further increases production.

At the same time, the fall in interest rates reduces the attractiveness of holding the local currency, therefore causing it to depreciate. The result of this is enhanced competitiveness of local exports. Moreover the recovery is catalysed by unemployment. Lower incomes make it more attractive for employers to recruit, and products will be more competitive.

The feel good factor slowly returns to the economy, and announces the end of a cycle and the start of another, signalling the expansion of boom.



Origins of the study of cycles

Early classical economists turned a deaf ear to the notion of economic cycles, identifying one time external shocks, such as war, as the reasons for fluctuations from economic equilibrium. Others viewed cycles as only long term phenomena. The issue and existence of business cycles however was brought to attention more prominently through Jean Charles Léonard de Sismondi in 1819 in the 'Nouveaux principes d'économie politique', where external factors were discarded for their roles in shocks. Changes in output levels and other macroeconomic variables were for the first time structurally explained in terms of cycles. Prior to Sismondi's more systematic assessment of cycles, Robert Owen in 1817 had proposed a basic theory of underconsumption and overproduction which could to some extent explain the movements noticed in output. The Panic of 1825, which is generally considered as the first international economic crisis following a Stock Market crash after several speculative investments in Latin America, occurred during a time of relative peace and stability, and following this crisis a new cycle was born.

These particular studies pioneered most of the research on business cycles later on. Owen's theory of underconsumption later even featured prominently in Keynesian theory in the early 1900s. They advocated socialism as the most effective cure for fluctuations. However, while theirs' was theory of periodic crises, later works focused on the alternate characteristics of these cycles.

Types of cycles

The types of cycles usually vary by the length they cover.

The shortest cycles are known as the Kitchin cycles, named after Joseph Kitchin following his works in the 1920s. Typically, these cycles are characterised by short term fluctuations of 3-5 years, as a result of time lags in information dissemination. Such delays unequivocally affect the decision making process of firms.

Usually, following favourable economic conditions, firms normally seek to increase their output levels to tap in more profits. Within a few months however the market becomes flooded with excess commodities, building up inventories and forcing firms to cut back on their production. The adjustment process necessarily involves certain lags at several levels.

Clement Juglar's perception, on the other hand, is that oscillation of investments into fixed capital cause business cycles, and not only the changes in the level of employment of the fixed capital. Based on this theory, a typical Juglar fixed investment cycle would last 7 to 11 years. The changes in the level of investment are based on speculation and excessive creation of credit by banks. Despite being proposed back in 1862, the Juglar theory is still considered today as 'The' business cycle and is the one theory about economic cycles boasting most empirical support.

A slightly longer cycle was proposed by Simon Kuznets in the 1930s, based on demographic changes in particular economies

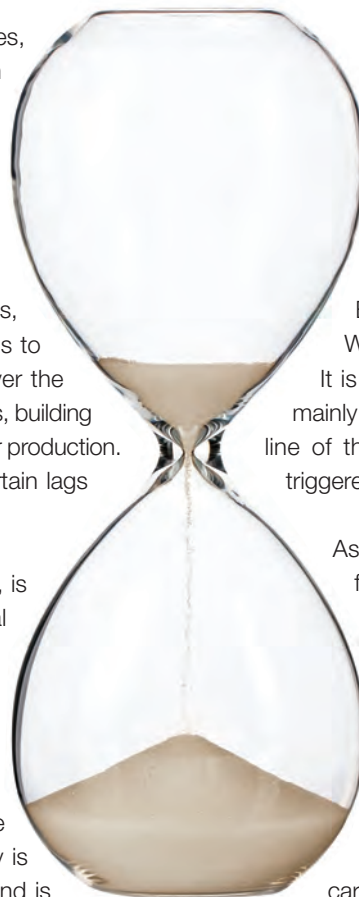
(emphasizing on the role migration plays into these processes) and the resulting changes in construction intensity.

These 'demographic' or 'building' cycles as they have been called, although the overriding term is the Kuznets Swing, span 15 to 25 years.

Even more fascinating though is the Kondratiev Wave, often dubbed the K-wave or Supercycles. It is also the most derided by economists however, mainly due to a perceived eccentricity in this particular line of thought. A K-wave would last 45 to 60 years, triggered by a major technological innovation.

As opposed to the generally accepted notion of four stages in a cycle, Kondratiev dissected only three phases, namely, expansion, stagnation and recession. He believed that there is an ever going process of creative destruction that constantly replaces a particular piece of once revolutionary technology by another one, which in turn results in several derived innovation.

For instance, the steam engine in the early 80s carried growth till the advent of the Railway in the 1850s. In the early 1900s, electrical engineering provided the thrust for the next half century till petrochemicals, plastic and automobiles made their mark. The latest massive innovation is believed to be the rise of IT related products in the 1990s.



Evolution of cycles across history

Across history several of these cycles were observed. It is argued that Juglar cycles have occurred repeatedly over 200 years. In France, the starting points of the cycle were detected in 1810, 1818, 1825, 1830, 1837, 1847, 1857, 1867, 1882, 1891, all recurring later at more or less regular intervals. However, during a point in time, the 10 year cycles became less frequent and banking lobbies seized the opportunity to discredit this particular theory founded on speculative actions on credit by banks. However, successive crises in 1907, 1921 and the Great Depression of 1929 restored faith in the Juglar model. Since, several 10 year cycles were noted around the world, backing Juglar's theory.

For a certain amount of time though, the issue of business cycles fell into oblivion, with the dawn of the Great Moderation. Brought into attention by Ben Bernanke in a speech in 2004, it evoked mainly the marked reduction in volatility of fluctuations in business cycles. Macroeconomic variables such as growth and inflation and the changes they experienced, as was policy decision became highly predictable. It is believed to have started in the mid 1980s, spanning in the 1990s and early 2000s. However, the start of the financial crisis in 2008 brought the period of the Great Moderation to an end.

What are the causes of cycles?

Several propositions exist as to explain what actually lead to economic cycles. For long, the factors that are believed to influence the timing and magnitude of crises have been encompassed under exogenous and endogenous theories. In the last twenty years however, a third strand in the literature has emerged as a serious explanation of the theory of cycles, known as the real business cycle theory.

Exogenous approaches prone that cycles occur as the result of transformations to the economic model through external shocks. The latter are elements beyond the economic sphere, and refer instead to their structure or functioning instead. Endogenous theory supports the case of natural phenomena and even human intervention as the reasons behind cycles.

Under natural causes, soil fertility has been brandished as a serious variable in the origins of the formation of economic cycles. It makes sense to a certain extent for agricultural production, where the fertility of the soil also varies in cycles, yielding better crops in some years than in others. William Jevons in 1878 on the other hand analysed business cycles, which he called commercial cycles, in relation to 'sunspots'.

These he claimed affected the weather, which in turn affected harvest and made the proposition that cycles were not caused randomly, and could be attributed to the effects of these sunspots on crops. He backed his analysis with a statistical study during that time, but this theory was dispelled by empirical works since.

The human factor as a major influence in generating economic cycles is also coined under the exogenous theory framework. For longer term cycles, it has been argued that demography and

its movement plays an important role as they cause shifts in the labour force and thus influence the productive capacity of economies. Technological advances, or the discovery of a particular technology, are also liable to influence the frequency and magnitude of cycles.

This is much in line with the Kondratiev school of thought. For medium and short term economic cycles, political mechanisms are thought to cause major fluctuations in the level of economic activity. It is posited that during the period nearing an election, there is an increase in spending by governments, which dopes the level of economic activity. Immediately after the elections, the spending stops, and there is a contraction in the level of activities, resulting in cycles.

Other fiscal and monetary factors, when viewed from a non-economic angle (again if severely influenced by political aspirations rather than economic reasoning), can also explain business cycles.

While the exogenous theories are necessarily based on external causes that affect the economic system, transforming the level of economic activity into a cycle, endogenous theories consider internal factors. They may be monetary mechanisms, final consumption pattern or on the structure of production.

