

**Ministry of Business, Enterprise and Cooperatives
Business Enterprise Division**

**Speech for Hon Bholah, Minister of Business Enterprise and
Cooperatives**

170th AGM of MCCI

Thursday 28 March 2019

Port Louis

1. A very good morning to all of you and thank you for the warm welcome.

2. I feel very privileged to be again among you today as you organise the 170th Annual General Meeting of the Mauritius Chamber of Commerce and International (MCCI).

3. I am particularly pleased to address you as we embark on an economic journey with confidence and where we are monitoring our projections and targets closely. However, we should not turn our back on potential build-up in short-term risks that are threatening global growth prospects. According to the United Nations' report World Economic Situation and Prospects 2019, global growth is expected to remain at 3% in 2019 and 2020. The analysis highlights an increase in downside risks that could potentially exacerbate development challenges in many parts of the world which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying environmental challenges.

4. According to UN's analysis, Africa's economic growth is projected to increase slightly from 3.2% in 2018 to 3.4% in 2019. This moderate acceleration is expected to be supported by external factors, including a strengthening of global demand for Africa's products, and domestic

factors, such as robust private consumption, sustained investments in infrastructure, and rising oil production, particularly due to new field development. However, UN estimates that GDP growth in Africa remains well below what is needed to reach many Sustainable Development Goals (SDGs) targets and to keep pace with rapid population growth.

5. Divergent trends are also expected in giant economies, which are also our trading partners. In the Eurozone, political uncertainty, including Brexit, challenges to Emmanuel Macron's government, and the winding down of Angela Merkel's chancellorship, are contributing to a decline in business sentiment. In the United States, the acceleration in growth which was almost entirely due to a large dose of fiscal stimulus in the form of tax cuts and increase in spending is expected to slow down this year. The deceleration in China's economy and the fallout from trade tensions between the US and China are drags on growth. India is expected to continue to be the world fastest growing large economy in 2019 but political uncertainty hovers over the country due to forthcoming elections scheduled as from next month.

Ladies and Gentlemen,

6. I do not intend to scare you by painting a gloomy picture of the world economic situation. The objective is to be on our guard and to brace ourselves to face forthcoming challenges. Albert Einstein put it in

simple terms, I quote - “We cannot solve our problems with the same thinking we used when we created them” - Unquote. In today’s era, ways of doing business have evolved. So it is imperative to be on the lookout for new markets, alternative trading opportunities, new technologies and innovative segments. As the saying goes - “tough times never last, but tough people do” - or I would rather put it that tough business leaders last!

7. Having been assigned the portfolio of SMEs, I would like to use this platform to highlight their impact and why we should consolidate our entrepreneurial ecosystem. Because this might be the change which can trigger further economic growth.

8. A World Bank Group study suggests that there are around 445 million SMEs in emerging markets. SMEs play a major role in most economies, particularly in developing countries. Formal SMEs contribute up to 60% of total employment and up to 40% of GDP in emerging economies. These numbers are significantly higher when informal SMEs are included.

9. According to the estimates of the World Bank Group, 600 million jobs will be needed in the next 15 years to absorb the growing global workforce, mainly in Asia and Sub-Saharan Africa. In emerging

markets, most formal jobs are generated by SMEs, which also create 4 out of 5 new positions.

Distingués invités,

10. Inculquer un esprit entrepreneurial et se donner les moyens pour bâtir une entreprise permet de se passer du statut d'un chercheur d'emploi à un créateur d'emplois. C'est justement le but de mon Ministère et de SME Mauritius qui sont à pied d'oeuvre pour promouvoir les actions visant à créer une nouvelle génération d'entrepreneurs, tout en accompagnant les entreprises existantes.

11. Compte tenu du rôle des PME dans la restructuration de l'économie, le gouvernement est venu de l'avant avec une série de mesures pour favoriser l'entrepreneuriat, faciliter la création et le développement des entreprises et améliorer l'accès au capital et autres formes de financement. On s'est aussi engagé à réduire dans la mesure du possible les charges et les formalités administratives et aussi à assouplir certaines réglementations. Afin de mieux situer les enjeux, mon Ministère a commandité un Plan Directeur des PME étalé sur 10 ans. D'ailleurs plusieurs de ces recommandations ont déjà été mises en oeuvre. C'est ainsi que SME Mauritius a vu le jour l'année dernière. Plusieurs plans d'aide sont mis à la disposition des PME. L'accent est mis sur l'accès aux marchés et aux nouvelles technologies.

