



MINISTRY OF BUSINESS, ENTERPRISE & COOPERATIVES
(Business and Enterprise division)

<u>Event</u>	:	MCCI AGM
<u>Location</u>	:	Labourdonnais Waterfront Hotel
<u>Date</u>	:	Thursday 30 March @ 9h30

*Hon. Seetannah Lutchmeenaraidoo, Minister of Foreign Affairs,
Regional Integration & International Trade*

*Hon. Ashit Kumar Gungah, Minister of Industry, Commerce and
Consumer Protection*

Members of Diplomatic Corps

Mr. Azim Currimjee, President of MCCI

Mr. Raju Jadoo, Secretary General of MCCI

Directors and presidents of parastatal bodies

Officials of the Civil Service

Captains of Industry

Members of the Press

Distinguished Guests

Ladies and Gentlemen

A very good morning to you all. Allow me tell first and foremost to express the profound sense of privilege that I feel to be given the opportunity of sharing my insights as Minister of Business, Enterprise and Cooperatives with such an impressive gathering of notable actors of the business community.



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Throughout the years, the MCCI has always maintained very close links with Government and has thus been actively involved in the development process of our country. This **168th Annual General Meeting** is an excellent forum to voice my heartfelt appreciation of the strong commitment and constructive contribution of the Chamber not only in the business landscape of Mauritius, but more specifically in a number of projects initiated by my Ministry to date.

The nurturing of a collaborative relationship with the MCCI, for this institution to be our main partner of the private sector, is a cause I hold dear. Indeed, it is not a matter of coincidence that in 2015, we decided to **review the composition of the SMEDA** board to include, among others, a representative of the Chamber. And I am glad that the soundness of this approach has been consolidated by the fact that the Secretary General himself has been dedicating his time since then to be actively involved in the SMEDA board.

I must also highlight the fact that we have always received enthusiastic responses whenever we have requested the assistance and participation of the MCCI in workshops as well as various technical committees of the Business and Enterprise division or of the Cooperatives division of my Ministry. I am looking forward to the forthcoming launch of **Creative Mauritius**, an online platform that



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will provide visibility and market linkages to craftsmen of Mauritius and Rodrigues. This is an unprecedented initiative that stems out of the complementarity of our vision to efficiently promote the local handicraft sector.

Another fruit of our enduring relationship will be visible next May, when we will be holding the very first **International SME Innovation and Technology Fair** in Mauritius - an event that aims at facilitating the transfer of technology, know-how and skills to Mauritian and overseas enterprises through the showcasing and eventual acquisition of technological tools and equipment particularly of great assistance to SMEs. I am confident that benefitting from the private sector perspective provided by the MCCI will definitely further extended the scope of the event and that this will enable the Fair to take a significant dimension, making it an ideal and recurrent platform for technology providers and technopreneurs across the world to promote their innovative solutions with the local SME community.



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In addition, we are presently in advanced discussions with the **MCCI Business School** so as to make our entrepreneurs benefit from the active educational model of **L'Institut de la Francophonie pour L'Entrepreneuriat**, an international reference point in the field of entrepreneurship education and training.

All these are the proof that **separate entities, working well together, can be more than the mere sum of their parts**. The strength of this collaborative relationship that has naturally developed over the past years between my Ministry and the MCCI comes from **a shared purpose, a shared sense of direction and a shared pool of expertise, ideas and creativity**. And it is obvious that while some of those **co-constructed initiatives** are already yielding results, others are a cause for optimism not only for both parties involved but most importantly for our entrepreneurs, who will then be the beneficiaries of more strategic and smarter approach to development in the business and entrepreneurial landscape.

We should however not allow the present rough business landscape overshadow the synergistic spirit established between us – ***bien au contraire!***



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I am particularly concerned by the fact that **our country has lost 17 places in the Doing Business index in 2017**, moving from 32nd to 49th. I am sure that all the members of today's audience share this feeling. This staggering fall is due to several factors, including the cost of construction permits, the cost of air and sea freight transport and the delay prior to the delivery of various licenses. Government is conscious that on top of engaging itself in effective partnerships with key private stakeholders, **in-depth reforms** at the institutional level are needed for a significant improvement to happen this year itself. It is indeed with this objective that the **Business Facilitation Act** will have to be reviewed, for it to have a lever effect when it comes to reforms in sectors where there are bottlenecks. I am convinced that **with such bold reforms, Mauritius has the potential of making a tenfold climb in the Ease of Doing Business index by 2020.**

Such a statement can convey the idea that the solutions to the whole problem have been worked out and that we will definitely reap the benefits of those reforms in due course of time. **Make no mistake!** We cannot afford to just sit back and simply wait for things to work out in our favour.