Juglar's theory was one based on banking credit, which develops rapidly during the expansion phase until the banks are no longer able to service their creditors who may at anytime claim back their due. That was, of course during the time currency was backed mainly by gold.

However, this theory can be applied to the last few years' occurrences, where overzealous bankers expanded credit way >



beyond their means and had to crunch credit to avoid collapse. The contraction in credit impedes investment and consumption, which forces down the output level, leading to the economy on a downward trend.

This primarily forms the basis of the monetary aspects to an explanation of cycles. Wicksell on the other hand explains cycles by the divergence between the natural rate of interest (which is market determined) and the prevailing monetary rate.

Economic agents are confronted with the monetary rate, which if not equal to the arguably invisible real rate, causes disequilibrium between the demand and supply of loanable funds. This mismatch is reverberated into other markets, which results into a crisis.

Keynesianism on the other hand attributes the fluctuations to the inequality between final consumption and savings level. Underconsumption, which occurs as a result of excess savings, leads to underemployment and persistent depressions.

These in turn lead to a fall in cost so that production is able to embark on an ascendant trend again. Combined with the effects of the multiplier and the accelerator, the effects of excess savings are magnified, leading to longer term implications for the

economy Underconsumption theory, however, is most often thought as a theory of crises rather than cycles. Another branch of endogenous theory of cycles that has gained mainstream attention concerns the structure of production.

This particular strand is derived heavily from firms' decisions to overinvest. Projects already committed are not backed by enough savings.

Known as the Austrian theory of cycles, this particular line of reasoning acknowledges a difference between the real rate of interest and the monetary rate, which is perceived by investors to be too low. Investment, or rather malinvestment, is thus boosted, feeding the capitalistic mindset to ever increase profits.

Given the realised low returns from these projects, arising because of the absence of enough savings to back it, there is a crunch which hinders the progress of the economy and marks the beginning of the recession.

Freshwater economics however has developed a theory of Real Business Cycles which is getting most of the attention in the modern literature of economic cycles.

Real business cycles theory challenges Keynesian theory, and is based primarily on economic agents' expectations, much in line with the Chicago school of thought.

In a seminal article that brought them the Nobel Prize, Kydland and Prescott brought into attention that business cycles are 'real' as they merely reflect the most efficient possible operation of the economy, as opposed to views that promote the view that disequilibrium in markets cause cycles.

Thus, proponents of RBC believe that economies are always in equilibrium, even during periods of crises, and variations in expectations of agents (which in turn are dependent on certain non monetary shocks) cause temporary fluctuations in the level of economic activity.

These shocks to expectations may be of technological nature, and thus adds a tint of the exogenous observations on business cycles.

The difference lies in that recessions and booms are an efficient response to changes in the real economic environment, maximising the level of expected utility, leaving the government with nothing to do to smooth out these fluctuations and only concentrate on long term policies.

The relevance of cycles

In September 2010, the Business Cycle Dating Committee of the

National Bureau of Economic Research (NBER) identified the last trough in the US economy in June 2009. The recession is believed to have started in December 2007, spanning over a lapse of 18 months, becoming the longest recession since World War II, based on analysis of macroeconomic indicators like real GDP, real income, industrial production and employment amongst others.

The previous longest standing recessions occurred between 1973-75 and 1981-82 when they lasted 16 months.

However, despite the gradual increase in the level of economic activity noted since the trough declared by the NBER, there is today a renewed risk of the global economy falling back into a recessionary phase.

The World economy's state is highly dependent on the Euro zone's ending. Over the last quarter of 2011, the output of the Euro zone shrank by 0.8 percent.

This renders the finding out of a solution, especially if based on more austerity, even more difficult. Solving the debt crisis saga becomes even more complicated as economic activity stagnates.

The repercussions will spread to the US, which, despite everything, is still managing to keep its ship afloat. The collapse of the Euro zone will put a severe crack in the vessel.

From there, it will be an uphill battle to steer it to a sustained recovery, dragging with it the entire world economy to its knees.

The view that this revived possibility of a recession as a new one rather than a prolonged one from 2007 is rising in prominence. Already the NBER in its 2010 announcement for the US maintained that any decline in the level of economic activity would be thereof the dawn of a new recession.

This makes even more sense as the underlying causes of these two crises are different. The 2007 recession was the result of the burst of a housing bubble and subprime crisis which uncovered a massive private debt issue.

To deal with upcoming problems, the FED as well as several Central banks intervened aggressively in markets to bail out institutions in need of help.

Today's crisis, or at least the impending one, is the result of a transformation of the private debt into public debt. The first country to fall prey was Ireland, and Spain, Italy, Portugal and most importantly Greece soon followed.

For the latter country, the clock is ticking, and a solution to solve

the sovereign debt problems is drifting further and further away. The Deutsche Bank^d, in a report entitled the 'Long-Term Asset Return Study' highlights the future as a recurrence of shorter cycles, determined now solely by economic fundamentals.

Their study argues that hitherto, cycles were prolonged as a result of governments' intensive intervention in the economy through monetary and fiscal readjustments to perpetually dampen fluctuations.

Today, however, authorities have run out of ammunition and their ineptitude to intervene concretely will now result in natural forces taking over, leading to more dynamic readjustments in markets and resulting in shorter cycles.

Policies during the period of Great Moderation have benefitted mostly the upper income earners, who are by any means big savers. Lower income groups usually have the highest propensity to consume and direct the pace of output production.

“Solving the debt crisis saga becomes even more complicated as economic activity stagnates.”

Unfortunately, bail-outs and other misdirected policies have encouraged asset price inflation, with speculation fuelling a financial bubble.

All these are inefficient ways of managing the economy. Once the bubble bursts, as is arguably the case today, finding a solution becomes even more distressing and difficult.

The rapid succession of crises we are today witnessing is basically a reflection of the market working as it has never done before. In the absence of government intervention, a recession will lower wages and prices, which will cause economic activity to pick up again.

The difficulty lies in anticipating the magnitude of the recession, and the extent of the exposure to vulnerable groups.

In purely economic sense, the market is doing the maximum with what it has. It may not necessarily what is most desirable, in a more social or political context.

However, the readjustment is indispensable. Cycles occur because of certain actions leading to certain reactions. In other (hackneyed) words, we reap what we sow. >

The way forward

The best the government can do it is argued is to ditch discretionary policy, only alleviates temporarily symptoms of an underlying root cause of the illness. Rules based approach, targeting long term stability and growth is believed to be more effective. Still lying in the brink of development, the Mauritian economy today is in a quandary.

The consensus as of now is that we are heading towards a slowdown in the level of economic activity in the country over the coming year. Mauritius has only once experienced a contraction in output in 1980 when GDP fell by 10.1 percent. However, over the last decade there were times where growth rates fell at significantly low levels, such as 1.6 percent, 2.7 percent and 3.1 percent in 2002, 2005 and 2009 respectively. 2012 is going to be a crucial year for the Mauritian economy.

Mauritius currently cannot permit itself to adopt rules based approaches to manage the economy. Unemployment rate is at a high level, and the openness of the economy is definitely going to affect the growth rate of the economy. Dynamic interventions by the Government to limit the impacts of the crisis and increasing the resilience of the economy to foreign shocks are more necessary than ever. ■

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Simplification of Tax Tourist Refund System

A series of initiatives has been taken by the MCCI to facilitate the refund of taxes at its counter, situated in the departure lounge at the SSR International Airport.

ANWAR KAIDOO - Operations Manager



The MCCI Tax Refund counter at the SSR International Airport.

The MCCI has been operating the Tax Tourist Refund system since 1998 allowing tourists to benefit from Tax free shopping in Mauritius. Either the tourist receives the refund of taxes at the MCCI Tax Refund counter at the airport or receives his purchases tax free before his departure from the country.