12. En parlant des plans d'aides, je tiens ici à saluer la fructueuse collaboration entre SME Mauritius et la Chambre de Commerce et de l'Industrie pour la mise en oeuvre du plan d'aide visant à allouer des codes-barres aux PME après une formation intensive. Il s'agit d'une mesure qui vise à permettre à une entreprise d'accéder aux marchés. Plus d'une centaines entreprise ont deja benefitte de cette aide.

13. Autre collaboration que je dois souligner concerne le projet Creative Mauritius qui met en exergue les artisans locaux sur le portail "taxfree shopping" administré par la Chambre de Commerce. Une page web avec des informations sur l'entreprise des artisans, les produits et les coordonnées est mis à leur disposition gratuitement. Il s'agit d'un moyen d'apporter une visibilité accrue à notre savoir-faire local.

Ladies and Gentlemen,

14. Since its independence in 1968, Mauritius has witnessed a transformational journey to be recognized as a strong and resilient economy. Our island has been able to stand out through diversification. If today Mauritius enjoys an enviable international repute, it is due to successive combined efforts of the public and the private sectors. "Growth is never by mere chance; it is the result of forces working together" - as rightly quoted by James Penney, an American businessman.

15. On this note, I would like to commend the unflinching support and contribution of the MCCI in the socio-economic development of Mauritius.

16. Private sector organisations have responded positively to numerous appeals made by the Government to ensure that our economy is fairer, more inclusive and more sustainable. Government led by the Prime Minister, Hon. Pravind Jugnauth has also made it a point to be the ears to various demands of the private sector and to come up with the necessary regulatory framework, reforms and changes to facilitate the conduct of business.

17. At the level of the Government, we are working hard to create the appropriate conditions to allow businesses to thrive in the most conducive environment. Our focus is our people. On this specific point I would like to borrow the words of Peter Drucker, Austrian-born American Management Consultant who said, I quote - “The ultimate resource in economic development is people. It is people, not capital or raw materials that develop an economy” - Unquote.

18. As far as the Government is concerned, we are consolidating existing sectors and identifying new ones to further enhance economic growth. The private sector remains our privileged partner to achieve objectives set. I believe that to make our country flourish, we should

stand as one. Paths may be different but we share the same ultimate destination. Obstacles are easily overcome if we join heads and hands to make things better for our people and our country because you will agree, “sticks in a bundle are unbreakable”.

19. The MCCI has and continued to play a pivotal role in the support and promotion of the business sector in the Republic of Mauritius. It has been a catalyst, facilitator and enabler of growth and sustainable development of the business sector including SMEs. This engagement is praise worthy and should continue for the overall benefit of the society.

20. And my Ministry will leave no stone unturned to continue support this ecosystem working in close collaboration and cooperation with the MCCI. Just to name a few key successful collaborations between the MCCI and my Ministry:

(i) GS1 Mauritius Collaboration with SMEs

My Ministry came up with a dedicated scheme aims at providing financial assistance to SMEs by financing 100% of the registration and training fees to acquire GS1 barcodes. This scheme enables eligible

SMEs to not only upgrade their products and facilitate access to new markets, but also reap numerous benefits.

Since they are internationally recognised standards, GS1 barcodes and standards also enable exporting without any modifications in the barcodes.

GS1 Barcodes and standards not only enable implementing product traceability solutions, MSMEs further gain international visibility through GS1 GEPIR and GS1 Cloud, which enable international retailers contact our local SMEs and source products to be sold on various markets.

Under this scheme, dedicated training sessions are also delivered in Creole to the beneficiaries to ensure that the MSMEs implement their barcodes correctly to avoid any possible retailer rejection of their products. As at date, over 95 SMEs have already benefitted from the scheme.

Both SME Mauritius Ltd and GS1(MAURITIUS) LTD, a company wholly owned by MCCI, are convinced that SME Operators need to adopt the GS1 Barcodes and Standards to give their products more market accessibility and visibility.

Furthermore, SME Mauritius Ltd has also applied and implemented the Barcoding System for artisanal products, meant to be marketed to different targets including tourists and institutions as well as in the Craft Shop at the SSR International Airport.