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When it comes to Mauritius, we must highlight the fact that our tiny island has had a creditable journey during the last 50 years. We have successfully embraced the transition from the sugar industry to the manufacturing, tourism, ICT and financial services sectors. This is a clear indication of our country's potential in terms of diversification but we live in a globalized world in which keeping pace with comparable economies is a sine qua non condition for performance and survival. It is indeed by adopting such an attitude that Singapore, once a third world city-state deprived of natural and agricultural resources, has managed to overtake France in terms of GDP per capita before the end of the 20th century.

We need to work together towards the design of the most appropriate mechanisms to support the creation of an ecosystem which is conducive to the sustainable development of our enterprises. You would agree with me that there is, for example, a dire need for the creation of technology transfer platforms, investment in R&D, the promotion of a culture of innovation among Mauritian entrepreneurs, and the development of the export-readiness of our enterprises. These are challenges that have to be taken up by public and private institutions likewise.



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Mesdames et Messieurs,

Je dois cependant dire que **plus que par les défis, je suis particulièrement inquiet par une véritable menace qui guette l'intégrité de notre économie – celle de l'influx continu de produits importés** qui pénètrent le marché mauricien en bénéficiant d'un traitement duty-free dû aux provisions des accords de libre-échange. Ceci favorise leur mise sur le marché à des prix nettement plus bas que ceux des produits locaux, provoquant ainsi une compétition déloyale qui est au détriment des entrepreneurs locaux.

Le déficit commercial pour l'année 2016, qui est **en hausse de 5,5 %** par rapport à 2015, démontre cette tendance. Il m'est inconcevable que nous dépensions des milliards de roupies sur l'importation de poisson, de produits laitiers et d'œufs, de viandes, de fruits et légumes, d'autant plus que le montant qui a été déboursé pour importer des produits alimentaires est en hausse de quelque 6,2 % par rapport à l'année précédente. ***Comment est-ce possible alors que nous avons les compétences, les talents, le savoir-faire, la résilience, une terre fertile et une mer poissonneuse autour de nous ?***



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Il est clair que Maurice ne parvient pas à profiter comme il se doit des bénéfices des accords de libre-échange dont il est signataire car de mon point de vue, ces accords se concrétisent actuellement de manière plutôt unilatérale, c'est-à-dire qu'ils permettent une ouverture à l'importation mais qu'il y a peu d'exploitation en termes d'exportation. Il m'est évident que **nous sommes aujourd'hui englués dans un des effets pervers de l'hyper globalisation et du libéralisme qui s'ensuit.**

L'année 2016 a été marquée par deux événements de taille qui ont bouleversé toutes les données politiques et économiques et qui sont des exemples flagrants d'une **remise en question de la globalisation.** Il y a tout d'abord eu le **vote en faveur du retrait de l'Angleterre de l'Union Européenne**, qui ouvre la voie à la possibilité d'autres défections qui engendreront beaucoup plus de dégâts que le Brexit lui-même. Avant la victoire du Parti populaire libéral et démocrate les élections au Pays Bas, on avait entendu parler de Nexit, et on entend dorénavant parler de Frexit avec l'éventualité d'une France Bleue Marine, et de Grexit pour la Grèce. D'ailleurs, une récente étude qui se base sur des résultats électoraux de 15 pays européens (comprenant la France, l'Angleterre, l'Allemagne, les Pays Bas, l'Irlande, entre autres) entre 1988 et 2007 établit une corrélation directe entre la globalisation, notamment l'influx des importations



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de la Chine, et un soutien grandissant aux mouvements nationalistes et d'extrême droite.

Et que dire de l'élection inattendue de Donald Trump aux Etats Unis!

Nous constatons que Trump adopte une politique protectionniste, hostile au libre-échange, et plus important encore, que les américains ont consciemment voté pour une telle politique. C'est-à-dire, pour *'Make America Great Again'*, il faut qu'il y ait un retrait des Etats Unis du processus de globalisation...

La mauvaise presse autour de la globalisation, accompagnée d'une montée en puissance du nationalisme parmi les pays qui sont les principaux partenaires commerciaux des pays en voie de développement, est grandissante. Brexit, l'élection de Trump et la percée des mouvements politiques d'extrême droite en Europe ont un sens commun : **une certaine tendance des peuples du monde occidental à se recroqueviller sur eux-mêmes en réaction à certains méfaits perçus de l'ouverture totale des frontières.** Les propos de ces leaders politiques qui s'opposent haut et fort à la globalisation et qui prônent un retour au nationalisme ont **une résonance légitime** auprès des gens car la plus grande faille de la globalisation est que les richesses qui y dérivent ne parviennent pas nécessairement à toutes les couches de la société.



