

**Republic of Mauritius**

**Republic of Mauritius  
Data Collection Survey  
to Promote Private Sector Investment  
in Mauritius**

**Final Report**

**February 2022**

**Japan International Cooperation Agency (JICA)**

**International Development Center of Japan Inc. (IDCJ)**

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# Data Collection Survey to Promote Private Sector Investment in Mauritius

## Final Report

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### List of Abbreviations

Abbreviation	Official Name
AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
AI	Artificial Intelligence
AML/CFT	Anti-Money Laundering/ Countering the Financing of Terrorism
ASEAN	Association of Southeast Asian Nations
AU	African Union
BCMS	Business Continuity Management System
BEE	Black Economic Empowerment Act
BFA	Business Facilitation Act
BPO	Business Process Outsourcing
CBRD	Corporate and Business Registration Department
CEB	Central Electricity Board
CECPA	Comprehensive Economic Cooperation and Partnership Agreement
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
DAI	Digital Adaptation Index
DTA	Double Taxation Agreements
DX	Digital Transformation
EAC	East African Community
EDB	Economic Development Board
EEZ	Exclusive Economic Zone
EPZ	Export Processing Zone
EU	European Union
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FMCG	Fast Moving Consumer Goods
FSC	Financial Services Commission
FTA	Free Trade Agreement
GBC	Global Business Companies
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHAS	Global Headquarters Administration License
GNI	Gross National Income
GTAL	Global Treasury Activities License
ICT	Information Communication Technology
IDI	ICT Development Index
IFC	Mauritius International Finance Centre
IMF	International Monetary Fund
IOC	Indian Ocean Commission
IORA	Indian Ocean Rim Association
IOTC	Indian Ocean Tuna Commission
IPPA	Investment Promotion and Protection Agreements
ITU	International Telecommunication Union;
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
MDTA	Mauritius Digital Transformation Agency
MRA	Mauritius Revenue Authority
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OEM	Original Equipment Manufacturing
R&D	Research and Development
SADC	Southern African Development Community

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SEZ	Special Economic Zone
SMEs	Small and Medium Enterprises
SPC	Special Purpose Company
TICAD	Tokyo International Conference on African Development
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
VAT	Value Added Tax
VC	Venture Capital
WB	World Bank

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## Summary

Mauritius has a lot of potential as a base for Japanese companies to enter the African market and invest in the country. However, information on the specific attractiveness of Mauritius and which industries are particularly promising is not always well organized. By collecting, confirming, and organizing such information, it is required to promote the steady expansion of Japan's private sector into the country. The survey team collected information on the business environment and business opportunities in Mauritius, as well as on the needs and concerns of Japanese companies that may consider entering the country. Then, the specific business opportunities for Japanese companies to enter the country are summarized.

The main activities and schedule of this survey are as follows

### Survey Activities and Schedule

#### Survey in Japan#1 (July – Sep 2021)

1. Assessment of the Business Environment in Mauritius
2. Survey on Japanese Companies Related to Africa and Mauritius

#### Survey in Mauritius (Oct – Nov 2021)

3. Exchange of Views with Major Stakeholders in Mauritius
4. JICA Seminar in Mauritius – Presentation & Dialogue
5. Survey on Foreign Companies Doing Business in Mauritius

#### Survey in Japan#2 (Dec 2021– Feb 2022)

6. Recommendations on Substantial Business Advancement Possibilities
7. Mauritius Investment Seminar for Japanese Stakeholders

The survey team prepared this report based on the activities of the above work items. The main activities of each work item and the chapters of this report that reflect the activities are listed below.

No	Items	Outline of the Activities	Relevant Chapters in the Report
1	Desk Top Research of the Business Environment in Mauritius	Collect basic information (of policies, systems, procedures, etc.) from the perspective of Japanese companies expanding into Mauritius and other African countries ,and summarize the current situation.	2. Mauritius Basic Information 3. Overview of the Economy and Development History of Mauritius 4. Industrial Structure of Mauritius 5. Current Status and Challenges of Economic Policy, Foreign Investment Promotion and Institutions in Mauritius 6. Comparison Analysis with Other Countries
2	Survey on Japanese Companies which may be interested in Mauritius	In addition to identifying as many Japanese companies as possible that have already established operations in the country, as well as those that are considering doing so, a survey will be conducted to identify potential areas for future investment, as well as specific needs, seeds, advantages and disadvantages for Japanese companies to expand their business in Mauritius.	9. Current Status and Issues on the Expansion of Japanese Companies into Mauritius



3	Follow-up of the Survey Conducted in Japan and Exchange of Views with Relevant Organizations in Mauritius	Taking the opportunity of the visit to Mauritius, a follow-up survey on the investment and business environment of Mauritius, a field assessment on the needs, seeds and concerns of Japanese companies identified in the domestic survey, and an exchange of views with relevant organizations on the recommendations to Mauritius based on the survey.	10. Sectors with Business Opportunities for Japanese Companies in Mauritius 11. Expected Sectors for Japanese companies' Advance 12. Recommendation to Mauritius for Attracting Investment from Japanese Companies
4	Seminar for Stakeholders in Mauritius	Organize a seminar for stakeholders in Mauritius to share the provisional results of the survey in Japan and to collect information on the expectations to Japanese companies in Mauritius.	11. Expected Sectors for Japanese companies' Advance 12. Recommendation to Mauritius for Attracting Investment from Japanese Companies 13. Implementation of Seminar in Mauritius and Japan
5	Survey on Foreign Companies Doing Business in Mauritius and Utilization of the Country as Their Business Bases for African Countries	In addition to confirming the actual situation and motivation of foreign companies to set up business in Mauritius, a qualitative and quantitative surveys will be conducted to understand the current situation and issues of how Mauritius is used by foreign companies as a base for setting up business in other African countries, and use the survey results as a reference when summarizing the advantages and disadvantages.	7. Current Status and Challenges of Foreign Companies Doing Business in Mauritius 8. Examples of Foreign Companies Doing Oversea Business from Mauritius
6	Conclusion of Recommendations for Japanese Companies on Substantial Business Opportunities in Mauritius and other countries in Africa through Mauritius	Make recommendations on how Japanese companies can use Mauritius as a base for their business expansion in Africa, with regard to both the business environment in Mauritius and the use of Mauritius as a management base for African business.	10. Sectors with Business Opportunities for Japanese Companies in Mauritius
7	Mauritius Investment Seminar for Japanese Stakeholders	The seminar will be held by online to provide an opportunity to disseminate the findings to Japanese companies.	13. Implementation of Seminar in Mauritius and Japan

The structure of this report based on the above research activities is as follows. First, the background and purpose of this survey are described in Chapter 1. Then, the contents of the survey on the business environment of Mauritius are described in Chapters 2 to 5, which are divided into the following sections: basic information, overview of economic and historical development, industrial structure, and current status of economic policy, foreign investment attraction policy and system. As information related to the business environment, comparisons with other relevant countries such as Singapore and the African neighboring countries of South Africa and Kenya are presented in Chapter 6. Chapters 7 and 8 describe the current situation and issues of foreign companies operating in Mauritius and their case studies based on the field survey. Chapter 9 describes the current situation and issues of Japanese companies operating in Africa or Mauritius based on the domestic survey. In addition, the contents of the domestic and local surveys are summarized in Chapters 10 to 12, where the opportunities for Japanese companies to set up business in Mauritius, the sectors in which Mauritius expects Japanese companies to set up business, and the proposals to Mauritius for attracting Japanese companies are presented. Finally, Chapter 13 introduces the contents of the local and domestic seminars conducted in this survey respectively.

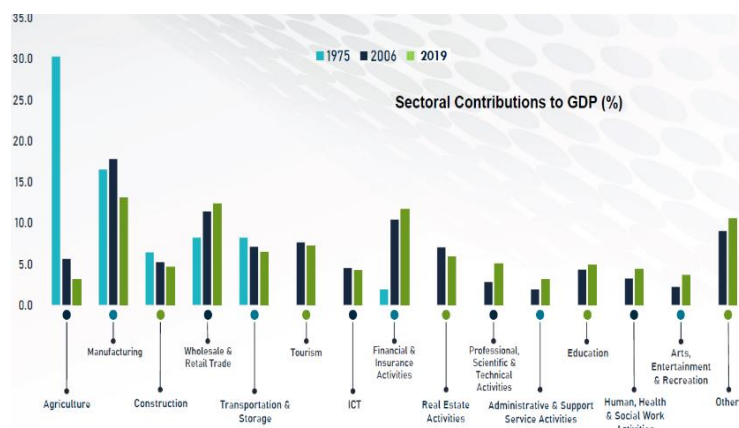


# 1 Background and Purpose of the Survey

## 1.1 Background of the Survey

### (1) Economic Development and Current Situation of Mauritius

Mauritius is an island country with a population of about 1.3 million, located in the West Indian Ocean off the coast of Madagascar. Mauritius had a monoculture economy depending on sugar cane plantations until the 1970s. Since then, the country has achieved steady economic growth through the development of export-oriented industries, especially textile industry, and tourism, and further development through diversification of industries such as finance and ICT. At the same time, the social environment has been improved, with more equitable income distribution and better infrastructure. Today, the country is actively pursuing economic policies moving away from its traditional major industries such as sugar refining, tourism, textiles and apparel, and strengthening the role of Africa regional strategic center, high-tech manufacturing, smart cities and innovation sectors.



Source: EDB

**Figure 1.1 Sectorial Contribution to GDP**

### (2) Mauritius as an Investment Hub and Gateway to Africa

Since the beginning of the 2000s, Mauritius has been actively diversifying its industries and aiming to become an investment base and gateway to Africa by signing on Investment Promotion and Protection Agreements (IPPAs) and Double Taxation Agreements (DTAs) with African countries. The interconnectedness of these agreements makes the continent attractive to investors looking for a well-connected and secure starting point for doing business on the continent, as well as a gateway for raising funds to Asia and Africa. The country's investment climate is ranking as the best among countries in Africa and it has one of the lowest levels of corruption in the region. In addition, Mauritius has a secure investment environment with an international arbitration center and a hybrid legal system<sup>1</sup>, which is highly valued by foreign investors.

Moreover, for the first time in Africa, China and India signed on a Free Trade Agreement (FTA), and a Comprehensive Economic Cooperation and Partnership Agreement (CECPA) respectively with Mauritius, which have already entered into force recently. The aim is to make Mauritius a gateway for trade and investment in the African continent. China and India cite the country's good investment climate as well as its accessibility to southern and eastern Africa. Chinese and Indian players have the potential to transform the country into a hub for trade and investment in African

<sup>1</sup> The hybrid legal system incorporates legal principles from both French civil law and English common law, and the highest court in Mauritius is the Privy Council in London. In addition, Mauritius has established a Commercial Division in the Supreme Court as the contact point for the resolution of investment-related disputes. The International Arbitration Act was introduced in 2008, and Mauritius has been recognized as an international arbitration center since July 2011.

countries.