A lot of initiatives have been taken for the past 3 years to reduce the waiting time for visitors to a minimum by investing heavily in IT hardware and software. During the same period a widespread consultation has been engaged with all our stakeholders to see if the system could be reviewed for greater efficiency.

Operating exclusively in MUR...

The first measure that is becoming imperative is that all VAT invoices and sales receipts have to be exclusively in Mauritian rupees. We have traditionally had sales receipts in foreign on top of the local currency. This creates quite a lot of confusion for tourists because of the selling and buying rates.

It slows both the sales process as well as the refund process for the tourist. Despite the set-up of our dedicated website (www.touristrefund.org), with a page to explain in details the currency exchange rates, our cashiers spend lots of time and energy to justify the rates being used for the refund.

It is a source of unnecessary discussion between the tourist and the shop operator at time of sales and between the tourist and MCCI staff at time of refund. Both the authorities and shop operators are enthusiastic to sell only in Mauritian rupees. Operators will be able to give the amount in foreign currency for information purposes if needed by the tourist.

Facilitating understanding...

Second, we can remove many items present on the sales receipts to allow clarity and facilitate understanding. The terms and conditions for the Tax Tourist Refund can be affixed at the point of sales and at the MCCI tax refund Counter at the airport.

The parts used by MRA Customs and MCCI staff can be removed and be replaced by stamps at the time of processing of the sales receipts for refund to the tourist. Visitor details can be kept to a minimum without any need of signature or declaration from the salesperson. This has a number of advantages:

- The VAT invoice required for all sales by VAT registered operators can be easily be adapted for sales to tourists. No additional sales receipt will be required. The VAT invoice can be used by MCCI cashiers for the refund.

- Electronic submission of the VAT invoice will be facilitated.
- It would thus be possible for the invoice to be printed on a 80mm POS printer. Presently, the need to have an A4 printer is a major hurdle for shop operators to join the Tax Tourist Refund system.
- There would be no need to have 4 copies of the sales receipt. One receipt would be enough for electronic submission and two if sent by fax.

Adopting international best practice

Third, we need to adopt international best practice for the refund of taxes. For the time being refunds are done with retains per sales receipt and are confusing for the visitor used to retains as a percentage of the sales value.

Comprehensive discussions have been carried out with both the authorities and the operators and everyone is ready to move to retention fees based on a percentage.

This will allow us to be very competitive with respect to other countries engaged in Duty free shopping worldwide as our retention fees are lower than elsewhere.

We will be able to compare ourselves in a transparent manner with other countries and tourists would be able to calculate the refunds they will get with data freely available both on our website and the Bank of Mauritius websites.

More importantly, we would be able to market Mauritius as a destination for Tax free shopping and thereby incite tourist spending.

Prospects for increased number of transactions are indeed considerable. The new airport and cruise terminal should provide a larger number of tourists and with the simplified Tax Tourist system a massive marketing campaign can be launched for visitors to enjoy tax free shopping.

We have the potential to become a shopping destination in the long run once tourists start to come to Mauritius for shopping on top of visiting the country for its beaches, sunshine, people and culture. ■

MCCI 163rd AGM:

Mr. Cédric de Spéville re-elected President

The 163rd Annual General Meeting was held on Thursday the 29 March 2012 at the Labourdonnais Waterfront Hotel.

SARADA MOOTHOSAMY - Manager, Finance and Administrative Division



The President, Mr. Cédric de Spéville, made an address on the State of the Economy.



Newly-elected Council Members posed with the President, Mr. Cédric de Spéville and the Secretary-General, Mr. Mahmood Cheeroo.

The outgoing and then re-elected President, Mr Cédric de Spéville made the traditional presentation on the State of the Economy which is substantiated by the internal econometric modelling tool used to prepare the Gross Domestic Product forecasts and the Business Confidence Indicator which gives the pulse of the business world.

The President focused on the impact of the Eurozone crisis and the downward revision of the world growth prospects on the Mauritian economy and the various strengths of the Mauritian economy in facing this challenge (for more information, please visit our website: www.mcci.org).

The Minister Foreign Affairs, Regional Integration and International Trade, Dr the Hon. Arvin Boolell and the Minister of Industry, Commerce and Consumer Protection, the Hon. Cader Sayed Hossen also attended the function.

Furthermore MCCI being a governance oriented institution, election was also conducted on that occasion given that there were vacant seats on the Council.

In fact, the revision in the Rules of the MCCI has made it an even more representative and open organization. ■

The following candidates have been elected for a two year term:

Sector	Name of Company	Represented by
Commerce	Pick N Eat	Mrs. Hélène Echevin
	VIVO Energy Mauritius Ltd	Mr. Pawan K.Juwaheer
Industry	Harel Frères	Mr. Sébastien Mamet
Financial Services	The Mauritius Leasing Company Ltd	Mr. Mohammad Ashraf Esmael
Tourism	Association des Hôteliers et Restaurateurs – Ile Maurice (AHRIM)	Mr. Jocelyn Kwok
ICT	Outsourcing Telecommunications Association of Mauritius (OTAM)	Mr. Ganesh Ramlingum
Property Development	Shandi Estateman Co. Ltd.	Mr. Purusram Ujoodha

AGMs of OTAM, APT and AMM

The MCCI hosts the Secretariat of the following associations whose AGMs were held during the month of March.

8th AGM of Outsourcing and Telecommunications Association of Mauritius (OTAM)

The 8th Annual General Meeting of OTAM was held on 27th March 2012 at Le Labourdonnais Waterfront Hotel, Caudan, Port Louis. Mr Roshan Seetohul of Euro CRM (Mauritius) Ltd has been re-elected for a mandate of 2 years. Other Members of the Managing Committee for 2012-2014 are: Mr Charles Cartier of TNT Business Solutions, Mr Martin Weintz of AXA Customer Services Ltd, Mr Ram Ramjheetun of Apollo Solutions Limited, Mr Denis Lacour of Chesteroc Ltd, Mr Ravin Ramsamy of Orange Business Services, Mr Thomas Buffard, ProContact Ltd, Mr Sanjay Mungur of EMS Consultants Ltd.



Mr. Roshan Seetohul

36th AGM of Association Professionnelle des Transitaires (APT)

The 36th Annual General Meeting of the Association Professionnelle des Transitaires (APT) was held on Wednesday 21 March 2012 in the Conference Room of the MCCI. Following the AGM, Mr. Amil Emamdin of Freight Net Cargo Services Ltd was re-appointed as President of the Association for a mandate of 1 year. Other Members of the Managing Committee include: Mr. Robert Hungley of Indian Ocean Logistics Ltd (Vice-President), Mr. Varen Andee of Multi Cargo Ltd, Mrs. Dany Appavoo of Freight and Transit Ltd, Mr. Yousouf Delbar of MCL Freight Services Ltd, Mr. Asheek Elybux of Cargoways Services Ltd, Mr. Gupta Gopaul of Velogic Ltd, Mr. Francois Lan of World Freight Services Ltd, Mr. Presley Paul of Mc Easy Freight Ltd.



Mr. Amil Emamdin

17th AGM of the Association of Mauritian Manufacturers (AMM)

The 17th Annual General Meeting of the Association of Mauritian Manufacturers was held on Monday 26th March 2012 at L'Aventure du Sucre, Beau Plan. Mr Vincent d'Arifat has been re-elected as President of AMM for a mandate of 1 year. Other Members of the Managing Committee are: Mr. Eric Adam of SOFAP Ltée, Mr. Rabin Gungabissoon of Soap and Allied Industries Ltd, Mr. Salim Sulliman Margarine industries Ltd, Mr. Hubert de Spéville of Beau Bébé Ltée, Mr. Gérard Boullé of New Maurifoods Ltd, Mr. Mathias Echevin of Slutions Eau et environnement, Mr. Dick Li Wan Po of Food Cannery Ltd, Mr. Jean Edgar Merle of Grays Inc. Ltd and Mr. Thierry de Spéville of Food and Allied Industries Ltd (Co Opted member).



