

Speech

By

Hon. Ms. Naveena Ramyad

**Minister of Industrial Development, SMEs and
Cooperatives**

on the occasion of

175th Annual General Meeting of

Mauritius Chamber of Commerce & Industry (MCCI)

Thursday 28 March 2024

at

09.30 hours

“La Scala”, Caudan Arts Centre

Caudan, Port Louis

Mrs. Namita Jagarnath-Hardowar, President of MCCI;
Dr. Drishtysingh Ramdenee, Secretary General of MCCI;
Senior Officials of the Public Sector;
Captains of the Industry;
Members of the Press;
Distinguished Guests;
Ladies and Gentlemen;

A Very Good Morning to you all!

I am pleased to be in your midst today on the occasion of the 175th Annual General Meeting of the Mauritius Chamber of Commerce & Industry (MCCI). It is with a deep sense of honour that I stand in this august assembly as the newly appointed Minister of Industrial Development, SMEs and Cooperatives. I do recognise that my Ministerial portfolio comes with a rich legacy, built upon the immense contribution of my predecessors, but more importantly, it demonstrates the strong commitment of Government along with the support of private sector institutions such as MCCI to transform the socio-economic landscape of Mauritius.

Ladies and Gentlemen,

It is to be reckoned that, since its creation in 1850, MCCI has been at the forefront on matters of strategic interests, ranging from advocacy and business support services, fostering regional cooperation, supporting a conducive trading environment, to participation in international fora and promotion of technology uptake and sustainable practices.

Over the years, the Chamber has been very active in advocating policies to nurture business growth, facilitate ease of doing business and enhance professional skills for greater economic prosperity.

I am particularly gratified that the MCCI is fully committed to contribute to Government's vision for a resilient and smart manufacturing sector. Allow me, to seize this opportunity to express my profound appreciation to the Chairperson, the Secretary General, staff and members of the MCCI for their active engagement in all Government initiatives geared towards advancing our industrial development agenda.

Ladies and Gentlemen,

At this stage, I deem it important to share my thoughts on the prevailing global economic situation, which has a bearing on Mauritius as an outward-looking and export-oriented economy. It is worth mentioning that we are living in a highly globalised and inter-connected world with no safety nets and where nothing is permanent, except change.

Indeed, a few years back, no one could have imagined that the world would be subject to an unprecedented economic crisis emanating from the Covid-19 pandemic. Even as at now, it is difficult to predict what would happen in the near future on the international trading front. You would certainly agree that uncertainty and unpredictability now represent the facets of the new normality.

At the same time, the international business environment has become even more volatile with geopolitical tensions in Russia-Ukraine and the Middle East, sluggish growth in our main markets, rising commodity and energy prices that are altogether drastically affecting consumption patterns and businesses.

These new dynamics will continue to impact on our economy and as a forward-thinking nation, it is imperative to closely monitor the situation and come up with adaptive policies and measures.

Ladies and Gentlemen,

As you are aware, I have been entrusted the important mandate to spearhead industrial development in the country, which rests on the consolidation, diversification and expansion of the manufacturing base. I am conscious of the role that the manufacturing sector has played, and continues to play, in Mauritius's success story, as a vital economic pillar.

For decades, it has served as a bedrock of our economy, contributing significantly to gross national output, gainful employment, foreign exchange earnings and foreign direct investment. Latest statistical data indicate that the sector currently accounts for **13%** to Gross Value Added and employs some **82,900** persons.

It is worthwhile to note that the manufacturing industry has been treading on an upward growth trajectory as from 2021 in the aftermath of the Covid-19 pandemic. In real terms, it achieved growth rates of **8.3%** and **9.1%**, respectively in 2021 and 2022.

However, it is unfortunate that the growth momentum could not be sustained at the same pace in 2023 due to the emergence of daunting obstacles, both on the internal and external fronts. As a matter of fact, the real growth rate of the manufacturing sector has been forecasted at a mere **1.4%** for 2023.

Ladies and Gentlemen,

I wish to assure you that Government is well attuned to the challenges faced by our industry operators and it remains diligently committed to support manufacturing enterprises navigate through the turbulences.

On the internal front, we recognised that the recent increase in the National Minimum Wage and salary compensation would have taken a toll on manufacturing enterprises in terms of higher production costs, thereby undermining competitiveness.

I would like to stress that as a responsible and caring Government, we have always been guided by the philosophy to create the greatest amount of good for the greatest number of people.

While recognising the need to uplift the standard of living of the population, we reckon that we cannot penalise economic operators by increasing further their operational costs.

As such, we acted promptly and introduced a financial support to manufacturing enterprises, through the provision of a monthly allowance, up to a maximum of **Rs 4,000** per employee, to compensate for the hike in wage bills and alleviate the overall financial burden associated with the National Minimum Wage and salary compensation.