### **(3) Superiority in Business Environment**

In the annual Doing Business rankings published by the World Bank, Mauritius has been ranked as one of the best business environments in Africa, and in the latest ranking for 2019, Mauritius is ranked first in Africa and 13th among 190 countries in the world (Japan is ranked 29th). The country ranks 5th in tax payment, 8th in construction permits, 18th in minority investor protection, 20th in starting a business and 20th in enforcing contract.

The new institutions and incentives that have been introduced in the country have contributed significantly to the strength of the business environment; however, to maintain a competitive advantage, the ecosystem needs to be further strengthened to create the right environment for the types of businesses the country wants to attract. In order to meet the future demand, while strengthening existing compliance and regulatory frameworks, it is essential to further strengthen links with Asia and Africa to provide a unique platform for investment and trade.

### **(4) Strengthening Ties with Japan and Contributing to Economic Development**

Despite its good business environment, abundant business human resources and safe environment, Mauritius' position as a base for business expansion in Africa is not fully recognized by Japanese companies, and consequently, the number of Japanese companies operating in Mauritius is currently limited. The government of Mauritius is aware of this, and thus, seizing the opportunity at the time of TICAD7, the Tokyo office of the Economic Development Board (EDB) was established in 2019 to attract investment from Japan.

Mauritius has a great potential to become a base for Japanese companies to enter and invest in Africa, but information on the specific attractions of the country and on which industries are particularly promising is not always well organized. By collecting, confirming and organizing these information, Japan's private sector should be encouraged to make steady inroads into the country. From the perspective of social development, the country is solving its own problems, and from the perspective of further economic development, the promotion of private sector-based activities is a high priority. By promoting Japanese investment and business cooperation, including investment for African start-up companies, it is required to contribute to the revitalization of the economies of both countries by strengthening ties through effective use of Mauritius, while meeting the needs of African companies for financing and business expansion as an investment base for Africa.

## **1.2 Objectives and Basic Policies of the Survey**

The purpose of this survey is to collect information on the business environment and opportunities in Mauritius, as well as on the needs and concerns of Japanese companies that may consider entering business in Mauritius, and to identify specific opportunities for Japanese companies to enter business in Mauritius.

In order to identify the issues of the investment environment in Mauritius and the possibilities for business development and expansion into Africa in Mauritius, the survey team formulate the following hypotheses for Japanese companies' investment in Mauritius.

- Japanese companies do not consider Mauritius, with a population of 1.3 million, as an attractive market.

- Even if Mauritius has a high ranking in the World Bank's Ease of Doing Business, it is not an investment option for Japanese companies unless they can see the merits of entering the country.
- Japanese companies operating on the African continent are mainly operating in South Africa, and they are not looking at the African continent from Mauritius, but from within the business control from South Africa.
- There is a gap between Japanese companies and foreign companies from other countries (South Africa, India, France, and China) in their perception of Mauritius' use as a "base for expansion into Africa.

Japanese companies do not have a sufficient understanding of how other countries are using the country as a "base for expansion into Africa.

To understand and improve the situation under these hypotheses, the survey is conducted based on the following basic policies: (1) comparative analysis with countries that have similar successful cases as hubs, (2) extraction of best practices of foreign companies using Africa as their regional headquarters, and (3) extraction of issues through qualitative research (interviews) and quantitative research (questionnaire survey). The survey is conducted based on the following basic policies. The results of the survey are reflected in recommendations for improvements to the country and disseminated to Japanese companies to encourage them to recognize the usefulness of the country.

## 2 Mauritius Basic Information

### 2.1 Overview

Mauritius is an island nation with a population of about 1.26 million located off the coast of Madagascar in the West Indian Ocean. The country is about the same size as Tokyo, and its capital is Port Louis. It is located in the Mascarene Islands in the Indian Ocean and is one of the African nations. The ethnic composition in Mauritius is diverse, but a majority of the population is of Indian origin, who migrated to the area in the 19th century to work on sugar cane plantations.

The country's monoculture economy, which depended on sugar cane plantations that had continued since the colonial era, lasted until the 1970s. Later, the country achieved economic development in the 1980s and 1990s through the development of export-oriented industries, especially the textile industry, and tourism.



Source: Omega Point

The country joined the African Union (AU) immediately after its independence in 1968 and signed the Southeast African Free Trade Agreement (FTA) in 1981 and the Continental Free Trade Agreement (CFTA) in 2018. It also joined the Community of Markets for Eastern and Southern Africa (COMESA) in 1994, the Southern African Development Community (SADC) in 1995, and the Indian Ocean Rim Association (IORA) in 1997. It is also actively pursuing investment agreements with other African countries, with the aim of becoming an investment base and gateway to Africa. The World Bank Ease of Doing Business for FY2020 ranks Mauritius the first among countries in Africa, and 13th out of 190 countries in the world.

### 2.2 Mauritius as a Core of African Finance

The Mauritius International Financial Centre (IFC) has been an increasingly important hub for investment in Africa and the core of the Mauritian economy, contributing about US\$1 billion to gross domestic product (GDP) (8% of the total), US\$180 million in tax revenue (8% of the total), and providing more than 11,000 jobs (4% of the total). Today, IFC consists of three pillars: cross-border investment; cross-border corporate banking; and private banking and wealth management. The main areas of specialization are cross-border investment facilitation and related fund administration services, which account for 60% of IFC's economic value added and are estimated to account for 88% of IFC's tax revenue and 70% of IFC's employment.

According to data from the International Monetary Fund (IMF), Mauritius' direct investments abroad amounted to \$283 billion at the end of 2018. Mauritius is also a channel for portfolio investments, where investors passively own assets including equities, short and long-term debt, and at the end of 2019, the value of portfolio investments held by Mauritian investors in other countries was \$139 billion. With a population of only 1.3 million, Mauritius is the 130th largest economy in the world, ranking 21st out of 85 countries in terms of foreign direct investment and 23rd out of 111 countries in terms of inward investment<sup>2</sup>.

While Africa's share of investments from Mauritius is still relatively small, the market is growing, partly because Mauritius is increasingly brokering investments from countries around the world to other African countries, and the amount of direct investment from Mauritius to Africa is increasing as a share of total direct investment. According to IMF data, the share of foreign direct investment (FDI) in the total investment portfolio has increased from just over 4 percent in 2011 to over 13 percent in 2018. The top 20 FDI partners in Mauritius by country are listed below<sup>3</sup>.

**Table 2.1 Top 20 FDI Partners in Mauritius, 2018**

Inward Foreign Direct Investment			Outward Foreign Direct Investment		
Rank	Origin	Value (US \$ millions)	Rank	Destination	Value (US \$ millions)
1	USA	65,988	1	India	125,951
2	Cayman Islands	44,868	2	Singapore	22,294
3	Singapore	26,454	3	UK	21,197
4	India	25,598	4	South Africa	8,216
5	South Africa	16,774	5	Netherlands	7,917
6	Hong Kong	15,870	6	Thailand	7,504
7	UK	14,408	7	Cayman Islands	7,036
8	Luxembourg	11,111	8	China	6,753
9	Malaysia	10,620	9	Hong Kong	4,868
10	Netherlands	9,896	10	Nigeria	4,716
11	Virgin Islands	9,399	11	UAE	4,714
12	Jersey	8,856	12	USA	3,731
13	UAE	8,853	13	Luxembourg	3,485
14	Bermuda Islands	8,255	14	Botswana	3,437
15	Canada	5,981	15	Virgin Islands	3,257
16	Cyprus Island	4,420	16	Mozambique	2,786
17	Thailand	2,898	17	Malaysia	2,680
18	Angola	2,750	18	Indonesia	2,382
19	China	2,710	19	DRC	2,257
20	France	2,526	20	Kenya	2,215

Source: Facilitating growth, employment and prosperity in Africa 2021, EDB.

<sup>2</sup> Facilitating growth, employment, and prosperity in Africa. 2021, EDB.

<sup>3</sup> Mauritius: Staff Report for the 2019 Article IV Consultation. 2019, IMF.

Perhaps, recent innovation-oriented policy in Mauritius may have impact on transition of FDI to some extent. The Central Bank of Mauritius' (CBM) FDI transition data for 2020 and 2021 indicates that FDI in professional, scientific, and technical sectors have seen an increase in both outward and inward, and inward FDI in water resources and treatment is also on the rise. According to the EDB, there are some sectors where FDI is restricted, such as the broadcasting industry, where foreign ownership is limited to a maximum of 49.9 percent. Foreign participation is also restricted in several other sectors, including the sugar industry, tourism, air transport, and construction<sup>4</sup>.

## 2.3 Infrastructure and Development Status

The following is a summary of the major infrastructure development in Mauritius :

### (1) Communication Infrastructure

The main feature of ICT infrastructure development in Mauritius is as follows :

- High capacity submarine fiber optic network (SAFE and LION) connecting Africa to Asia and Europe via the Middle East ;
- Two additional fiber cables, IOX and METISS, are planned to be added by 2020 ;
- 13 Internet service providers ;
- 96 GBPS capacity available ;
- 100% fiber coverage on the island ; and
- 350 free Wi-Fi hotspots.

Mauritius ranks top among African countries in the ICT Development Index of the International Telecommunication Union (ITU)<sup>5</sup>, and the main telecommunication environment conditions, which are prerequisites for ICT business development as presented in the table below.

**Table 2.2 Main Features of ICT Environment in Mauritius**

Network Coverage	99%	Population covered by cell phone networks (2019)
Cell Phone Penetration Rate	81%	Mobile phone owners as % of population(2019)
ICT Access	73%	Households with internet access at home(2019)
Computer Penetration	51%	Households with computer at home(2019)
International Bandwidth	137	International bandwidth per internet user (kbit/s) (2017)

Source : ITU <https://www.itu.int/en/ITU-D/Statistics/Dashboards/Pages/Digital-Development.aspx>

<sup>4</sup> Mauritius EDB.

<sup>5</sup> Statistics Mauritius [https://statsmauritius.govmu.org/Pages/Statistics/ESI/ICT/ICT\\_Yr19.aspx](https://statsmauritius.govmu.org/Pages/Statistics/ESI/ICT/ICT_Yr19.aspx)



## **(2) Transportation Infrastructure**

Whilst improving the ICT connection system and the aviation network, investment in capacity expansion of the port is also undergoing. Recent developments include expansion of maneuvering space (800m) and container yard (7.5ha), increase in capacity of the existing container terminal from 500,000TEU to 750,000TEU, installation of two new STS cranes and capital investment of 750 million Mauritius Rs. It plans to dredge the navigation channel from 14.5m to 16.5m and reclaim 39ha for oil and liquefied natural gas storage facilities. In the mean times, it is intended to transform the port of Port Louis, strategically located along the main shipping routes in the Indian Ocean, into a major bunkering hub for maritime traffic in the region, which will directly and indirectly benefit from more ships coming and going in the country.