Mr. Vincent d'Arifat

Workshop on the new Trade Remedies Legislation

Unfair trading practices such as dumping and the granting of government subsidies have long been identified as threats to open markets. Despite decades of international trading rules, the global market is still jeopardized by practices that can cause harm to industries and put employment at risk.

VIVAGEN AMOOMOOGUM - Analyst, Trade Division



The workshop on Trade Remedies aimed at enhancing private operators' understanding of trade remedies and provide them with a clear comprehension of the different steps needed for an antidumping investigation to take place.

In Mauritius, the legal text, which forms the basic instruments of anti-dumping and anti-subsidy investigations, entered into force in 2010. The 'Trade (Antidumping and Countervailing Measures) Act' lays down the procedures on how trade remedy cases are to be initiated, how the investigations are to be conducted, and the conditions for ensuring that all interested parties are given an opportunity to present evidence.

The Act also establishes the setting up of an Investigating Authority for conducting investigations that involve lengthy and very complex procedures. In this context, a workshop on capacity building on the trade remedies legislation for local enterprises was organised by the Ministry of Foreign Affairs,

Regional Integration and International Trade in collaboration with TradeCom.

The workshop was held on 6-7 March 2012 and comprised representatives from both the public and private organisations, including the MCCI.

The objective of the workshop was to enhance private operators' understanding of trade remedies and for them to have a clear comprehension of the different steps needed for an antidumping investigation to take place. During the opening ceremony, Hon. Dr. Arvin Boolell, Minister of Foreign Affairs, Regional Integration and International Trade announced that the State Law

Office was currently working out the Safeguard legislation, which would complete the set of legal framework on trade remedies in Mauritius.

On his side, the President of the MCCI, Mr. Cédric de Spéville, highlighted on the fact that the procedures for proving dumping were very complex and a lot of supporting information and documentary evidence had to be provided by the industry for an investigation to be initiated. He urged the private sector operators present at the workshop to make the most of the expertise of

the Consultant conducting the workshop.

Representatives from the local industry present during the workshop had the opportunity to learn more about the procedures for filing a complaint, the documentary evidence required, the investigation process as well as to clarify any issues that they had with the application of the trade remedies legislation.

A website on the trade remedies (www.mauritius.tradedefence.com) was also launched during the workshop.

About Trade Remedies...

The set of trade policies used to counter unfair practices such as dumping and the granting of government subsidies are termed as 'trade remedies'. In this respect, the World Trade Organisation (WTO) has established three agreements to deal with unfair trading practices: the first deals with actions taken against dumping, the second addresses government subsidies that distort fair competition and the third agreement deals with emergency measures to limit unexpected surge in imports.

Under these three WTO Agreements, Member countries have the right to apply trade remedies in the form of anti-dumping duties, countervailing and safeguard measures subject to specific rules.

The most commonly used trade remedy is anti-dumping duties. Dumping occurs if a company exports a product at a price lower than the price it normally charges on its own home market.

It should be put right from the outset that dumping in itself is not prohibited. In fact, it has been argued that dumping may be to the advantage of the consumers since goods are available at lower prices. It is only when dumping has a negative impact on the local industry that it is considered as being trade distorting.

Since the creation of the WTO in 1995, there have been 2543 anti-dumping cases imposed as at 2011. China headed the list with 32% of antidumping duties imposed against its exports during the period 1995-2011. Other major targeted countries included the EU (24%) and South Korea (12%).

The major sectors concerned by antidumping measures were mostly products of base metals, products of the chemical and allied industries, products of plastics and rubber, textiles and textiles articles and products in the machinery and equipment sector.

As regards to the second WTO Agreement on trade remedies known as the Agreement on Subsidies and Countervailing Measures, it defines the term "subsidy" and provides that only specific subsidies are subject to its disciplines. Criteria for establishing whether a government subsidy is "specific" to an industry are laid down. They are based mainly on their propensity to distort trade. Subsidies are then classified as either prohibited or actionable subsidies. For each category of subsidies, the Agreement provides different remedies.

There were 164 countervailing measures imposed between 1995 and 2011, out of which 33 measures were taken against China. Countervailing measures were also imposed against India (31) and EU (10) amongst others. The sectors mostly affected were products of base metals, followed by foodstuffs, vegetables, products of plastics and rubber and products from the machinery and equipment sector.

The third agreement on trade remedies referred to as the Agreement on Safeguards permits countries to take "safeguard" actions to restrain unexpected surges in imports when certain specific conditions are met. Safeguards are usually seen as responses to fair trade behaviour, as opposed to unfair trade practices like dumping and subsidy.

As such, they are supposed to be used only in very specific circumstances and a country restricting imports for safeguard purposes will have to apply the same duties or quotas on imports from all other countries. The sectors mostly affected by safeguard measures are products of the chemicals and allied industry, foodstuffs, articles of base metals, animal products and vegetable products.

All the three WTO Agreements provide the set of legal framework for Member countries to impose trade remedies allowing their local industries to compete at a fair level playing field against unfair cheap imports. ■

Brainstorming on a National Strategy for the Price Observatory

After one year of operation, a brainstorming session was organised on 29 February 2012 by the Ministry of Industry, Commerce and Consumer Protection to assess the work carried out and also discuss the future orientations of the Price Observatory, in which the MCCI participated.

ROOMA NARRAINEN - Manager, Trade Division



The Price Observatory aims to provide information to consumers whilst, at the same time, encouraging competition in the retail sector.

The setting up of the Price Observatory was initially identified as one of the measures that could be used to help protect the purchasing power of consumers following the global economic downturn in 2008. Since the beginning, the MCCI had been working closely with the officials of the Ministry of Consumer Protection and the representatives of consumer associations in the setting up and operationalisation of the Price Observatory.

The MCCI was part of the public/private sector team, which went to 'L'Observatoire des Prix et des Revenus' in Réunion Island in September 2009 to look at the possibility of setting up a similar organisation in Mauritius. Given the resource and time constraints at that time, a simpler structure was set up in Mauritius.

A brainstorming session was organised on 29 February 2012 by the Ministry of Industry, Commerce and Consumer Protection to assess the work carried out and also discuss the future orientations of the Price Observatory.

The different stakeholders namely the MCCI, the representatives of supermarkets, consumer associations and other NGOs, the

Competition Commission, the State Law Office and representatives from different ministries were invited to attend.

In his opening statement, Honourable Cader Sayed-Hossen, Minister of Industry, Commerce and Consumer Protection stated that the purpose of the workshop was to brainstorm on the structure, functioning and management of the Price Observatory and chart its way forward within the wider vision of the Ministry. He also stated that there was also a need for the Price Observatory to be perceived as independent.

The Secretary-General of the MCCI, Mr. Mahmood Cheeroo, also shared the perspectives of the private sector during the workshop. He stressed on the need for the Price Observatory to have an independent legal structure as well as the adequate human, financial and technical resources for its proper functioning. He stated that a structure similar to Réunion Island could be set up with the Price Observatory having its own governing body, its own budget and clearly defined objectives.

The report of the brainstorming session will be used for working out the future orientations of the Price Observatory. The new web site of the Price Observatory (www.priceobservatory.org) was also launched by the Ministry on 15 March 2012 on the occasion of the World Consumer Rights Day and provides information on the monthly price surveys to consumers. ■

Officially launched since March 2011, the Price Observatory is now fully operational and aims to provide information on prices to consumers whilst, at the same time, encouraging competition in the retail sector. Since its coming into operation, the Price Observatory has been publishing regular monthly reports comparing prices of nearly sixty products across twenty-two supermarkets around the island.

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Le Secrétaire Général de la Commission de l'Océan Indien, M. Callixte d'Offay

Intégration régionale :

Valoriser les richesses et exploiter les complémentarités entre les îles

Callixte d'Offay, Secrétaire Général de la Commission de l'Océan indien quitte ses fonctions en juillet 2012 après avoir passé quatre ans au sein de l'organisation. Il fait un bilan de l'organisation sur le plan économique et commercial. Il nous parle aussi de sa vision de la région.