Ladies and Gentlemen,

I understand that the hike in industrial electricity tariff rates that became effective in February 2023 and February 2024 is likely to be a constraining factor for competitiveness of enterprises. Let me assure that Government is fully aware of this impediment and necessary actions have been taken to assist industry operators through initiatives under the Carbon Neutral Industrial Sector Strategy to move towards cleaner and renewable energy sources.

Moreover, I wish to inform that, at the level of my Ministry, we have taken a leading role to encourage enterprises adopt the sustainable pathway as part of their business strategies to ensure long-term competitiveness.

In this perspective, my Ministry launched the Energy Efficiency Audit Scheme for the Manufacturing Sector in November 2023, providing a one-off grant of **75%** to cover audit costs, up to a ceiling of **Rs 300,000**, to eligible enterprises embarking on an energy audit exercise. I seize this opportunity to request Captains of Industry to fully avail of this facility in their objective to reduce their energy bills.

Additionally, my Ministry is spearheading the development of an ambitious project entitled “*Accelerating the Transition to a Net-Zero Nature-Positive Economy in Mauritius*”, with funding from the Global Environmental Facility, which has the objective to accelerate the decarbonisation of the manufacturing sector. It encompasses three main components, namely, conduct of energy audits, material audits, and more importantly, the setting up of a funding mechanism to implement recommendations of the audits. I wish to apprise that a detailed Project Document is being finalised for submission to the GEF Council, for final approval. It is expected that project implementation will start in early 2025.

Ladies and Gentlemen,

I am of the firm opinion that it is essential to acknowledge that, amidst difficulties, there are opportunities. Enterprises that embrace digital transformation in this testing time are more prone to be successful in the new technology battlefield to emerge as competitive players. The future economic imperatives demand that the manufacturing sector has to embrace advanced technologies which are bringing a new revolution in production models. The integration of Industry 4.0 technologies, including automation, advanced robotics and data analytics holds the key to unlocking new levels of efficiency and productivity in manufacturing processes.

May I stress that my Ministry remains steadfast in its determination to be at the forefront of this digital transformation and with this objective, we are implementing a “Manufacturing 4.0” project, on a pilot basis, with the assistance of the Commonwealth Secretariat. As part of the project, eight manufacturing enterprises have been engaged in an exercise, whereby a customised digital roadmap has been elaborated for each of them, after intensive in-house interventions by international experts.

I wish to inform that several industry operators have expressed interests to embark on such an initiative and this is why my Ministry is envisaging to replicate the project on a larger scale to achieve a holistic digital transformation of overall production capabilities in the manufacturing sector.

Ladies and Gentlemen,

As you are aware, my Ministry has a particular focus on the development of the export manufacturing sector, as per its historical mandate. We acknowledge that export-oriented enterprises are again at a crossroad facing the brunt of a more difficult international trading environment. This is evidenced by the fact that domestic exports witnessed a decline of **3.8%** to reach **Rs 50.2 billion** in 2023, after having achieved a record-breaking performance of **Rs 52.2 billion** in 2022.

In this context, Government is sparing no efforts to assist enterprises in their export drive to retain market shares and explore new business horizons. To this effect, I wish to emphasise an amount of **Rs 1.6 billion** was disbursed to manufacturing enterprises since 2015 under various support schemes available at EDB Mauritius.

Furthermore, I fully believe that we have to review our export promotion strategy so as to rebalance exports by tapping new market opportunities that have opened up with the signing of preferential trade Agreements with India, China and

African continent. Altogether, these markets represent a vast pool of consumers who would have the choice to opt for quality and affordable products from Mauritius, as an alternate sourcing destination. My Ministry is working closely with EDB to elaborate an aggressive export promotion strategy targeted at these market destinations so that meaningful gains could be derived in a bid to reverse the declining export trend.

Ladies and Gentlemen,

At the level of Government, we have always maintained a sound and productive relationship with MCCI translated through consultations on policy and strategic issues likely to strengthen the industrial architecture of the country. As Minister, I give you my firm commitment that I will be your partner and advocate to push forward all meaningful proposals, suggestions and ideas emanating from the Chamber that would propel the manufacturing sector to new pedestals.

Ladies and Gentlemen,

May I now conclude by wishing that this Annual General Meeting of MCCI be a forum whereby dialogue flourishes, diverse perspectives are embraced and a shared vision for the future of Mauritian manufacturing industry takes shape. I seize this occasion to convey my best wishes to the President, the Secretary-General, staff and all Members of the Chamber for a productive year ahead.

Thank you for your kind attention.

N.R