Mauritius Freeport offers over 96,500 square meters of modern infrastructure facilities, including dry goods warehouses, cold storage, processing centers, offices, and an international exhibition hall to host regional-scale trade fairs and exhibitions on a 50-hectare site directly connected to the modern port facilities.

## **(3) Energy**

Electrification rate in Mauritius is as high as its in industrial nations. The percentage of households that have access to electricity is 100%<sup>6</sup>. The government of Mauritius is encouraging the use of renewable and clean energy to reduce its 40% dependence on fossil fuels and to reduce greenhouse gas emissions. It has announced plans to increase the percentage of renewable energy used for power generation from the current 21% to 35% by 2025, and to 40% by 2030, and is planning projects such as wind power, solar power, biomass power, wave power, and waste power. A feasibility study is currently underway to introduce renewable energy, and a roadmap is currently being prepared.

The Central Electricity Board (CEB) is preparing for the formation of several renewable energy related projects, and has in fact, issued a public notice for a 30 MW power project in November 2021. The CEB, under the jurisdiction of the Ministry of Energy and Utilities, is the sole authority for the transmission, distribution, and sale of electricity in Mauritius, and currently produces 40% of the country's total electricity demand from four thermal and eight hydroelectric power plants. The remaining 60% is purchased from independent power producers, mainly in the sugar cane industry using gas and imported coal. Mauritius is in the direction to further increase transparency and accountability of the CEB in terms of energy generation, transmission, and supply.

In June 2019 budget speech, the government announced measures related to the power sector, including plans to develop a renewable energy roadmap to encourage private sector investment, a waste-to-energy project to generate at least 20 MW of power, a battery energy storage system worth 14 MW, a new renewable energy generation scheme to promote solar power, and the installation of 75,000 smart meters over the next three years.

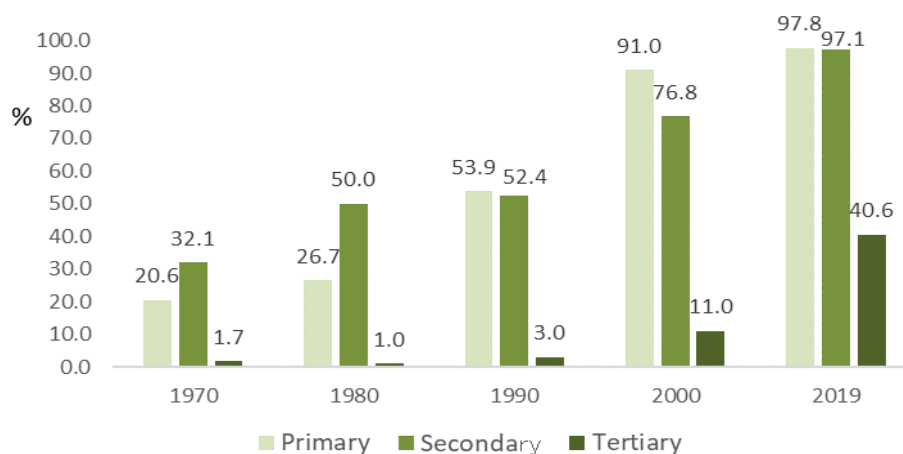
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<sup>6</sup> <https://versus.com>.

## 2.4 Overview of Human Resources

Access to quality education plays an important role in the quality of the labor supply. Since independence, Mauritius has made great strides towards universal schooling at the primary level. The gross primary school enrolment rate in 1970 that was about 20.6%, beefed up to 53.8% in 1990, surpassed 90% in 2000, and finally achieved universal access to the primary education in 2019. Currently, more than 97.8% of Mauritians have access to primary education. In 1970, the total enrolment rate in secondary education was about 32%, and in 2019, it reached more than 97%<sup>7</sup>. Thus, the country has achieved universal access to primary and secondary education and has a track record of high literacy rate; and therefore, the workforce in Mauritius is relatively well-educated compared to those in the rest of Africa.

On the other hand, as the country has been successful in granting opportunities for some citizens to pursue higher education abroad, wealthier students tend to study at universities in Europe and the United States. The total enrolment rate in higher education in Mauritius, including universities and vocational schools, remained to be 40.6% in 2019. Higher education, especially in the fields of natural sciences, engineering, and vocational training, is weakly competitive and left behind the economic transformation. As a result, the quality of higher education and vocational training in Mauritius is a serious constraint to the development of new high-skill and high-value added sectors.



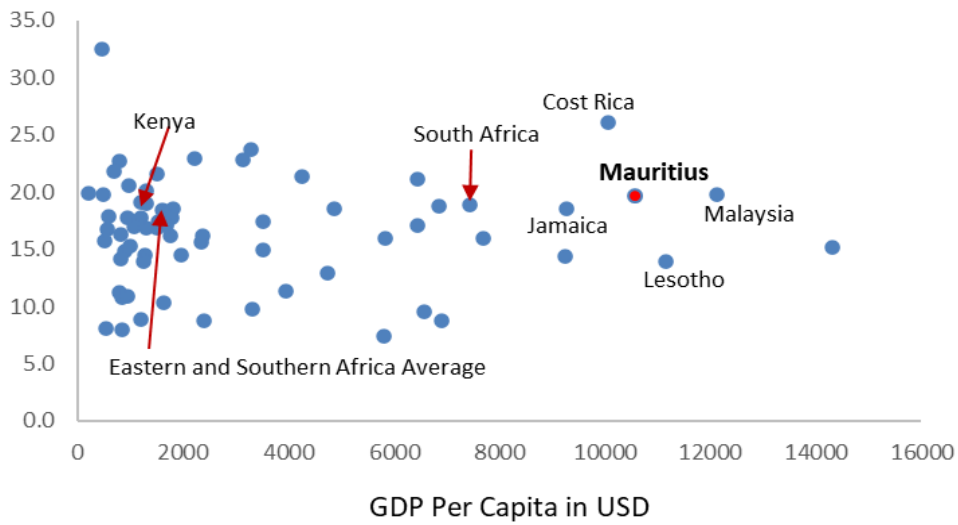
Source: Authors' using data from the World Bank, World Development Indicator updated in 2021.

**Figure 2.1 School Enrollment Rates in Mauritius**

In this context, the government of Mauritius has set aside the national budget and is actively investing in further improving the education system and human resource development, which is considered crucial for sustainable social and economic development. As shown in Figure 2.2, the government has increased the education sector expenditure to 19.6% of national expenditure in 2018. When compared to countries with comparable levels of gross national product per capita, this is relatively high and above the global high-income country average of 12% and the sub-

<sup>7</sup> The World Bank, World Development Indicator updated in 2021.

Saharan African average of 17.9%<sup>8</sup>.



Source: Authors using the World Bank, World Development Indicator updated in 2021.

**Figure 2.2 Public Expenditure on Education as a Percentage of Government Budget vs Per Capita Gross Domestic Product 2018**

<sup>8</sup> The World Bank, World Development Indicator updated in 2021.

## **3 Overview of the Economy and Development History of Mauritius**

### **3.1 Overview of the Development of Mauritius**

Since gaining independence in 1968, Mauritius has had a democratic and peaceful transition of power, alternating between the Navin Ramgoolam and Anerood Jugnauth administrations for many years, until January 2017, when his son, Pravind Kumar Jugnauth, who was the leader of the ruling MSM party and Minister of Finance and Economic Development, succeeded Anerood Jugnauth as Prime Minister.

In terms of diplomacy, Mauritius has strong cooperative relations with the UK and France, with whom it has close historical ties, as well as with India, with which it has close ethnic ties, and with China. In 2008, Prime Minister Ramgoolam paid an official visit to the UK, France, India, and Singapore, and a large economic mission from China visited Mauritius. In addition, Chinese President Hu Jintao visited Mauritius in February 2009, and cooperation with China has been strengthened in many areas including the construction of the "Special Economic and Trade Zone". In 2010, Indian Foreign Minister S.M.Krishna visited Mauritius and held talks with the country's government leaders. In recent years, Mauritius has been actively engaged in diplomacy to play a leading role in regional organizations such as SADC and COMESA along with South Africa as an economically advanced country. In April 2008, it hosted the SADC Advisory Council to discuss poverty alleviation and development issues in the SADC region, and in October 2010, it held a ministerial meeting on piracy in the Indian Ocean region with COMESA and the Indian Ocean Commission (IOC).

Until the 1970s, sugar cane cultivation played a central role in Mauritius' non-home-grown employment, while tourism provided foreign currency income. Since independence, the labor-intensive manufacturing industry, especially the textile industry, has rapidly absorbed employment, and the country has successfully fostered the textile industry. Since 2006, Mauritius has been undergoing economic structural adjustment reforms and is actively investing in the ICT industry and establishing an international financial center to break away from the traditional industries of sugar production, textile industry, and tourism. In order to move away from an economy that relies on traditional industries such as sugar production, textiles and tourism, the country is actively investing in the ICT industry and establishing an international financial center. As a result, the country has maintained the top position in the World Bank Doing Business rankings in Africa in recent years, as mentioned earlier. As a result, the country has maintained its No. 1 position in the World Bank Doing Business rankings in Africa in recent years, as mentioned above. The country is also actively pursuing investment agreements with other African countries, with the aim of becoming a base for investment in Africa.

On the other hand, in 2019, the government has formulated the Business Facilitation Act (BFA) with the following seven key objectives to maintain economic competitiveness and long-term growth strategies: amend 29 laws and regulations, amend 22 regulations, introduce four new rules, and rescind 13 regulations.



Source : Mauritius EDB.

**Figure 3.1: Seven Main Objectives of the Business Promotion Act**

In 2018, the government also established the Economic Development Board (EDB) to take the lead in promoting exports and attracting inward investment. The EDB is an organization under the Prime Minister's Office of Mauritius that oversees the economic development of the country, including the promotion of trade and investment. The EDB plays an important role in promoting the implementation of projects and making policy recommendations to improve the competitiveness of business in Mauritius by working closely with government agencies, international organizations, and the private sector to continuously improve the investment and business environment. The Agency has overseas offices in France, India, South Africa, and China. In August 2019, another office was established in Tokyo to promote direct investment and trade more strategically from Japan in various industries such as information and communication technology, marine economy, business process outsourcing, life science, healthcare, tourism, and real estate development, in addition to the financial sector.