FAEEZA IBRAHIMSAH - Manager, Communications and Promotion Division

Votre mandat touche à son terme. Quel bilan pourriez-vous dresser de votre mandat dans le domaine de la coopération économique et commerciale?

Au cours de la dernière décennie, la COI a concentré ses actions de coopération régionale dans le domaine de l'environnement, laissant aux grandes enceintes régionales comme le COMESA ou la SADC, le volet de l'intégration régionale, du fait de l'étroitesse du marché intra-COI et de l'isolement de ses îles.

Dès le début de mon mandat en 2008, j'ai pu saisir l'opportunité offerte par les négociations sur l'Accord de Partenariat Economique avec l'Union Européenne, pour actionner la COI afin qu'elle joue un rôle majeur dans la défense des intérêts insulaires de ses Etats membres.

En effet, l'intégration économique présente pour les Etats insulaires des défis, des contraintes et des problématiques différents de ceux rencontrés par les pays continentaux.

La COI, étant la seule organisation régionale insulaire d'Afrique, elle a la légitimité à défendre ces spécificités et peut en outre servir de tremplin et de levier à l'intégration régionale.

A partir de là, la COI a lancé plusieurs chantiers pour accélérer le processus d'intégration régionale et supra-régionale de ses Etats membres.

Pouvez-vous nous donner quelques exemples des mesures prises pour accélérer l'intégration régionale ?

La COI a développé des stratégies dans le domaine de l'aide au commerce, de la sécurité alimentaire, ou encore de la pêche durable pour fixer un cadre à son intégration régionale.

Elle a organisé des réunions régionales qui ont débouché sur des recommandations (Colloque de Mahé sur la COI, la mondialisation et l'intégration régionale).

Elle a aussi lancé des études (notamment une étude sur la desserte maritime dans l'Océan Indien) et alimenté la réflexion sur le désenclavement des îles à travers les TICs et le transport maritime et aérien.

La COI s'est par ailleurs démenée pour faire valoir les intérêts des petits Etats insulaires en développement dans les processus

d'intégration de la région au niveau de l'Afrique australe et orientale - Océan Indien (AfOA-OI), de la Tripartite, de l'OMC (et plus largement du Système des Nations Unies), mais aussi dans les accords de partenariat économique avec l'Union européenne.

Enfin, dernièrement, et conformément aux décisions du Conseil des ministres de 2011, la COI a créé un Comité de pilotage chargé de mettre en place un Espace économique et commercial d'échanges renforcés au sein de la COI.

“La COI, étant la seule organisation régionale insulaire d'Afrique, elle a la légitimité à défendre ces spécificités et peut en outre servir de tremplin et de levier à l'intégration régionale.”

Cela passe par l'élaboration d'une convention-cadre destinée à renforcer les échanges intra-COI dans le domaine des services, améliorer l'attractivité de la zone en matière d'investissement, réduire les barrières non-tarifaires et lancer les réformes économiques nécessaires.

Parallèlement, la COI a renforcé le partenariat et structuré le dialogue au niveau régional, avec le secteur privé, pour en faire le fer de lance de l'intégration régionale.

La COI a mis en place une plate-forme regroupant les femmes entrepreneurs de la région. Elle travaille également avec l'Association des Ports de l'Océan Indien, et l'Association Villes/Ports Océan Indien. Et surtout, elle entretient une relation privilégiée avec l'Union des Chambres de Commerce et d'Industrie de l'Océan Indien.

Chaque année depuis 7 ans, l'UCCIOI organise en partenariat avec la COI, le Forum Economique des Iles de l'Océan Indien (FEIOI).

Ce forum permet non seulement de rassembler les entrepreneurs de la région, et de réfléchir aux moyens de dynamiser les échanges inter-îles mais il offre aussi des opportunités significatives d'affaires et de partenariat.

Enfin, la COI consolide sa collaboration avec des partenaires clés comme l'UE, l'AFD, la BAD et le Système des Nations Unies et développe de nouveaux partenariats (Chine, Japon, Grèce, Australie), pour bénéficier de mécanismes financiers appropriés.

Comment la COI aide-t-elle concrètement ses Etats membres à relever les multiples défis liés aux crises actuelles?

La COI mène des actions concrètes dans le cadre des projets et programmes financés par des partenaires techniques et financiers. >



C'est ainsi que le Secrétariat Général de la COI a démarré la mise en œuvre de certains projets et programmes d'intégration régionale, sur financement de l'Union européenne, tout en poursuivant la préparation d'autres projets.

Ces actions visent à développer les exportations, à réduire la dépendance aux importations, notamment dans le domaine de l'énergie et des produits alimentaires, dont les cours se sont envolés ces dernières années.

Elles visent aussi à renforcer les capacités des professionnels et des experts régionaux, pour mieux relever les défis de la mondialisation (collaboration avec le FMI pour renforcer la gestion macro-économique des pays de la région).

Quels sont ces programmes que vous mentionnez ?

Pour citer quelques projets, la COI met en œuvre un programme d'appui à l'intégration régionale de 5 millions d'euros, en collaboration avec le COMESA, pour promouvoir les spécificités insulaires de ses Etats membres dans le cadre du processus d'intégration de la Tripartite (COMESA, SADC, l'EAC).

Elle pilote par ailleurs un programme ambitieux de 35 millions d'euros sur 5 ans, en faveur de 18 pays de la région d'Afrique australe et orientale et Océan Indien.

Il s'agit d'approfondir l'intégration régionale dans le domaine de la pêche, un secteur majeur pour les économies de la région, à travers l'exploitation durable des ressources halieutiques et aquacoles, leur valorisation (transformation, commercialisation) et leur contribution à la sécurité alimentaire.

Il s'agit aussi de promouvoir une pêche durable et responsable, à travers notamment l'amélioration de la gouvernance des pêches et la mise en place d'un système commun de surveillance, contrôle et suivi des activités de pêche.

Dans le domaine des énergies renouvelables, la COI travaille à l'élaboration d'un vaste programme qui couvrira les volets sensibilisation des consommateurs à l'intérêt des énergies renouvelables, amélioration de la réglementation et de l'environnement des affaires, développement des capacités de production d'énergies renouvelables (éoliennes, solaires, et marémotrices) et mise en place des normes d'efficacité et des labels.

Pour améliorer la connexion entre les îles et réduire les coûts des transactions commerciales, la COI travaille à la préparation d'un programme de développement d'infrastructures dans le domaine des TICs, et du transport inter-îles.

La COI continue à rechercher par ailleurs des financements pour mettre en œuvre la stratégie régionale sur la sécurité alimentaire. 'L'ambition est d'exploiter les complémentarités et les avantages comparatifs de chacun des pays de la COI, de renforcer la recherche-développement, d'augmenter la production, d'améliorer la commercialisation et d'assurer la sécurité alimentaire de la région, en cas de catastrophes naturelles et de crises majeures'

2012 sera déterminante pour le développement du tourisme, un autre secteur clef de l'économie régionale. La COI va organiser d'ici la fin de l'année à La Réunion une rencontre de très haut niveau impliquant les secteurs privé et public (bureaux de promotion du tourisme, et de l'immigration, tours operators, compagnies aériennes...).

L'objectif est de développer une stratégie régionale de coopération touristique basée sur le concept des îles Vanille, et sur une dynamique de développement durable.

Plus concrètement, l'objectif est de favoriser les déplacements et de créer des passerelles inter-îles par l'extension et l'amélioration du réseau de transports, la simplification des droits d'entrée et l'émergence d'une offre régionale attractive et cohérente (croisières entre les îles vanille, combinés inter-îles...).

Pour intensifier les échanges entre ces îles et créer un climat propice aux affaires, la COI mise sur tous les vecteurs d'intégration régionale que sont par exemple la culture, la santé, la recherche, l'environnement et la bonne gouvernance.