(ii) MCCI Tax Free Shopping Service collaborates with SMEs

MCCI has launched a dedicated section on the tax free shopping website of the MCCI Tax Refund service – called Creative Mauritius. Creative Mauritius showcases genuine products of local artisans which are duly registered as SMEs in Mauritius. MCCI has worked closely with my Ministry on this project.

(iii) MCCI Arbitration and Mediation Center – Special SME Package

This is a Special Mediation Package for SMEs that help a large number of SMEs flourish by providing at favorable costs, a healthy, transparent and confidential framework for sorting out their disputes privately through the assistance of a mediator, and within the framework of the Mediation Rules.

The Mediation Rules apply but with a reduced one-off fee of Rs 5,000 per party (regardless of the sum in dispute) instead of the Mediation Scale of Costs currently applicable under the MARC Arbitration and Mediation Rules. The maximum number of mediation hours shall be 10.

The Applicant party must be an SME duly registered with SME Registration Unit at my Ministry. I understand that the Secretariat can also consider factors such as financial difficulties when considering applications under the Special Mediation Package.

21. However, for many SMEs, their potential is often not fully realized due to factors related to their small scale namely:

- a. lack of resources (finance, technology, skilled labor, market access, and market information);
- b. lack of economies of scale and scope;
- c. higher transaction costs relative to large enterprises; and
- d. lack of networks that can contribute to a lack of information, know-how, and experience of domestic and international markets.

22. Fully aware of the potential of SMEs and the complex multi-sectoral and multi-disciplinary challenges facing them, this Government has put forward a plethora of schemes, incentives and support mechanism for support such as:

- (i) SME Certification Scheme;
- (ii) SME Productivity Improvement Scheme;
- (iii) Green Energy Promotion Scheme;
- (iv) Mentorship and Hand-holding Programme;
- (v) Communication and Visibility Online Presence; and
- (vi) Technology and Skills Transfer Scheme, among others.

23. I must confess that the success rate for those schemes is very high with more than 350 SMEs benefitting from such programme. The success of these schemes has only fueled our will to further incentivize the sector and accompany SMEs in their quest for market access, productivity and efficiency aim and product quality and visibility improvement.

Ladies and Gentlemen,

24. True entrepreneurs are those who see opportunities in all spheres of life, especially in adversity. As has been said, they do not wait for things to happen – they make things happen. A society that claims to be inclusive should create conditions for talents to grow and achieve a purposeful mission which are acknowledged and rewarded in a way they deserve. Entrepreneurs are imaginative individuals who spot an opportunity and seek to turn it into a profitable and functioning business. With their unique talents, they transform opportunities into business concepts and eventually into tangible products or services which they offer to market with a view to earning decent return on investment.

25. We are now in an era where the effects of technological disruption are ubiquitous, touching all aspects of our lives – from the way we work, live and interact with one another. This wave of change, driven by

digitalisation, has already impacted many sectors and SMEs can and should follow this trend.

26. The MCCI has a key role to play in making our SME base highly successful.

27. In fact, the 10- Year Master Plan for the SME sector already sets forth an enabling ecosystem propelled by six ‘SME Performance Drivers’, namely:

- e. Regulatory and Institutional Framework;
- f. National Entrepreneurship Strategy;
- g. Human Capital and Skills Development;
- h. Innovation, Technology Transfer and Green SMEs;
- i. Access to Finance and Equity Participation; and
- j. Marketing and Regional Exports Capacity Building.

28. It will be key to uphold a collaborative approach in taking further these six drivers and I must admit that much work is to be done in this ever-iterative continuous improvement strategy. We will need to be agile in our strategy in a context of rapidly changing opportunities and technology.

29. Right policies have a vital role to play in devising the appropriate entrepreneurial ecosystem whereby talents take on opportunities and are rewarded for taking risks. Market forces alone will never do this job.

The present Government policies have taken care of the creative potential that exists outside the traditional business sector. Empowering entrepreneurs and would-be entrepreneurs during their different phases of growth is a policy choice. Fundamentally, investible opportunities should not be the preserve of business elites, even if it makes economic sense that the degree of openness to small operators will vary from industry to industry.

30. I am sure that together with the MCCI, my Ministry and this Government will put into place all the enablers to achieve this ambition of making the SME sector the locomotive of an inclusive and sustainable economy.

31. I will conclude with powerful words from the American author and political activist, Hellen Keller - "Alone we can do so little; together we can do so much".

32. Thank you for your kind attention. Have a lovely day ahead.