

171ST AGM OF MCCI

**Speech of the Minister of Industrial Development, SMEs and
Cooperatives, Hon. Soomilduth Bholah**

23 JULY 2020

**Hon. Renganaden Padayachy, Minister of Finance, Economic Planning and
Development**

**Hon. Nandcoomar Bodha, Minister of Foreign Affairs, Regional Integration
and International Trade**

Hon. Yogida Sawmynaden, Minister of Commerce and Consumer Protection

**Excellencies Ambassadors, High Commissioners and Members of Diplomatic
Corps**

Mr. Marday Venkatasamy, President of MCCI

Mr. Yousouf Ismael, Secretary-General of MCCI

Captains of Industry

Members of the Press

Distinguished Guests

Ladies and Gentlemen

Good Morning!

INTRODUCTION

- It gives me great pleasure to be in your midst today on the occasion of the 171st Annual General Meeting of the Mauritius Chamber of Commerce and Industry. It is indeed an honour for me to address the Chamber during this landmark event.
- Allow me to also congratulate the Chamber for the celebration of its 170th Anniversary and for its continued support towards the business community to further the cause of socio-economic development in the country.

MCCI as a Partner

- The Chamber remains a privileged partner for the Government. It has always collaborated with Government on various strategic fronts ranging from export, investment, trade negotiations, arbitration and capacity-building activities.
- Allow me at this stage to put on record the sincere appreciation of the Government to the Chamber for the significant role it played during the lockdown period associated with the outbreak of the Covid-19 pandemic in Mauritius. Indeed, we are grateful to the Chamber which extended its relentless collaboration by mobilising its members to respond promptly to the needs of the population in terms of supply of basic commodities while we were battling the threat of the COVID-19 pandemic.
- Undoubtedly, this special public-private relationship that we share can only be acclaimed as it has proven to be a key factor to help us address arduous challenges as we navigate through these uncertain times and embrace the ‘New Normal’ of the economy of life.

Ladies and Gentlemen,

- For the last 5 years, on this same occasion, I have been sharing with you my vision and insights for the SME and Cooperatives sectors. Today, I am addressing you by wearing an additional hat, which is that, of Industrial Development. This augurs particularly well as we are undoubtedly now in a better position to bring enhanced synergies and coherence while designing policies, strategies and support programmes for the benefit of the manufacturing sector.

Global Situation

Ladies and Gentlemen,

- You would concur with me that we are currently evolving in a trading environment shrouded by uncertainties. The COVID-19 pandemic, which has assumed a global dimension, has compelled many economies to be on their knees, be it advanced countries or developing economies.
- It is for the first time that countries over the world are dealing with a crisis of such magnitude which has been transformed into an economic storm. The International Monetary Fund, has in its World Economic Outlook Report of June, revised downward the global growth rate at **-4.9%** for 2020 which is **1.9 percentage point** below the forecast of April 2020.
- Our major traditional markets such as the USA, France, UK and South Africa are all projected to achieve negative growth rates at **8.0%, 7.8%, 10.2% and 8.0%**, respectively. It is worthwhile to note that a more optimistic outlook is anticipated for 2021 with positive growth rates globally and in our traditional markets as countries gradually remove lockdowns and ease restrictions.

- My message to the business community is that we should look for opportunities in the face of adversity. Being fully conscious of your usual sense of ingenuity and versatility, rest assured that Government will always walk shoulder to shoulder with you for the greater good of the country.

Situation in Manufacturing sector

Ladies and Gentlemen,

- Today, we have fortunately reached a stage where the country is not recording local cases, owing to the prompt actions of the Government and the support of each and everyone. However, this health crisis has also left its indelible imprints on our economic sectors, particularly our export manufacturing sector. Preliminary data gathered from my Ministry indicates that there has been a **25%** drop in export revenue during January to April 2020 as compared to the previous corresponding period. Nonetheless, given that production activities have resumed, I am confident that the outlook will be brighter in the following months to come.

Measures taken by Government

Mesdames et Messieurs,

- Aujourd'hui, je souhaiterais plutôt me concentrer sur les opportunités que nous pouvons saisir et la confiance que nous pouvons avoir en tant qu'une nation qui est orientée vers l'avenir, en particulier en ce qui concerne le secteur manufacturier.
- L'histoire nous enseigne que les crises mondiales engendrent des changements fondamentaux qui affectent les politiques gouvernementales, le comportement des consommateurs et les secteurs industriels pour les années à venir. Les opérateurs dans le secteur manufacturier doivent comprendre

quelles parties de leur environnement social, commercial et politique vont changer à la suite de la pandémie de COVID-19 et investir en conséquence pour se préparer à la « Nouvelle Normalité ». Dans cet esprit, le récent Budget 2020-2021 a jeté des bases solides.