La COI mène des actions pour maintenir la stabilité politique, favoriser la sécurité régionale (piraterie, terrorisme, et autres crimes transfrontaliers...), limiter les impacts économiques et

sociaux des crises sanitaires et des catastrophes naturelles, et préserver les ressources naturelles.

L'intégration régionale prend une nouvelle forme avec l'avènement de la Tripartite entre le COMESA, la SADC et la Communauté de l'Afrique de l'Est. Comment la COI apporte-t-elle sa contribution?

Comme vous le savez, certains Etats de la COI sont également membres de la SADC et/ou du COMESA et à ce titre, accéderont au grand marché commun de la Tripartite qui regroupera à terme 600 millions d'habitants et 26 pays d'Afrique orientale et australe.

Face à cette réalité, la COI compte passer d'une stratégie «d'observateur passif» à celle d'«observateur actif» au sein de ce processus.

Pour cela, l'organisation organise une coordination et une concertation étroite entre les pays membres, en amont ainsi qu'en marge des réunions de la Tripartite, pour faire émerger et prendre en compte leurs spécificités insulaires. La prise en compte des problématiques de transport maritime en est un exemple.

Une des valeurs ajoutées de la COI réside dans cette capacité à mobiliser aussi bien ses Etats et territoires que les acteurs clés de l'intégration, pour trouver des solutions communes à ces problématiques insulaires. ■



A propos de la COI...

Créée en 1984 par l'Accord général de Victoria (Seychelles), la Commission de l'Océan Indien (COI) est une organisation intergouvernementale de coopération régionale qui regroupe cinq Etats membres : Comores, France/Réunion, Madagascar, Maurice, et Seychelles.

La COI s'est donné pour mission de resserrer les liens d'amitié et de solidarité entre les populations, et de bâtir des projets régionaux de développement durable, destinés à les protéger, améliorer leurs conditions de vie et préserver les ressources naturelles dont elles dépendent fortement. Seule organisation régionale africaine composée exclusivement d'îles, elle défend leurs intérêts insulaires sur la scène régionale et internationale, afin d'obtenir des mesures, des mécanismes et des financements appropriés. Toutes ces îles partagent, au-delà de leur diversité, des intérêts insulaires communs. Elles sont en effet caractérisées par l'isolement, l'étroitesse des marchés (exception faite de Madagascar), la fragilité environnementale et l'exposition aux phénomènes naturels. Elles font face à des défis communs (changement climatique, perte de la biodiversité, pandémies, piraterie, sécurité alimentaire, mondialisation de l'économie...)

Plate-forme de coopération régionale, elle permet de mutualiser les ressources et les compétences pour mieux répondre à des problèmes souvent transfrontaliers. Elle contribue à structurer des réseaux régionaux d'hommes et de femmes pour partager des informations, des expériences et des bonnes pratiques, et ainsi tracer la voie d'un développement plus durable et solidaire.

Signature d'une convention cadre de partenariat avec Sciences Po d'Aix en Provence

Le Centre d'Etudes Supérieures (CES) de la MCCI a signé une convention cadre de partenariat avec l'Institut des Etudes Politiques (IEP) aussi connu sous l'appellation Sciences Po d'Aix en Provence lors d'une cérémonie organisée au siège du CES à Ebène le 13 janvier dernier.

ASHRAF JOOMUN - Directeur , Centre d'Etudes Supérieures de la MCCI



Le Professeur Christian Duval, Directeur Général de l'IEP d'Aix en Provence et M. Cédric de Spéville, Président de la MCCI ont signé la convention cadre de Partenariat à Ebène en janvier 2012.

Les signataires de cette convention cadre étaient le Professeur Christian Duval, Directeur Général de l'IEP d'Aix en Provence et M. Cédric de Spéville, Président de la MCCI.

Etaient aussi présents à cette cérémonie de signature M. Mahmood Cheeroo, Secrétaire Général de la MCCI, M. Stéphane Boudrandi et M. Michel Dumas, respectivement Directeur de Développement et Responsable de l'IEP d'Aix en Provence pour la zone Océan Indien.

Cette collaboration permettra l'organisation des formations de haut niveau dans le domaine des sciences sociales et pluridisciplinaires. Depuis sa création Sciences Po forme à l'exercice de fonctions de haute responsabilité, publiques ou privées. Elle est classée comme Grande Ecole universitaire.

Présentation de Sciences Po d'Aix en Provence

L'Institut d'Etudes Politiques d'Aix-en-Provence (IEP ou Sciences Po) est un établissement public d'enseignement supérieur.

Créé en 1956, il est l'un des neuf Instituts d'Etudes Politiques avec Bordeaux, Grenoble, Lille, Lyon, Paris, Rennes, Strasbourg, et Toulouse.

C'est Mme Christine LAGARDE, Directrice générale du Fonds monétaire international, qui préside actuellement le conseil d'administration de l'IEP.

Le cursus Sciences Po :

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• Un cursus professionnalisant

Conscient de former des spécialistes de la généralité, Sciences Po Aix met un point d'honneur à la professionnalisation de ses étudiants, notamment en fin de cursus. Une dizaine de masters Professionnels permettent une entrée directe dans la vie active, les masters Recherche, eux, ouvrent la voie à une formation doctorale. Le Parcours réussite mis en place récemment concrétise cette volonté de professionnalisation par des ateliers, des rencontres avec des professionnels et des forums, qui aident à l'élaboration d'un projet professionnel construit et abouti.

• Une école ouverte sur le monde

L'Institut, déjà ouvert à l'international, poursuit ses efforts dans ce sens. Pour ce faire, il renforce les partenariats et multiplie les échanges avec les universités étrangères.

• Une école ouverte à la diversité

La démocratisation du recrutement dans les filières sélectives est un des engagements de Sciences Po Aix. ■

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Choosing Cloud Computing

Cloud Computing, being labelled the major buzzword in IT for 2011, remains a major challenge for many businesses in 2012. 'The Cloud' is a familiar cliché for the Internet, but when combined with 'computing', the meaning gets bigger and fuzzier.

PARWEEZIA MOOSSA - Analyst Programmer

Cloud Computing is a method of computing in which computer resources (e.g., networks, servers, storage, applications, and services) are provided as a service to end-users who can access those resources from anywhere in the world as far as Internet is available.

It does not require that the end-users have any knowledge and expertise in the underlying technology infrastructure that supports the service.

This means that, businesses of all sizes and irrespective of their location, can take advantage of highly integrated and complex software systems, without any significant initial capital investment on, purchasing computer resources and associated maintenance.

The key characteristics of cloud computing are:

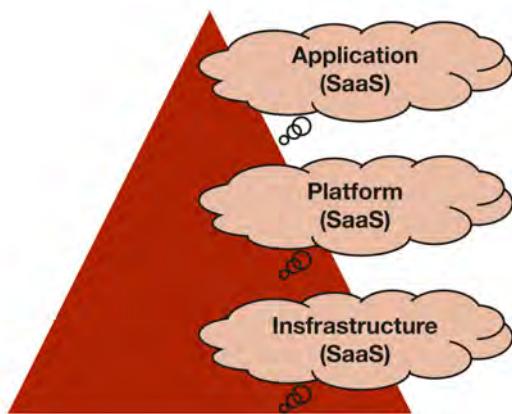
- **Resilience**
Is one big advantage that all types of cloud computing offer. By its nature, cloud computing removes single point of failure. The failure of one node of the system has no impact on availability of information and does not result in perceivable downtime.
- **Scalability**
Enables businesses to expand and reduce resources according to the specific business requirement. Unlike conventional computing, they pay only for services that are being utilised.
- **Flexibility and efficiency**
Allow businesses to invoke cloud services only when they

need them. Thus, more resources are allocated to run businesses, allowing effective load balancing.

- **Outsourcing non-core activities**

Outsourcing becomes a simple process, with payment only being made for the computing power or data storage that is used, with no hidden extras and management fees.

The three core components of cloud computing are namely Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS).