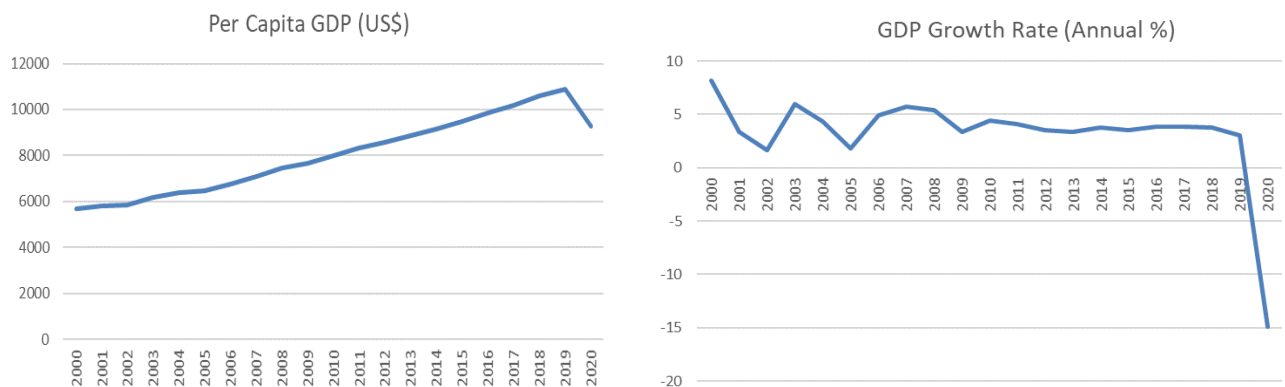
## 3.2 Overview of the Economy

### (1) Macroeconomic Trends

Since its independence in 1968, the economy of Mauritius has grown by leaps and bounds. Since 2006, Mauritius has been undergoing economic structural adjustment reforms and has been actively investing in new sectors such as the ICT industry to break away from the traditional industries of sugar refining, textiles, and tourism. Although these new sectors were affected by the global economic crisis in 2009, the economic growth rate reached 4.3% in 2010 and continued to grow between 3.5% and 3.8% thereafter, and the unemployment rate (7.5%) and inflation rate (2.5%) also showed signs of improvement. GDP per capita reached \$10,892 in 2019, up from \$5,663 in 2000, and in 2020, the country was ranked as the only high-income country in Africa by the World Bank's country income classification. In the second half of 2021, a modest recovery is

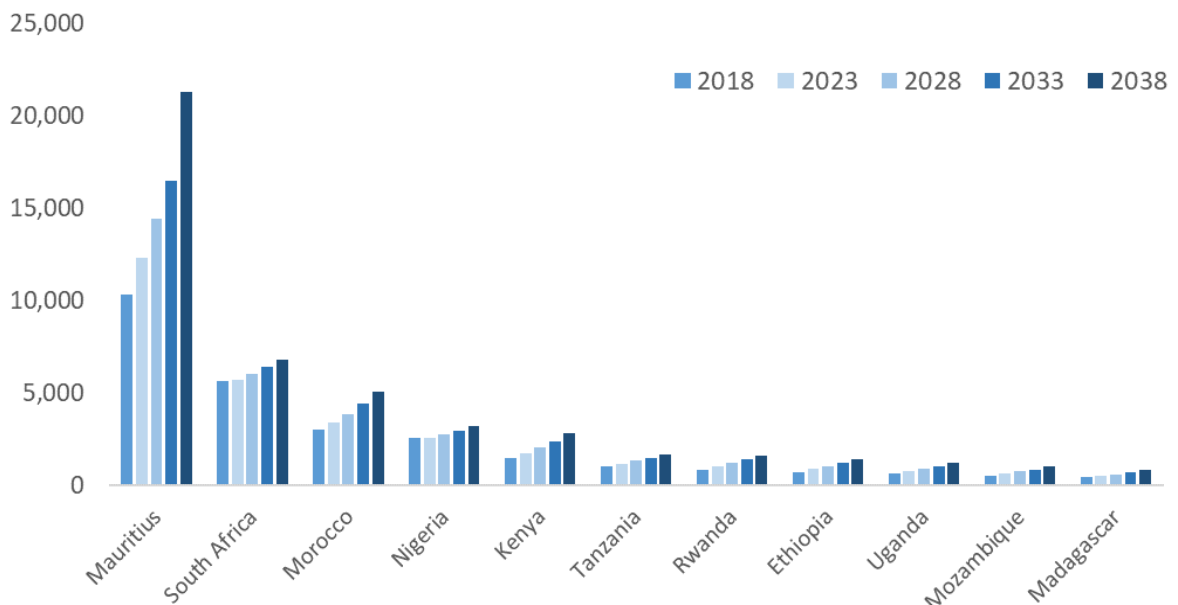
expected, but it will be hampered by the prolonged pandemic and long-standing structural constraints on investment, competitiveness, and worker skills. The country is exposed to significant downside risks, including the need to address long-standing structural constraints to investment, competitiveness, and worker skills development.

In terms of national development plans, no specific development plans have been formulated since the end of the Millennium Development Agenda (2001-2006).



Source : Authors' Using Data from World Development Indicator.

**Figure 3.2 GDP and Growth Rate in Mauritius (2000-2020)**



Source : Authors' Using Data from Oxford Economics.

**Figure 3.3 GDP Per Capita Long-Term Forecast (in US\$)**

## **(2) Recent Macro-Economic and Financial Status**

The Mauritius government's dramatic and swift action to seal off and quarantine the island resulted in only 315 cases and 10 deaths from COVID-19 between January and December 2020. However, the protocol that allowed the island nation to escape the worst of the pandemic came at a very high cost to its economy. Mauritius lost 18 percentage points of growth in just one year. Real GDP was to shrink by 15 percent in 2020, compared to positive growth of 3 percent in 2019. The tourism and hospitality industry, which traditionally accounts for about 24 percent of GDP and 22 percent of employment and has significant spillover effects on the overall economy (transportation, agriculture, wholesale and retail trade, and administrative and support services), was estimated to lose 75 percent of its value added<sup>9</sup>. At the same time, exports of marine products, textiles and apparel, and sugar were hit by the global demand disruption. On the other hand, the ICT sector is on a growth trend due to the heavy use of technology services and telework services during the lockdown period. The financial services sector was also resilient and recorded a growth of 1.1%. The budget deficit more than doubled from 3.2 percent in 2019 to about 8 percent due to a 53 percent increase in public spending targeting social and economic safety nets, as well as lower tax revenues due to the economic slowdown. The current account deficit widened to 12.9 percent due to declines in exports and tourism revenues. Inflation more than tripled from a pre-pandemic low of 0.5 percent to 2.5 percent in 2020. Inflation rose due to higher prices of imported goods and a falling rupee, while the unemployment rate doubled to 10.9 percent in the third quarter of 2020 from 6.7 percent a year earlier.

## **(3) Future Outlook and Risks**

In the medium term, a strong recovery is expected after the convergence of COVID-19, with real GDP growth projected to average 7.1 percent over the next two years<sup>10</sup>. However, the budget deficit could widen to 10.8 percent of GDP in 2021 on the back of high public investment and continued support for businesses and employment. The deficit is expected to narrow to 5.0% in 2022. Inflation is projected to rise in line with rising domestic demand, averaging 3.4 percent over the medium term. The main risk to future economic recovery and growth stems from the possibility of a second or third wave of COVID-19 in key tourism markets.

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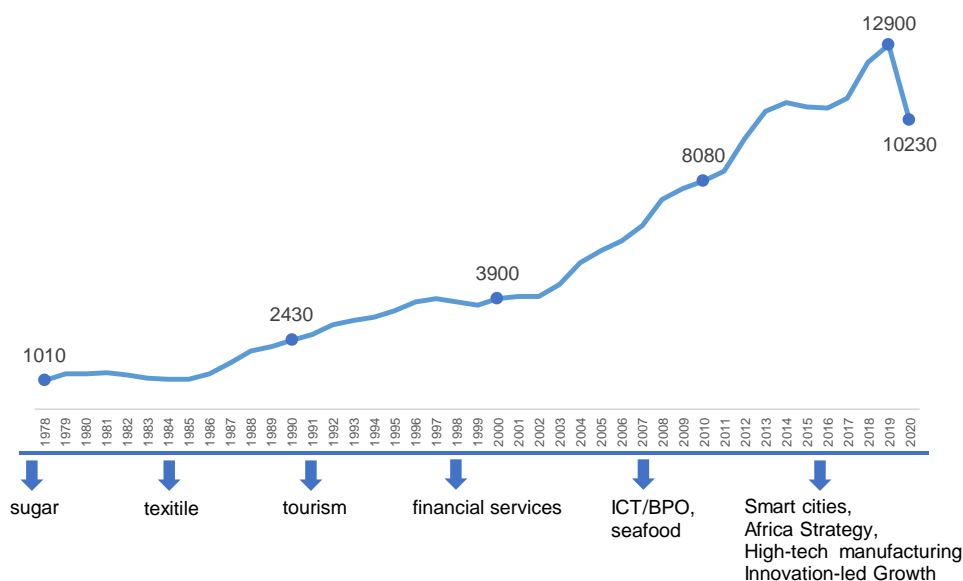
<sup>9</sup> Value added is a numerical representation of the value created by a company's business activities. It is basically the amount of sales minus costs.

<sup>10</sup> 2021 African Economic Outlook, African Development Bank.

## 4 Industrial Structure of Mauritius

### 4.1 Transition of Mauritius Industry

The country's monoculture economy, based on sugar cane, has continued since independence in 1968, but has diversified into manufacturing since the 1980s, tourism and financial services since the 1990s, and ICT and fish processing since 2000. In recent years, Mauritius has been focusing on attracting foreign companies, developing smart cities, and high-tech manufacturing as a gateway to African countries.



Source: World Bank, EDB

**Figure 4.1 Changes in Industrial Structure and GNI per Capita in Mauritius**

### 4.2 Key Economic Indicators

Between 2016 and 2019, Mauritius had achieved stable economic growth with the growth rate of 3.6%, and the nominal GDP in Mauritius grew from US\$12.2 billion to US\$14 billion. GDP per capita was US\$11,097, and the country was classified as a high-income country by the World Bank in 2019. However, in FY2020, due to the impact of COVID-19, GDP per capita declined to US\$8,628, the largest economic decline in history.