- These measures aim at giving a new boost to local production, encouraging import substitution and instilling a new dynamism in our exports.
- To name a few,
 - The Freight Rebate Scheme has been extended to new ports in South Africa and Madagascar. You may wish to note that direct exports to South Africa are now eligible under this Scheme up to December 2020.
 - The Trade Promotion and Marketing Scheme (TPMS) will also cater for exports to emerging markets such as Japan, Australia, Canada and the Middle East.
 - All exports are now covered under the Export Credit Insurance Scheme which provides for a 50% subsidy on the cost of credit insurance premium incurred by enterprises when they take an insurance to cover their exports to all countries.
 - In line with our Africa Strategy, Government is supporting enterprises through the provision of a subsidy on the rental and administrative costs incurred during the first two years of operation of warehouses set-up in Tanzania and Mozambique.
 - Port dues and terminal handling charges have been waived off for exports from July to December 2020 and reduced by 50% for the period January to June 2021.

- Additionally, the Government, through the Special Relief Fund and the newly set-up Mauritius Investment Corporation Ltd, is also providing financial assistance to distressed companies as a result of the COVID-19 pandemic.

Import substitution

Ladies and Gentlemen,

- Government recognises fully that we need to secure our national economic sovereignty and build our strategic resilience through an even stronger local manufacturing base.
- At this stage, dear Industry Captains, allow me to pay a special tribute to you for having stepped up efforts “*dans un élan de solidarité et patriotisme*” during the difficult period of lockdown and for having produced items of strategic importance during the state of sanitary emergency. Here, I am referring particularly to the production of face masks, Personal Protective Equipment, hand sanitisers, other hygienic products and food items as well which have provided, without reasonable doubt, substantial relief to the population. To further stimulate this innovative and strategic line of activity, the ISP Ltd is providing access to finance at concessionary rates to producers of hygienic items and medical devices.
- Our industrialists have proved to be vital as a main engine of economic growth. The Government adheres completely to the principle that we need a vibrant domestic manufacturing base for enhanced prosperity. In this line, my Ministry has already embarked on a wide national campaign entitled “*Nou Ress Loyal Nou Konsom Lokal*” to sensitise our domestic market on our local industry which is producing quality goods. Furthermore, Government is implementing a series of budgetary measures in order to stimulate local production such as the requirement for Ministries and Government Bodies to

have a minimum domestic content of 30 percent in the purchases of goods and the imposition of a minimum shelf space of 10 percent for locally manufactured goods in supermarkets.

- My Ministry is also working on the various options that could be adopted to shelter our domestic products from a surge of imported products.

Export Promotion

Ladies and Gentlemen,

- Owing to your contribution, the industrial sector has had a glorious journey and has successfully transitioned to the export markets. Indeed, my Ministry is providing a dedicated attention to our export manufacturing sector which is one of our main sources of foreign exchange earnings. I am personally holding regular meetings with the main operators in the sector to identify any bottlenecks that they could be facing and also looking into the necessary remedial actions. I wish to announce that, with the collaboration of the Economic Development Board, we will come up with a new marketing strategy for the sector by leveraging on our “Covid-free” status to promote Mauritius as a *“Safe World Class Sourcing Destination”*.

Technology

Ladies and Gentlemen,

- You would agree with me that the need of the hour calls for a fundamental shift in our traditional methods of production. This global health crisis has demonstrated that agility, flexibility and automation are *sine-qua-non* conditions to ensure survival. Technology can be a powerful enabler. I would like to urge members of the business community present here today to make

an effort to adopt exponential disruptive technologies associated with Industry 4.0 such as Artificial Intelligence, Soft Robotics, Internet of Things, Cloud Computing, Virtual Augmented Reality. Government is committed to accompany you in this digital transformation phase of yours.

- The recently announced Cote D'Or Data Technology Park will inherently set a solid foundation to embark on this pathway.

Future Orientation

Ladies and Gentlemen,

- I wish to emphasise that my Ministry is fully committed to bring about the necessary structural transformation in the manufacturing sector which will prevent the deindustrialisation process in the future.
- As you are aware, my Ministry is currently formulating an **Industrial Policy and Strategic Plan 2020-2025** with the assistance of the United Nations Conference on Trade and Development. This roadmap is expected to chart out the future orientation of industrial development for the next five years.
- I seize the opportunity to once again thank the members of MCCI for their valuable contribution during the consultative workshop held in February by my Ministry. We are expecting a first draft of the Report by August and I look forward to work closely with the MCCI in the implementation of the recommendations that will ensue.
- I will ensure that all institutions operating under the aegis of my Ministry, such as the Mauritius Standard Bureau, the Fashion and Design Institute, the National Productivity and Competitiveness Council, SME Mauritius and the

National Cooperative College, contribute efficiently to consolidate our local industry.

Conclusion

Ladies and Gentlemen and Industry Captains,

- The Covid-19 pandemic has been a seismic global event that has challenged the status quo. Nonetheless, over the last few months, our manufacturers have displayed incredible resilience, ingenuity and collaboration in meeting the difficult challenges of our Covid response. Though this pandemic has brought with it unprecedented challenges, we need to look beyond the fog of uncertainty towards possible long-term solutions for the manufacturing sector. My message to Chamber and to the business operators present here today is that we must step up our collaboration to ensure that a new era of modernity opens up on the horizon. I am confident that together we can meet the challenges and build sustainable economic foundation for a better future for all.
- On this note, allow me to thank the Chamber for its relentless support to sustain development of the manufacturing sector. I also wish to commend the excellent work accomplished by the outgoing President and I congratulate the new President on his appointment. I look forward to another year of fruitful collaboration with the Chamber. Thank you for your attention.

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