Infrastructure-as-a-Service (IaaS) is a provision model in which business outsources the equipment used to support operations, including storage, hardware, servers and networking components. The service provider owns the equipment and is responsible for housing, running and maintaining it. The client typically pays on a per-use basis, like for electricity and water. The best examples of IaaS are Amazon's Elastic Compute Cloud [EC2] and Simple Storage Service.

Platform-as-a-Service (PaaS) is a set of software and development tools that are hosted on the service provider's servers. This service delivery model allows the client to rent virtualized servers and associated services for running existing applications or developing and testing new ones. Google Apps is one of the most famous Platform-as-a-Service providers. Other examples are Microsoft's Azure and Salesforce's Force.com.

Software-as-a-Service (SaaS) - is the most widely known and broadly used form of cloud computing. In this software distribution model, the applications are hosted by the service provider and made available to clients as on-demand services through a web browser. Some examples are ERP, CRM, and Google Docs.

Cloud services can be in a public, private, community or hybrid setting. Public clouds are external or publicly available cloud environments that are accessible to multiple clients, whereas private clouds are typically tailored environments with dedicated

virtualised resources for particular businesses. Similarly, community clouds are tailored for particular groups of clients.

Cloud Computing is still a growing innovation and therefore has some concerns. Cloud standards have emerged as the most important one. It is a requirement of most cloud services that business allocates a common environment and this is why the National Institute of Standards and Technology (NIST) is continuing its efforts to create cloud computing standards. Some of the main concepts that the NIST is focusing on include privacy, interoperability, security and reliability issues.

Privacy is a new challenge to cloud computing. It raises important considerations for businesses about how they manage information and interact with cloud service providers. In the traditional information technology model, an organization is accountable for all aspects of data protection, from how it uses personal information to how it stores and protects data on its own computers. Cloud computing differs because information can flow offsite to data centers owned and managed by cloud providers. Thus, increases the risk of potential unauthorised access and exposure to private information.

Interoperability refers to the ability of applications to move from one cloud environment to the next or applications running in different clouds being able to share information. The lack of standards is somehow slowing the portability of cloud services.

Security is a core issue for many businesses as the data is being hosted over shared and rented infrastructure of a cloud. Security concerns the confidentiality, availability and integrity of data or information and may include authentication and non-repudiation. These are the key factors to be considered by the businesses when using cloud services.

Reliability is a huge concern for many businesses as having a service down for a few minutes could be very costly. It is important that Service Level Agreements (SLA) are established with the cloud service provider to make sure the reliability requirements are agreed upon by both parties upfront.

Cloud computing is, without a doubt, the evolutionary concept in the IT world today. It has changed the way businesses view and deal with their IT needs. Low start up deployment costs, scalability, ease of access, and immediate time to market are undeniable benefits of cloud computing.

However, this technology is still on its path to maturity, revealing some weaknesses which have slowed down the widespread adoption. It is therefore, important to develop an emerging cloud computing framework, which stretches across all aspects of cloud computing, to create a secured and common business cloud environment. ■

Le savoir-faire mauricien brille à la TV grâce à 100% Challenge

Diffusée chaque semaine deux fois sur la MBC1 et trois fois sur deux chaînes de la Réunion, l'émission qui montre les entreprises et leurs talents, se révèle un prolongement naturel et télévisuel des actions de communication pour la mise en valeur des entreprises adhérentes de la MCCI

Production de la MCCI, l'émission 100% Challenge donne rendez-vous désormais chaque semaine avec les entreprises mauriciennes, les femmes et les hommes qui les font vivre ainsi que leurs savoir-faire. Pour sa troisième saison, le magazine TV est diffusé sur MBC1, chaque mardi à 20h20 et chaque dimanche à 12h20. Dans son nouveau format plus court de 13 minutes, le programme est plus adapté aux attentes du public et la diffusion bihebdomadaire lui confère une meilleure visibilité.

Fidèles à ses fondamentaux, 100% Challenge donne à voir la rubrique « Reportage » qui montre les process, les innovations technologiques, environnementales et industrielles, entre autres suivi de la rubrique « Entre nous » qui permet d'approfondir une des informations traitées dans le "Reportage" sur un mode pratique et utile.

Pour présenter les rubriques, l'animatrice Virginie Talbotier est filmée sur un site hôtelier dont elle fait découvrir les caractéristiques originales, à travers différentes séquences.

Du pédagogique, du visuel, du rythme et du charme : 100% Challenge s'efforce de rendre attrayante l'économie en donnant la parole aux femmes et aux hommes sur le terrain et à tous les niveaux dans les entreprises.

En plus des deux programmations par semaine sur la première chaîne mauricienne, l'émission offre aux entreprises une visibilité régionale grâce à sa diffusion sur NOOT TV (chaîne du Bouquet Parabole Océan Indien, visible également à Madagascar, la Réunion et Mayotte) et sur Télé Kreol.

Cette nouvelle saison est marquée par une dynamique collective renforcée avec un comité de parrainage particulièrement étoffé autour de l'initiateur du projet : la MCCI. On retrouve de grands groupes privés qui soutiennent financièrement le programme et participent au choix des sujets depuis 2009, à savoir IBL Group et UBP, rejoints cette année par le groupe Avipro Co. Ltd à leurs cotés, il y a deux groupements professionnels : l'Association of Mauritian Manufacturers (AMM), partenaire historique, et, depuis cette saison, l'Association des Hôteliers et Restaurateurs de l'Île Maurice (AHRIM).



La reconnaissance du sens de l'intérêt général de 100% Challenge par les pouvoirs publics s'exprime par le support de la BOI.

Le comité éditorial accueille désormais aussi la SBM et des entreprises des secteurs émergents : Sotraviv un des pionniers du green business à Maurice et Natec Medical, un champion mondial des équipements médicaux de haute technologie.

L'émission compte également parmi ses soutiens de grandes entreprises de communication : la MBC, son partenaire historique et le groupe La Sentinelle qui offre une exposition multimédia visant à accroître l'audience. S'y ajoutent l'agence média Touch Point et DCDM Research dont les mesures d'audience l'accompagnent depuis le début.

L'Université de Maurice a aussi rejoint le comité éditorial pour aider 100% Challenge à s'installer dans le paysage audiovisuel en tant que rendez-vous incontournable du Made in et by Mauritius !

A noter que les émissions, sont consultables sur le site de la MCCI. ■

“ Investir dans la pub, c'est investir dans une relation durable avec les consommateurs.”

Or, le consommateur n'achète jamais une marque pour elle-même. Il achète l'idée qu'il se fait de lui-même au travers de cette marque, parce qu'elle révèle ou amplifie son ego.

Le consom'acteur ne s'attache plus aux marques starlettes qui se résignent à faire de la figuration. Il veut des marques qui lui parlent au cœur et à l'esprit.

La publicité ne fait pas vendre. Elle fait préférer. Mais comment se faire aimer sans connivence, sans même se faire remarquer?

A tous ceux qui pensent qu'il vaut mieux se faire remarquer plutôt que de se faire voir...

**WE
want
you!**

MCCI 22nd Annual Dinner



The Minister of Foreign Affairs of the Republic of Seychelles, Mr. Jean Paul Adam, was greeted by the President of the MCCI, Mr. Cédric de Spéville, upon his arrival at the Intercontinental Mauritius Resort, Balacava.



The MCCI offered a ship model 'La Digue' to Minister Adam. The gift was presented to him by Mrs. Vanessa de Spéville, spouse of the President of the MCCI.

PRIYA SEEWOOCHURN DEY

Analyst, Communications and Promotion Division

The 22nd Annual Dinner of the MCCI was held on 9 March 2012, at the Intercontinental Mauritius Resort, Balacava.

The Guest Speaker on this occasion was the Hon. Jean Paul Adam, Minister of Foreign Affairs of the Republic of Seychelles and President of the Indian Ocean Commission Council of Ministers.