**Table 4.1 Key Economic Indicators (2016–2020)**

	Unit	2016	2017	2018	2019	2020
Population		1,263,473	1,264,613	1,265,303	1,265,711	1,265,740
Number of Tourists		1,275,227	1,341,860	1,399,408	1,383,488	308,980
Gross tourism income	Rs million	55,867	60,262	64,037	63,107	17,664
Real growth rate of GDP *	Per cent	3.6	3.6	3.6	3.6	-14.7
GDP **	US\$ billion	12.232	13.259	14.182	14.046	10.921



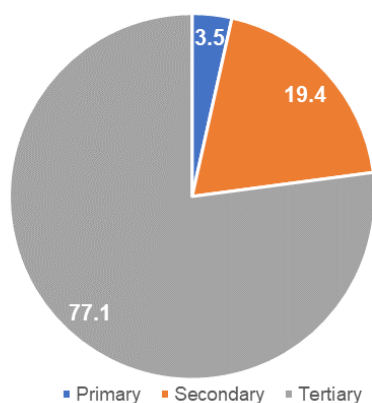
GNI**	US\$	10,640	10,980	12,270	12,890	10,230
Per capita GDP **	US\$	9,682	10,485	11,208	11,097	8,628
Headline Inflation Rate (FY)	Per cent	0.9	2.4	4.3	1.0	1.8
Unemployment Rate	Per Cent	7.3	7.1	6.9	6.7	9.2
Current account balance (FY)	Rs million	-15,941	-20,670	-17,758	-22,695	-36,800
Overall balance of payments (FY)	Rs million	26,921	18,644	47,549	17,521	-3,534
Total Imports (c.i.f.)	Rs million	165,423	180,867	192,438	198,639	166,268
Total Exports (f.o.b)	Rs million	844,456	80,680	80,339	78,799	70,324
Ratio of Budget Deficit to GDP at market prices (FY)	Per cent	3.5	2.9	3.2	13.6	5.6

\* at basic prices

\*\*at current price

Source: Bank of Mauritius, Monthly Statistical Bulletin July 2021, World Bank Open data

Mauritian economy is balanced with well-developed primary and secondary sectors, which is different from tax havens. Mauritius has the highest contribution of tertiary sector to GDP. The tertiary sector's contribution to GDP is large in distribution, financial services, accommodation and food services, real estate, and transportation and storage. Among the secondary sector, manufacturing such as textiles and apparel, and food processing industries are the largest contributors.



Source: Statistics Mauritius

**Figure4.2 GDP Contribution by Sector (CY2019) Unit : %**

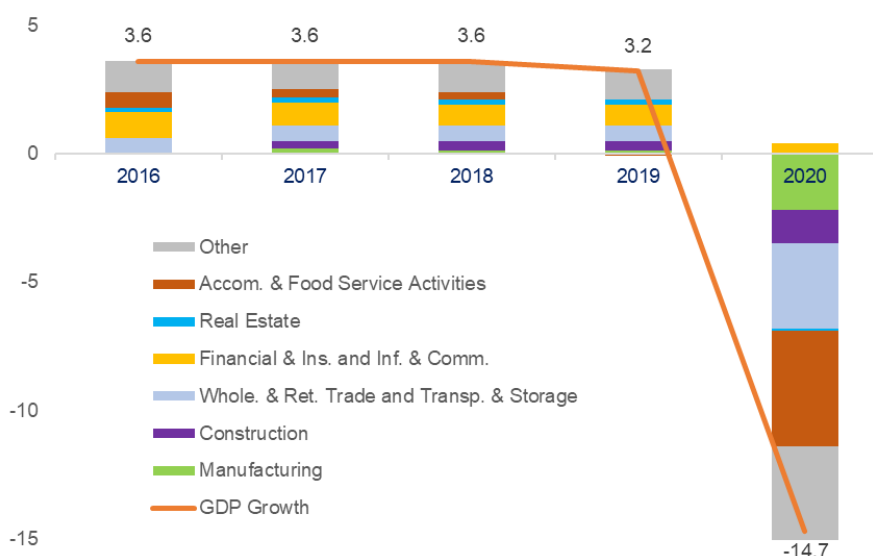
**Table4.2 GDP Contribution Rate by Industry**

Industry Group	2019
Agriculture, forestry and fishing	3.3
Mining and quarrying	0.2
Manufacturing	12.5
Electricity, gas, steam, and air conditioning supply	1.6
Water supply; sewerage, waste management and remediation activities	0.4
Construction	5.0
Wholesale & retail trade; repair of motor vehicles and motorcycles	12.5
Transportation and storage	6.5

Accommodation and food service activities	6.9
Information and communication	4.3
Financial and insurance activities	11.8
Real estate activities	5.9
Professional, scientific and technical activities	5.1
Administrative and support service activities	3.2
Public administration and defense; compulsory social security	6.2
Education	4.7
Human health and social work activities	4.6
Arts, entertainment, and recreation	3.7
Other service activities	1.6
<b>Gross Value Added (GVA) at current basis prices</b>	<b>100.0</b>

Source: Statistics Mauritius

Figure 4.3 shows the contribution to the GDP growth rate by economic sector. The financial services and information technology, distribution, and construction sectors have large GDP growth rates. In recent years, the GDP growth rate of accommodation and food services has tended to slow down, and this sector was the only one that contributed to lower GDP growth in FY2019. In FY2020, the impact of COVID-19 will be negative across the board, with the exception of financial services and information and communications. The impact on accommodation and food services due to the decline in tourism, manufacturing due to the decline in exports, and distribution due to lockdown and lower purchasing power is significant (Table 4.2). Apparel (HS61 and HS62) exports down 27% from US\$543 million in 2019 to US\$394 million in 2020<sup>11</sup>.



Source: Statistics Mauritius

**Figure 4.3 Sectoral Contribution to GDP Growth (2016-2020)**

### 4.3 With/Post Corona Investment Strategy

In the Budget Speech (2021-2022), there are measures for COVID-19, including recovery packages such as wage subsidies, strengthening EDB at home and abroad for strategic business promotion, and directions for business development (exports and investments) on the African

<sup>11</sup> ITC Trademap

continent. In response to the measures in the Budget Speech, the United Nations Development Programme (UNDP) recommends strategic investments in socio-economic structural transformation for post-COVID-19 in three main areas (private sector development, tourism, and digitization)<sup>12</sup>.

- (1) In terms of private sector development, unlike large enterprises in Mauritius, SMEs have limited resources in production, marketing, sales and distribution, and inadequate information on foreign markets. Investment is needed in expanding networks for export promotion, incentives for access to African markets, etc. In Mauritius, the informal sector accounts for 53% of the total working population, and the impact of COVID-19 is significant in the informal sector. The ratio is particularly large in the agricultural sector, where 74% of the population is in the informal sector. The Mauritius Revenue Authority (MRA) has been working on the creation of a database of small entities in providing wage subsidies to enterprises affected by COVID-19, and continued efforts are needed for informal sector integration.
- (2) In the tourism sector, the EDB has a target of hosting at least 50,000 retirees for a long stay, in addition to marketing activities to the 7 countries with the highest number of tourists to Mauritius as a measure for COVID-19. It is necessary to stimulate the economy through the silver economy, which has the potential to continue beyond the targets indicated in the 2021-2022 budget, especially in countries where English and French are native languages.
- (3) In terms of digitalization, the World Bank's Digital Adoption Index (DAI) and the International Telecommunication Union (ITU) indicate that Mauritius scores the best in Africa in each of the ICT indicators, but that there is room for improvement when compared to developed countries. In order to improve productivity, it is necessary to develop a digital environment comparable to that of developed countries in terms of ICT use by governments, businesses, and individuals. Mauritius is in the process of restructuring its related organizations to promote DX (Digital Transformation), and plans to establish the Mauritius Digital Transformation Agency (MDTA) under the Prime Minister's Office<sup>13</sup>.

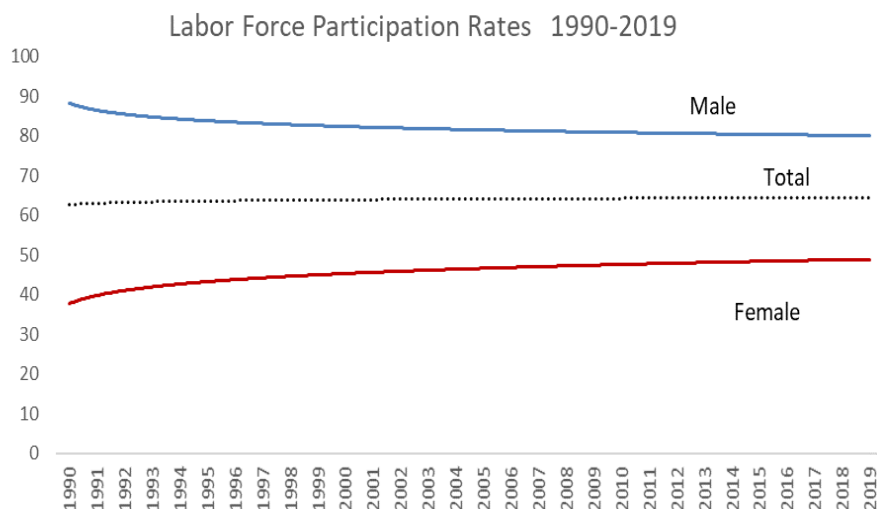
#### **4.4 Labor Force and Human Resource Development in Mauritius**

The government of Mauritius has implemented a comprehensive policy to revamp the education system to improve access, quality, and relevance at the primary and secondary levels, resulting in economic development. An analysis of labor market data for the past 30 years in Mauritius shows that the participation rate of women has traditionally been low, hovering between approximately 64 and 66% of the female labor force population aged 15 to 64. The male labor force participation rate was about 85% in the 1990s, declined between the late 1990s to 2012, and has been gradually increasing since 2013, reaching about 80% in 2019. On the other hand, the participation rate of women has increased from 41% in 1990 to 53% in 2019.

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<sup>12</sup> Mauritius: Strategic Investment for Accelerating Socio-economic Transformation in the Post-Covid-19 Era, UNDP, June 2021

<sup>13</sup> Budget Speech 2021-2022



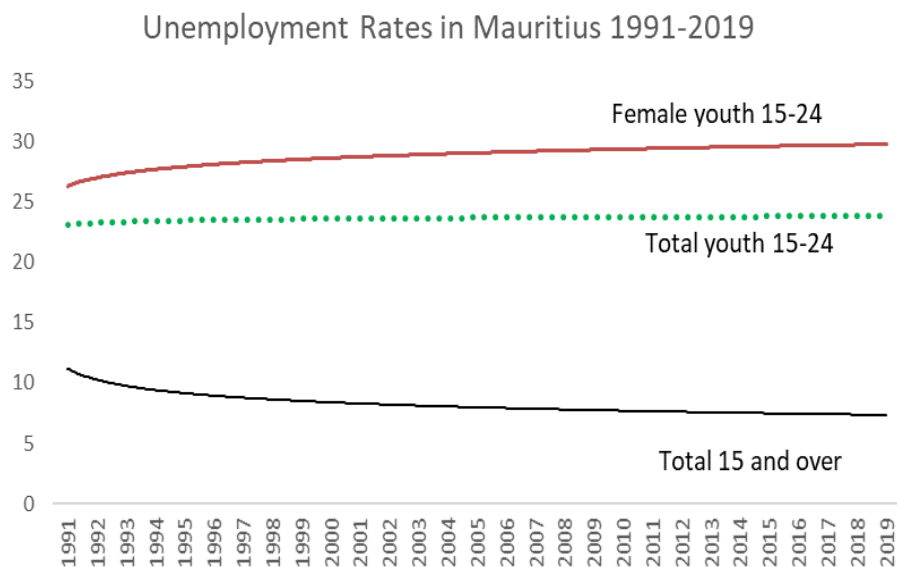
Source: Authors' Using World Development Indicator Updated in 2021.