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Il est clair que nous sommes arrivés à une période charnière dans le monde globalisé et dans l'ère du libre-échange. Nous sommes des spectateurs de **l'émergence d'un nouvel ordre économique mondial** et nous devons tirer des leçons de ces **contre-pieds à la globalisation**.

A Maurice, je dois dire que c'est avec désolation que j'entends bon nombre d'entrepreneurs déplorer le fait qu'aujourd'hui, **il est devenu plus facile d'importer que de produire**. Dans la mouvance de la globalisation, Maurice a toujours été actif sur la scène commerciale internationale car nous ne disposons pas de ressources naturelles et il faut de ce fait ces accords pour qu'on puisse s'approvisionner en matières premières à des prix compétitifs. Mais en même temps, le champ libre accordé aux importateurs empiète de plus en plus sur l'espace économique local et affecte les producteurs locaux. **Je trouve cela alarmant que le déficit commercial soit estimé à Rs 94 milliards en 2017.**

Il y a aussi des anomalies flagrantes qui favorisent actuellement l'importation plutôt que la production – **des brèches que nous devons absolument colmater le plus vite possible** car les mauriciens sont en train de délaissé plusieurs secteurs productifs. **Il faut à tout prix éviter qu'ils aient le sentiment que le système les laisse**



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tomber ; nous ne pouvons pas nous permettre de rester insensible à cette situation. La production est l'âme et l'identité d'un pays. Le Made in Japan est une référence en matière de technologie, le Made in France pour le fromage, le Made in Switzerland pour le chocolat. ***Qu'en est-il du Made in Mauritius aujourd'hui et surtout à l'avenir?***

Chers capitaines d'industries,

Quelle position adopter dans cette bataille idéologique qui fait rage et surtout, comment réagir? Serait-il prudent de céder aux sirènes du protectionnisme ?

En ce qui me concerne, tout en étant certes un fervent défenseur de la fabrication locale, je ne pense pas que le protectionnisme soit une solution viable. **Prôner le protectionnisme serait l'équivalent de prendre des décisions cruciales touchant au monde extérieur en s'enfermant dans une pièce noire, ce qui engendrera forcément plus de perdants et de gagnants.**



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Il est temps pour les institutions et la communauté des affaires de **favoriser l'avènement d'une position intermédiaire entre le libéralisme et le protectionnisme, une position que j'ai tendance à simplement définir sous l'appellation 'patriotisme'**. Soyons suffisamment audacieux pour dire que si la globalisation est synonyme d'une ouverture à outrance qui est au détriment de l'industrie locale, nous nous devons être attentifs et surtout proactifs avant que de nous enfoncer définitivement dans la logique d'une nation d'importateurs, alors que nous avons pour ambition d'être une nation d'entrepreneurs. Un retour au protectionnisme n'est pas la solution aux problèmes des pays qui peinent à s'épanouir sous l'ère du libre-échange. **Nous avons plutôt besoin d'un modèle plus inclusif de la globalisation**, avec, par exemple, des questions sociales et environnementales qui se retrouvent au cœur des débats lors de la définition des accords commerciaux entre divers pays.

Ladies and Gentlemen,

What are the strategies to be adopted by Mauritius and Mauritian entrepreneurs to fend off the uncertainties derived from the artificial tension between globalization and nationalism?



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We are a member of the World Trade Organisation since 1995 and we have to respect the commitments deriving from this membership. While I understand the grievances of our entrepreneurs, I also think that **we tend to overlook several of our strengths as a country**. We are a principally bilingual democracy, with a rather high literacy rate, a flourishing financial sector and a judicial system that commands respect. Moreover, we are reasonably connected to the world through air and sea, we are members of important economic blocs like SADC and COMESA and we regularly benefit from the expertise of the World Bank and of IMF. I am even tempted to believe that our country seems to be favoured by Mother Nature as we are relatively spared from major natural hazards and rough climatic conditions, on top of having a rich soil.

These attributes put our country in a favorable position, whereby we have the capacity to tap on opportunities in a variety of sectors like bio-farming and agribusiness, financial services, the ocean economy, ICT or Renewable and Green Energy, among others. **I urge Mauritian companies to proactively take steps to enhance their organisational resilience through the adoption of international standards and best practices** so to be in the best possible conditions in the current redefined global marketplace.