In his speech, which had for theme 'Economic Reform and Regional Development: Perspectives from the Seychelles' Minister Adam spoke about the success, which both islands have been able to achieve, due to an effective collaboration between Government and the Private sector.

The President of the MCCI, Mr. Cédric de Spéville, on his part, stressed the importance of consolidating regional ties. He also referred to the common interests of both countries, in areas including fisheries and piracy and on a larger scale, to issues like the EPA negotiations and the Small Island Developing States amongst others.



Minister Adam made an address on 'Economic Reform and Regional Development: Perspectives from the Seychelles.'

Arrival of guests and Members



The cocktail



The dinner





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Les cycles ou le retour du même ?

“ Ce qui a été, c’est ce qui sera, et ce qui s’est fait, c’est ce qui se fera, il n’y a rien de nouveau sous le soleil. ” Ecclésiaste I, 9.

DANIELLA BASTIEN - Chargée de cours, Centre d’Études Supérieures de la MCCI

Depuis la parution du très enrichissant livre de Joseph Stiglitz, beaucoup d’essayistes, penseurs, intellectuels se sont penchés sur la problématique de « régénération » ou encore, de « déconstruction-reconstruction ».

Force est de constater que nous arrivons, dans les domaines touchant à ce que nous avons de plus précieux, c’est-à-dire, notre humanité, à une situation de crise, de bouleversements tant sur le plan socio-économique qu’écologique.

Mais est-ce que ces situations devraient nous alarmer à tel point que nous pensions que la fin de ce monde ou plutôt du présent cycle approche ?

Depuis le Ve siècle avant J.-C., les Grecs ont avancé l’idée de la fin des temps.

En fait, les scientifiques disent que la Terre a connu une fin à cinq reprises.

Dans le cadre de cette réflexion sur les cycles, nous nous pencherons non pas sur la fin physique du monde mais plutôt sur sa capacité à se régénérer, à se reconstruire, changeant ainsi l’image du cycle (étymologiquement « rond », « cercle », ce qui signifie retourner au même point) en spirale.

Nous prendrons comme point de départ que toute régénération

ne se fait pas en vase clos et que des éléments multiples y contribuent. Par exemple, pour repenser l’écologie, il faudrait repenser la politique, l’éducation, etc.

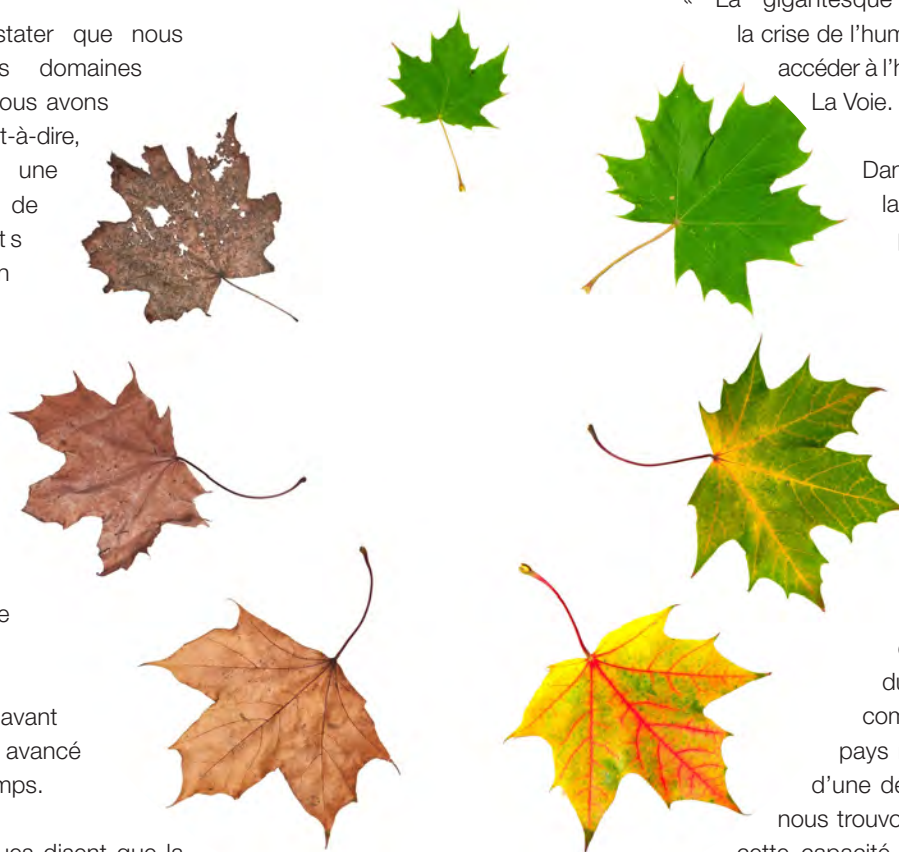
« La gigantesque crise planétaire est la crise de l’humanité qui n’arrive pas à accéder à l’humanité » Edgar Morin, La Voie.

Dans ce monde centré sur la réussite personnelle, professionnelle, familiale, - en gros, une société d’égotiques - sommes-nous capables de créer une intelligence collective ?

Quand nous voyons comment dans certains pays du Sud, la société civile se mobilise pour trouver des solutions pour sortir du cercle de la pauvreté, comment dans ces mêmes pays nous avons la création d’une démocratie participative, nous trouvons là des exemples de cette capacité de l’être humain à se solidariser, à élaborer des « stratégies de survie » pour reprendre Jacques Attali .

Et qu’en est-il du milieu techno-rationnel qu’est le monde de l’entreprise ? Quels sont les défis pour l’entreprise afin de rester ce milieu où l’on ne produit pas seulement des biens ou services mais des idées pour l’avancement de l’humanité ?

Autant de questions qui devraient interpeller nos économistes >



et autres penseurs du développement humain. Nous ne pouvons plus compter sur le PIB pour refléter le bien-être d'une société.

Nous pensons ici à des alternatives telles l'indice social de bien-être qui prend en considération la mortalité infantile, l'abus sur les enfants, le chômage, l'accès aux soins, le suicide chez les jeunes, la prise en charge des aînés entre autres.

S'il est vrai que dans certains domaines, les pays du monde font des efforts pour arriver à un consensus (concernant l'écologie par exemple), ce n'est pas le cas dans d'autres.

Le diktat de certains organismes internationaux fait que les tendances sont uniformisées, ne laissant pas de place aux génies nationaux d'émerger, aux peuples de bien ménager ses arrières pour ne pas tout perdre si vient à se produire un bouleversement de n'importe quel ordre.

Deux médiévistes, Marcel Detienne et Jean-Pierre Vernant, dans *Les ruses de l'intelligence. La Mètis des Grecs* (1974) décrivent un type d'intelligence, la mètis, comme «assez prompte et souple pour faire face chaque fois à l'imprévu, parer aux circonstances les plus changeantes et l'emporter, dans des combats inégaux, sur les adversaires les mieux armés pour l'épreuve de force. »

C'est là le défi de notre temps pour faire face au prisme des cycles et faire en sorte que notre évolution soit plutôt un cycle en spirale (utilisé dans le développement des logiciels).

Oui, il n'y a rien de nouveau sous le soleil car parce que chaque être porte en soi le germe de l'humanité, les tendances humaines se répètent mais ce n'est certainement pas pour demain notre extinction car nous sommes encore dans la préhistoire de l'esprit. ■

¹ STIGLITZ Joseph E., *Quand le capitalisme perd la tête*, Fayard, 2003

² ATTALI Jacques, *Sept leçons de vie-Survivre aux crises*, 2009



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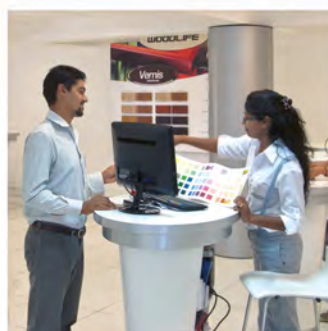
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