**Figure 4.4 Labor Force Participation Rates in Mauritius, 1990-2019**

Mauritius once experienced a high unemployment rate of about 20% in the 1980s, but with economic growth, the rate dropped to below 10% in the 1990s and 6.3% in 2019, but the high unemployment rate among young people has become a serious problem for the country's industrial human resources. The unemployment rate among young girls, in particular, is extremely high and has been on the rise for the past 30 years, reaching about 28% in 2019<sup>14</sup>. The impact of COVID-19 has made the unemployment rate among young people even more serious. According to the analysis of the national household survey conducted in the second quarter of 2021, the unemployment rate for 16–24-year-old has increased to 32.4%.<sup>15</sup>

<sup>14</sup> World Development Indicator(WDI)Database updated in 2021.

<sup>15</sup> Ibid.



Source: Authors' Using World Development Indicator Updated in 2021

**Figure 4.5 Unemployment in Mauritius, 1990–2019**

Rapid structural changes in the 1990s increased the demand for skilled workers in the financial services and tourism sectors compared to the low-skilled textile and sugar sectors. As mentioned earlier, the government of Mauritius has successfully achieved universal access to primary and secondary education, but its existing education system has not been able to translate the skills possessed by the low-skilled workforce into the higher skills that are required in the emerging sectors, creating a skills mismatch problem. The rate of advancement from secondary to tertiary education is still low and opportunities for vocational training are limited in Mauritius. On the other hand, in the manufacturing industry, especially traditional textile and food processing industries, the demand of low-skilled labor exceeds the labor supply. To fill such gap in labor market, foreign human resources are widely used at the factories in Mauritius. Local textile and food processing factories where the JICA research team interviewed and paid site visits, currently employ a large proportion of workers from South Asia (India and Bangladesh) accounting for 50% to 80% of the total workers in the factories<sup>16</sup>.

The Government of Mauritius is aware of the human resource development challenges and has been promoting the Youth Employment Program and the Trainee Engineer Scheme by the Ministry of Education, Tertiary Education, Science and Technology, especially in the infrastructure and ICT sectors, which are priority sectors for development<sup>17</sup>. The Youth Employment Program is a special 2–3-year contract program for recent graduates, which does not necessarily guarantee permanent employment. The Youth Employment Program is a special contract program for 2-3 years for new graduates, which does not necessarily guarantee regular employment, but the employment rate is 70%-80%. The Trainee Engineer Scheme, which is supported by the Ministry

<sup>16</sup> Onsite interviews and site visits of textile and food processing factories in Mauritius, October and November 2021.

<sup>17</sup> Data and information were collected at the meeting with Ministry of National Infrastructure and Community Development in Port Louis, Mauritius on October 6 in 2021.

of Labour, Industrial Relations, Employment and Training, is a practical training program for engineers. The maximum duration of the program is 24 months, and as with this program, there is no guarantee of employment, but a monthly wage of Rs23,975 is paid during the period<sup>18</sup>. After completing the program, many students find employment not only in government agencies but also in the private sector. The government of Mauritius is looking forward to the assistance from Japan for further human resource development. Specifically, the higher education enrollment rate and the improvement of the quality of higher education were discussed in interviews with local university officials. They also expressed interest in academic research collaboration with Japanese universities and the introducing of a study abroad system in Japan<sup>19</sup>.

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<sup>18</sup> [https://mauritiusjobs.govmu.org/read\\_news/VG5wVv1BPT0%3D](https://mauritiusjobs.govmu.org/read_news/VG5wVv1BPT0%3D)

<sup>19</sup> Onsite interviews with the University of Mauritius, November 2021.

## 5 Current Status and Challenges of Economic Policy, Foreign Investment Promotion and Institutions in Mauritius

### 5.1 Economic Policy of Mauritius

#### (1) Economic Policy

The economic policy is focused on the recovery from COVID-19 and shifting to high value-added industries. According to the Budget Speech (2020-2021), investment and economic reconstruction plan (PLAN DE RELANCE DE L'INVESTISSEMENT ET DE L'ECONOMIE) with Rs. 100 billion (about 257 billion yen) has been implemented and financial assistance has been launched for construction, agriculture, manufacturing, export sector, tourism, and financial sector in order to mitigate the impact of COVID-19.

The three pillars of the Budget Speech (2021-2022) are "Giving an Exceptional Boost to Investment", "Shaping A New Economic Architecture", and "Restoring Confidence". In "Giving an Exceptional Boost to Investment", the government plans to spend Rs. 65 billion over the next three years on infrastructure in priority sectors. The goal is to recover from the damage to the economy by COVID-19 and to create long-term resilience and employment.

In "Shaping A New Economic Architecture", the green energy industry and electric vehicles are presented as new industries, and support measures for the existing tourism, agriculture, agro-processing, and fishery industries are presented. The green energy industry has explicitly stated that it will increase the percentage of clean energy to 60% by 2030 and abolish the use of coal in the same year. In terms of electric vehicles, tax breaks for EV vans and subsidies for EV buses have been indicated to support the spread of EVs. Rs.420 million has been allocated to the Mauritius Tourism Promotion Authority (MTPA) for public relations activities in priority countries in order to restore the number of tourists to 650,000 in the next year. In agriculture, subsidies to sugarcane farmers, tea farmers, etc. have been indicated. In the agro-processing sector, the Budget Speech mentions the agro-processing zone supported by AfDB in Wooton, explaining that SMEs, cooperatives, etc. will be able to use the facility in the future. In the fishery sector, subsidies and loans for fishermen in case of bad weather are mentioned. The biotechnology and pharmaceutical industries have become a focus for attracting investment.

Measures such as human resource development, education, health care, social security, and administrative services are presented in "Restoring Confidence".

**Table 5.1 Three Pillars of the Budget Speech (2021-2022)**

1. EXCEPTIONAL BOOST TO INVESTMENT	2. SHAPING A NEW ECONOMIC ARCHITECTURE	3. RESTORING CONFIDENCE	
Flood Management Programme (Rs 11.7 billion)	Green Energy Industry	<b>Skills and Talents</b>	Public Service and Governance
Economic Recovery Programme (Rs 4 billion)	Supporting Electric Vehicles	SMEs, MMEs and Entrepreneurship	Green Mauritius
Water Supply (Rs 9.4 billion)	Tourism	Social Coherence	Rodrigues and Outer Islands
Social Housing	Agriculture	Education	CHAGOS

(Rs 12 billion)			
Land Transport (Rs. 22 billion)	Promoting Agro-Processing Sector	Secondary education	Better Together
Community Development Programme (Rs 5.7 billion)	Encouraging Animal Breeding and Livestock Production	The TVET sector	Employment
Transformation and Modernization	Blue Economy	Tertiary Education	Healthcare
<b>Ease of Doing Business</b>	Biotechnology and Pharmaceutical Industry	Healthcare	Standard of Living and Well Being
-	Construction and Real Estate	Social Security and Integration	Budget Outturn and Prospects
-	Shaping the Digital Future	Gender Equality and Child Protection	-
-	Resilience of the Financial Services Industry	Law and Order	-
-	<b>Building A Resilient Industrial Base</b>	Youth, Physical Activity, Sports and Leisure	-
-	Developing the Knowledge Industry	Arts and Culture	-

Note: Items in bold letters are related with foreign investment

Source: Bank of Mauritius, Annual Report Year Ended June 2020, Budget Speech (2020-2021)

## (2) Investment Policy from the Perspective of Economic Policy

Investment climate and trade are referred in the Ease of Doing Business, Building A Resilient Industrial Base, and Skills and Talents.

### 1) Ease of Doing Business

In the Budget Speech (2021-2022), the following reforms have been proposed to improve the investment climate.

- The Regulatory Impact Assessment Bill will be introduced to require regulatory agencies to submit the impact of future regulations on the business environment.
- Three certificates i) Premium Investor Certificate, ii) Investment Certificate, and iii) Export Development Certificate, issued by the EDB will simplify the existing 16 incentive schemes.
- Enforcement of the EDB
  - Establish the Business Support Facility for business coordination and advisory services in Mauritius; assign Account Managers to all registered companies; implement an information exchange platform with the Mauritius Revenue Authority (MRA) and the Corporate Business Registration Department (CBRD).
  - Establish committees for trade business facilitation, export development, investment, sector development and financial services.
- Implement automated administrative service delivery (e.g., development of a new enterprise business registration integration system)



Business-related public service delivery is to be driven by e-service, according to the previous year's Budget Speech (2020-2021). Specifically, the following initiatives are planned to be implemented

**Table 5.2 Measures for Public Services Delivery in the Budget Speech (2020-2021)**

Measures	Objective
Development of the Integrated Single Window for trade	Cooperation among all port stakeholders
Introduction of the Maritime Single Window	Coordination of vessel departure procedures and simplification of administrative procedures by the Mauritius Port Authority
Enforcement of the Corporate and Business Registration Department (CBRD)	Digital platform for storing business information and licenses
Mauritius e-Registry System	Real estate registration certificate online
Investment in the Land Use and Valuation Information Management System (LAVIMS)	Use of blockchain technology
Digitalization of services of National Land Transport Authority	Improving administrative efficiency
Implementation of Centralized-KYC project by the Bank of Mauritius	Improving administrative efficiency
Enforcement of the Mauritius Credit Information Bureau (MCIB)	Assigning credit scores to potential borrowers
Obligatory implementation of the e-Procurement System	All public institutions use e-Procurement

Source: Budget Speech (2020-2021), Republic of Mauritius

## 2) Building A Resilient Industrial Base

The following initiatives on trade have been presented.

- Trade Development and Information Division will be established in EDB to centralize all trade-related operations.
- The EDB will assist companies to prepare to export to take advantage of the potential of new trade agreements (CECPA with India, FTA with China, UK-ESA agreement, African continental FTA) through its Trade Development Program.
- EDB will develop an e-export directory to introduce the products of Mauritian companies and serve as a platform for business matching with Asia and Africa.
- To make Mauritius a hub for trade, a third-party freeport developer could lease space to companies outside the freeport zone for the manufacture and storage of goods.
- Following measures are implemented to reduce logistics costs to maintain export competitiveness.

**Table 5.3 Measures Taken to Enforce Export Competitiveness**

Measures	Main contents
The Freight Rebate Scheme	Applicants will be entitled to benefit from the following rebates 25% of Ocean Freight Cost per 20-foot container up to the maximum of USD 300 25% of the ocean freight cost (up to US\$600) for each 40-foot container 25% of Ocean Freight Cost for Less Container Load (LCL/Groupage) Extended to June 2022
Export Credit Guarantee Scheme	Those persons meeting the eligibility requirements will be entitled (either directly or through the export credit insurance provider) to a refund of 50% of the Export Credit Guarantee Insurance Premium paid subject to a maximum of 0.5 % of the insurable declared turnover until June 2022. The refund will be on the export credit insurance premium actually paid. For the avoidance of doubt, the refund will also cover administrative/information fees. The refund will be paid to either the export credit insurance providers, or the eligible exporter. Extended to June 2022
Port dues and terminal handling charges for export	50% reduction in handling charges for port and terminal fees (extended for two years)
Vessels calling at outer anchorage solely for bunkering services	Vessels calling at outer anchorage solely for bunkering services will be granted a 75% reduction in anchorage dues for the first 24 hours and 50% for the next 48 hours.
The cap on Gross Tonnage for computing vessel fees calling at anchorage	The upper limit of the total tonnage for mooring fee calculation will be lowered from 100,000 tons to 3,500 tons.