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We also need to be conscious of our need to continue to diversify our export and export markets, our aim being to move from being a Euro-centric exporter to a more diversified export and tourism-based economy. Indeed, the European Union which has freshly celebrated its 60 years since its founding treaty was signed in Rome is in deeper trouble than ever and we should look for opportunities elsewhere instead. At the end of the day, **perhaps that we have everything to gain in a new phase of measured globalization, notably by adopting a more regional focus**, which will be greatly facilitated by our membership in SADC, COMESA, IORA and the IOC.

I also often stress on **the African Growth and Opportunity Act as a valuable option for Mauritian enterprises**. It seems unlikely that Trump's administration will repeal the AGOA and we thus have till 2025 to fully take advantage of this opening on the American market. It is precisely in the spirit of empowering Mauritian entrepreneurs to become more familiar with the various opportunities available on the US market through AGOA that my Ministry, with the precious collaboration of the Ministry of Foreign Affairs, Regional Integration and International Trade as well as the US Embassy, is organising a **comprehensive AGOA-Preparedness Workshop on 5th of April 2017**.



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In addition, negotiations regarding the **Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India** should soon come to fruition following the revision of the India-Mauritius Double Tax Treaty. The CECPA, which will spur investment, economic cooperation and the exchange of goods, will be **particularly interesting for the services sector**, with opportunities to be made easily available for Mauritian entrepreneurs and professionals in the fields of finance, law, ICT-BPO, medicine and logistics.

Mark my words! In the present context, despite appearances, tariffs and trade wars will do nothing to help. A Fourth Industrial Revolution characterised by an inexorable shift from simple digitization to innovation is knocking on the door of the business landscape. This newly crafted environment is forcing enterprises to reexamine the way they do business. And it is no secret that to seize opportunities presented by this new round of industrial revolution, **enterprises are bound to accelerate the pace of their business transformation through relentless and continuous innovation to grab business opportunities. Innovation is the X Factor** that will keep our enterprises relevant in the increasingly competitive global marketplace. After all, the innovative and creative spirit is paradoxically liberated when enmeshed within the narrowest parameters.



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I remember that during my speech at the General Assembly of the Chamber last year, I pointed out at the necessity for our enterprises to embrace innovation, that in today's highly competitive environment, only the fittest survive, and that the fittest are the ones who think out of the box. ***And I fully recall the President at that time augmenting that statement by rightly specifying that in fact, there is no longer any box!***

Indeed, disruptive and unthought of innovative business models are emerging as part of the evolution of the economy, **with the sharing economy today epitomising this trend at its best.** It is much more than a one-off trend as for me, the rise of the sharing economy is a **thriving ecosystem that should challenge all of us as entrepreneurs and customers.**

By providing a platform to connect people who want a service or product with people who are offering that service or product, **Uber** in the transportation sector, **Airbnb** for the rental of properties, **Ofo** - a Chinese bike-sharing startup -, and **FreshSpoke**, which connects Canadian farmers with wholesalers, have enabled transactions that would previously have been impossible. **Everyone from graphic designers to plumbers have the possibility of connecting with**



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customers and market their businesses more cheaply and easily than ever before. On top of creating entirely new ways of consuming goods and services, the sharing economy **drastically lowers the barriers for businesses and individual entrepreneurs** to create wealth, altering the personal and professional environments of employees. It is also rapidly multiplying into many new services, ranging from laundry to shopping, from chores to parking, from massages to travel, **thus opening a window into a sea of opportunities for entrepreneurs.**

The most successful sharing-based businesses to date have focused a lot of their efforts on **improving efficiencies, building trust, growing their community and innovating.** I believe that these four basic principles **should be at the top of the priorities list of today's entrepreneur.**

Captains of industry,

We thus undeniably stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. We do not yet know just how it will unfold, but one thing is clear: the response to it must be **integrated and comprehensive,** involving **all stakeholders of the State,** from the public and private sectors to academia and civil society. And in the challenging global



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economic context, **we must all strive to do better**. That's precisely where we come to collaboration, as **Together is always Better**.

I would like to express my most sincere thanks and gratitude to the MCCI for its commitment towards my Ministry and the business community at large to find long-term solutions based on the principle of dialogue, endorsed by the willingness to achieve the best outcome in the shared long-term interest of all involved stakeholders and of the country.

The promise of a better future indeed lies in acting together as stakeholders and I will conclude by quoting Helen Keller, with whom I fully agree when she said: ***"Alone we can do so little; together we can do so much"***.

I thank you for your kind attention.