Source: Budget Speech (2020-2021), Republic of Mauritius

### 3) Skills and Talents

Open-door policy for foreign talent was announced in the Budget Speech (2020-2021), and the Budget Speech (2021-2022) added the following points

- The validity period for an Occupation Permit for Professionals is being extended from 3 years to 10 years.

- The spouse of OP holders wishing to invest or work in Mauritius will be exempted from applying for an Occupation Permit or a work permit.
- The maximum age limit of 24 years for dependents will be waived.

## 5.2 Overview of the EDB

The EDB is responsible for promoting investment in Mauritius, and the establishment of the EDB was announced in Budget Speech 2017/2018. On July 20, 2017, the Parliament of Mauritius passed the EDB Bill (Economic Development Board Act 2017). The EDB was officially launched on January 12, 2018, through a reorganization of the Board of Investment (BOI), the Enterprise Mauritius (EM), and the Financial Services Promotion Agency (FSPA).

According to the EDB Bill, the objectives are set out as follows.

- Provide strong institutional support for strategic economic planning to increase the coherence and effectiveness of economic policymaking.
- Promote Mauritius as an attractive investment and business center, a competitive export platform, and an international financial center.
- Serve as the primary agency responsible for country branding to promote investment.
- Promote inward and outward investment and improve the business environment.

EDB's organizational structure consists of seven divisions: Business Facilitation, Real Estate & Hospitality, Bio Industry & Project Development, Global Outreach, Financial Services, Industry Sector, and Emerging Sector & Services. The organization consists of seven divisions: Global Outreach, Financial Services, Industry Sector, and Emerging Sector & Services, with 205 staff members<sup>20</sup>. The external contact point is Global Outreach. Global Outreach has country desks in seven countries: France, South Africa, India, Japan, Kenya, Singapore, and China.

## 5.3 Preferential investment sectors

The EDB provides incentives as illustrated in Table 5.4. There are three main incentives, with premium investor certificate, investment certificate, and export development certificate, premium investor certificate being the most incentivized. In terms of incentives, attracting pharmaceuticals, medical equipment, and pioneering and innovative technology sectors are in priority because they can transform the industrial structure.

Applications for Premier Investor Certification are reviewed by the Premium Investor Technical Committee, the EDB Board of Directors, and the Ministry of Finance, and take at least one month to be approved. Investment certification is also reviewed by the EDB and usually takes less than two weeks before its approval.

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<sup>20</sup> 13 October 2021

**Table 5.4 Investment Incentive by the EDB**

	Major incentives	Sectors
Premium Certificate	Incentives are negotiable with the EDB, assessed by a Technical and approved by the Minister of Finance and may include: 1. rebates, exemptions and preferential rates, in relation to taxes, duties, fees, charges and levies under any enactment; 2. facilities, grants and exemptions in relation to – i. land and buildings; ii. infrastructure and public facilities; iii. utilities; and iv. labour requirements, including foreign labor.	Minimum investment of Rs. 500 million or more in emerging sectors, pioneering industries, and innovative technologies and industries related to the manufacture of pharmaceuticals or medical devices.
Investment Certificate	8-year tax holiday (for new companies)	Aquaculture, industrial fishing, Seafood processing, high-tech manufacturing, pharmaceutical research and manufacturing, agro-processing, food processing, health care, biotechnology, life sciences, Nursing and residential care, digital technology and innovation, marinas, tertiary education, seeds production
Export Development Certificate	i) Freight Rebate Scheme ii) Export Credit Guarantee Insurance Scheme iii) Trade Promotion and Marketing Scheme	

Source: EDB

## 5.4 Trends of the Africa's Regional Integration and the Status of Mauritius

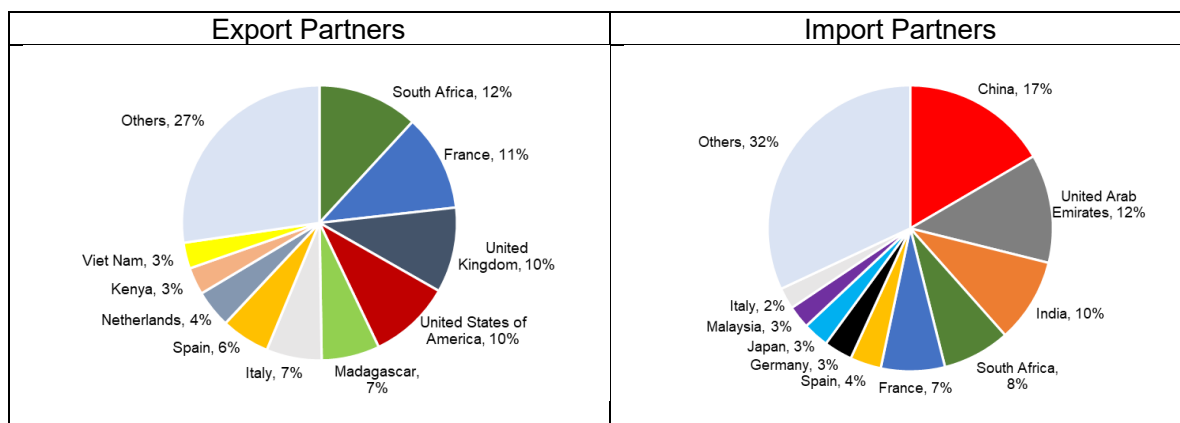
### (1) Major Trade Partners

The export value of Mauritius in 2020 is US\$1.54 billion, while the import value is US\$4.24 billion. Figure 5.1 (left) shows the export partners of Mauritius. South Africa is the largest export destination, but the main exporters are Western countries. In the African region, South Africa, Madagascar, and Kenya are among the top 10 countries. Figure 5.1 (right) shows the import partners of Mauritius, with China being the largest import partner. Except for South Africa, the import value from other African regions is small.

Major export items include marine products and textiles/apparel, with the top 10 items accounting for 48% of the total export value. The FTA with China was put into effect on January 1, 2021, while the CECPA with India was put into effect on April 1, 2021. Major import items include

petroleum, cell phones, automobiles, rice, cement, etc. Top 10 imports account for 26% of total imports, and imports are diverse: in 2019, there were 3,895 imports compared to 2,291 exports.

The value of exports to Japan is US\$20 million, of which US\$17 million is marine products. The import value to Japan is US\$125 million, of which US\$0.9 million is automobiles. The export value to Japan accounts for 2.9% of Mauritius' import value.

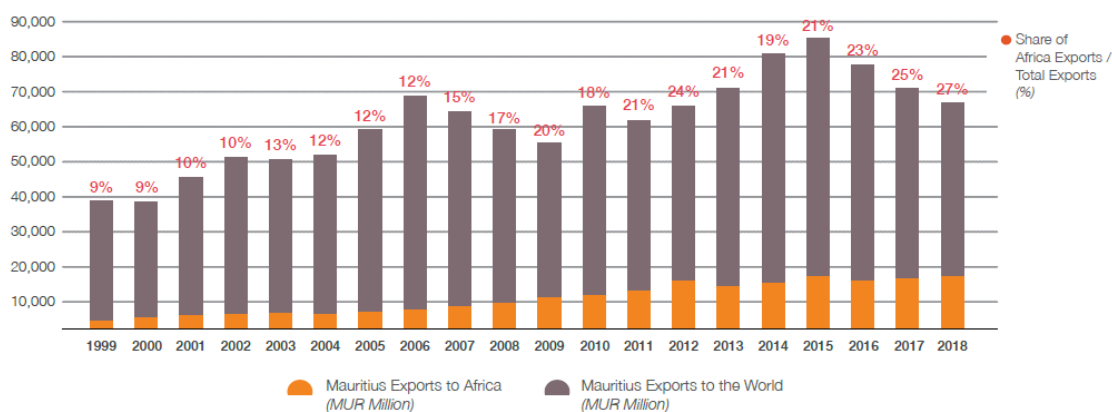


Source : JICA Survey Team

Figure 5.1 Trade Partners (2020)

(2) Regional Trade Agreements, Bilateral Free Trade Agreements

Mauritius has signed 12 trade agreements, of which 7 regional trade agreements include the African region, indicating a remarkable strengthening of economic relations with Africa. The trade agreements signed in the 1990s and 2000s are associated with an increase in the value of Mauritius' exports to Africa. Exports from Mauritius to Africa have been on the rise, with the value of Mauritius' exports to Africa rising from 9 percent of total exports in 1999 to 27 percent in 2018.



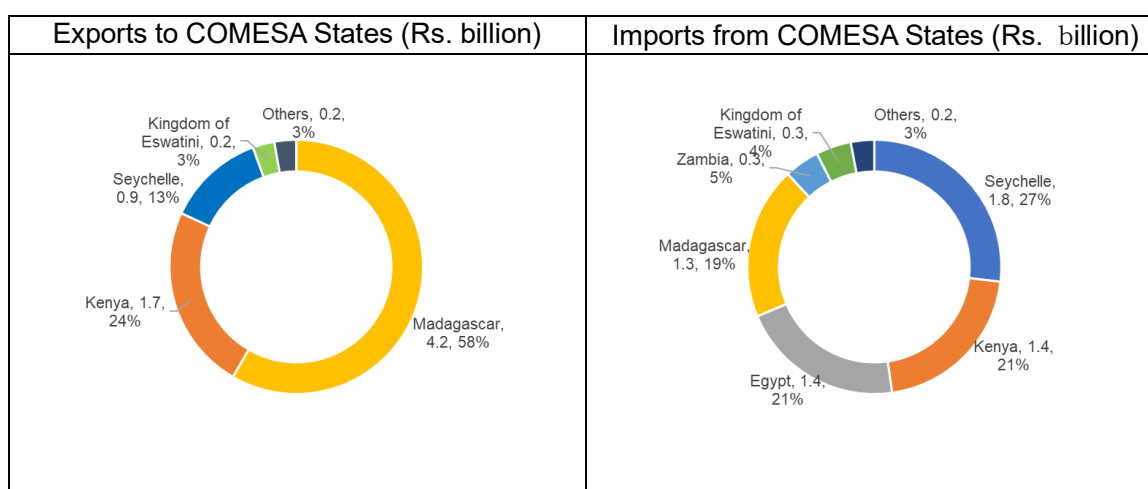
Source: Export Insights, November 2019, MCCI

Figure 5.2 Mauritius' Exports to Africa

In terms of trade volume over time, the regional trade agreements, COMESA and SADC, have played an important role. In FY2019, Mauritius' exports and imports with COMESA member countries amounted to RS.7.4 billion and Rs.6.7 billion, accounting for 10.5% and 3.9% of Mauritius' exports and imports, respectively. Among the COMESA member countries, Mauritius has the

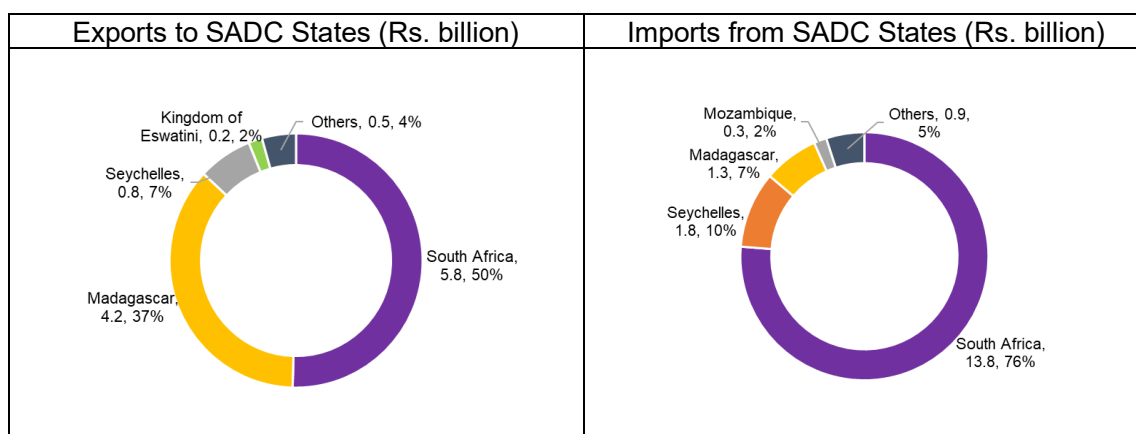
largest trade volume with Kenya, Seychelles, and Madagascar. As for SADC, Mauritius' export value is Rs.11.7 billion and import value is Rs.11.1 billion, accounting for 16.6% of Mauritius' export value and 6.5% of its import value. Among the SADC member countries, Mauritius has the largest trade volume with South Africa, Seychelles. Mauritius has strong economic relations with the southern and eastern regions of Africa, especially between Mauritius and South Africa.

According to officials of the South African Chamber of Commerce and Industry, it is estimated that more than 1,000 companies are doing business based in Mauritius<sup>21</sup>. This is due in part to the push factor of South Africa and the pull factor of Mauritius. In South Africa, due to foreign currency restrictions, high tax rates, and difficulty in opening bank accounts, capital needs to be transferred outside the country. However, investors are protected and can take advantage of the Double Taxation Avoidance Agreement (DTAA) through the use of Mauritius.



Source: Annual report, June 2020, BOM

**Figure 5.3 COMESA Trade Partners (FY2019-2020)**



Source: Annual Report, June 2020, BOMMCCI

**Figure 5.4 SADC Trade Partners (FY2019-2020)**

For China, Mauritius is its first FTA with an African country, and likewise, for India, it is its first CECPA with an African country. The signing of the FTA with China and India is intended to

<sup>21</sup> 13 October 2021

strengthen Mauritius' position as a gateway to the African continent, increase exports, and attract investment<sup>22</sup>.

With the conclusion of the FTA, Mauritius will be able to export 7,504 items to China duty-free, and the remaining 700 items will be tariff-free in the next five to seven years. On the other hand, although the number of items in India is limited to 660 compared to China (duty-free, duty-reduced, and low tariff quotas), the signing of CECPA is expected to provide opportunities for Indian companies to export to Africa from Mauritius. Promising sectors include medical devices, pharmaceuticals, coatings, fabrics, electrical cables, aluminum, glass, etc. Eastern and Southern Africa, including Kenya, Madagascar, Mozambique, Botswana, Tanzania, South Africa, and Seychelles, will be targeted<sup>23</sup>.

**Table 5.5 Mauritius' Regional Trade Agreements and Bilateral Trade Agreements**

Regional Trade Agreements	Bilateral Trade Agreements
COMESA (1994) 21 countries in East and Southern regions of Africa	US (2006)
IORA (1997) Nine out of twenty-three are African countries	Pakistan (2007) PTA
AGOA (2000) Sub-Saharan countries	Turkey (2013) FTA
SADC (2008) Sixteen countries in the southern region of Africa	China (2021) FTA
EPA with the EU (2009) Four African countries	India (2021) CECPA
IOC (2013) Five African countries	-
AfCFTA (2019)	-

Source: JICA Survey Team

## (2) Case Study of the Use of Trade Agreements by Firms in Mauritius

During the field survey, foreign companies operating in Mauritius were interviewed and it is found that some of them have already been using bilateral trade agreements to procure raw materials and export them to African countries using multilateral agreements, as shown below.

Case 1: U.S. company manufacturing belt conveyors, imports materials from the U.S., China, India, and other countries, assembles in Mauritius, and exports to South Africa and other African countries such as Ivory Coast, Zambia, Nigeria, Guinea. In Mauritius, there are no security concerns, warehouses are safe, and customs clearance is fast and efficient.

Case 2: South African company manufacturing plastics and exports products from Mauritius to 26 African countries using SADC, COMESA, and IOC trade agreements.

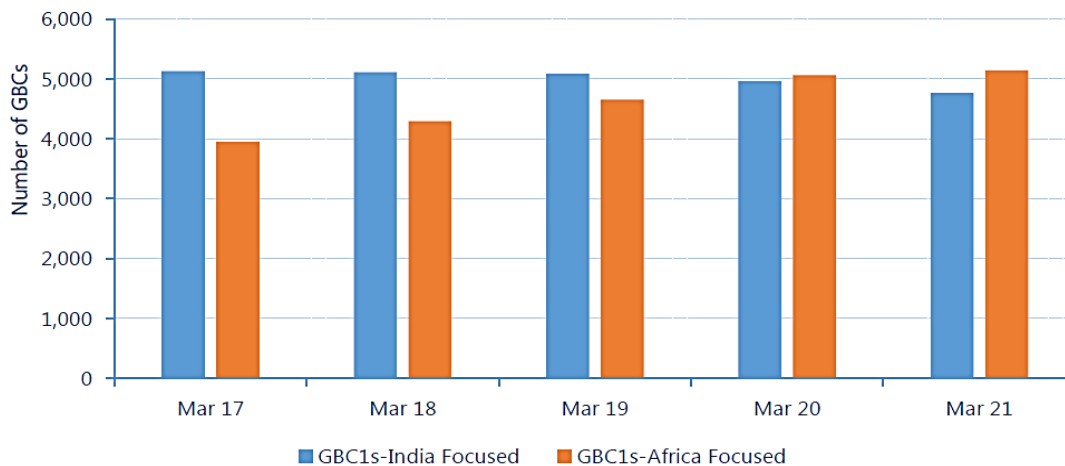
Case 3: Local company whose owner is from South Africa. The company procures raw materials mainly from China using FTA, assembles them in Mauritius, and exports metal frames

<sup>22</sup> Gauging The Full Potential of Trade Agreements, Rogers Capital, August 2021.

<sup>23</sup> Ibid.

(folding tables and poles) mainly to South Africa and West African countries. The advantage of the regional trade agreement is that the products are duty-free or have low tax rates.

Figure 5.6 shows the number of Mauritius-based firms focusing on business in India and Africa over the past five years. The number of firms focusing on India has been declining while the number of firms focusing on Africa has been increasing, reversing in 2020. This shows that in recent years, Mauritius-based companies have shifted their business focus to Africa.



Source: Financial Stability Report, July 2021, Bank of Mauritius

**Figure 5.5 Number of Companies in Mauritius that Focus on Doing Business with Africa and India**

## 5.5 Investment Regulations and Operations, Tax and Non-tax Benefits, and Preferential Investment Sectors

### (1) Investment law

Investment Promotion Act, 2000 empowered the Board of Investment (BOI), the former organization of the Economic Development Board (EDB), and mandated the legal basis for the BOI's role, investor registration, and investment schemes. Investment Promotion Act was repealed after the promulgation of the EDB Act, 2017. The EDB Act stipulates the role and authority of the EDB, and Article 13(1) refers to investors' registration with the EDB. Article 13(7) provides that an EDB registration certificate will be issued if the applicant meets the qualifications set forth in the same article. The relevant laws are the Companies Act (2000), which governs the establishment of companies and their forms, and the Business Registration Act (2002), which establishes registration requirements such as the name of the company, the nature of the business, the location of the business, and the date of commencement of business. The EDB Act stipulates a minimum investment of US\$100,000 for companies.

Although there are few restrictions on investment sectors, there are some sectors in which foreign investment is restricted. For example, in the broadcasting sector, the Independent Broadcasting Authority Act (2000) limits foreign ownership to a maximum of 49.9%. There are also restrictions in other sectors such as the sugar industry (15%) and the tourism industry (minimum capital and capital participation limits). The EDB is the window for foreign companies to invest in Mauritius, but in order to start a business in Mauritius, it is necessary to register with the Corporate



and Business Registration Department (CBRD) of the Ministry of Finance.

In addition, a license is required for each field. Securities, insurance and pension, and global business require licenses from the Financial Services Commission (FSC). In addition, Internet Service Providers need a license from ICTA (Information and Communication Technology Commission), Freeport-related businesses need a license from the EDB, MRA, tourism sector needs a license from Tourism Authority, while higher education needs a license from Higher Education Commission, and pre-school education needs a license from the Early Childhood Care and Education Authority.

As mentioned above, if companies based in Mauritius do global businesses in foreign countries, FSC license is required. The Financial Services Act, 2007 simplified the regulatory institutions and integrated the legal framework of the global business sector. FSC, the regulatory body for the non-bank financial services sector and the global business sector, is mandated by the act.

The Financial Services Act 2007 defines companies incorporated in Mauritius and doing business internationally as Global Business Companies ("GBCs"), and GBCs are required to obtain a license. Prior to 2018, companies doing business through Mauritius had to apply to the Financial Services Commission (FSC) for a Global Business Category 1 (GBC1) or Global Business Category 2 (GBC2) license. Section 71 of the Act also defines companies incorporated in Mauritius and doing business internationally as Global Business Companies (GBCs).

Companies incorporated under the Companies Act (2001) and engaged in global business were required to apply to the Financial Services Commission (FSC) for a Global Business Category 1 (GBC1) or Global Business Category 2 (GBC2) license.

In 2018, the Government of Mauritius enacted the Finance Act, 2018 to comply with the Organization for Economic Co-operation and Development's (OECD) international initiative to prevent tax evasion, known as "base erosion and profit shifting" (BEPS). Various financial laws have been revised to implement the measures of Budget Speech 2018-2019, including the Financial Services Act, 2007. As per the Finance Act, 2018, GBC1 was transferred to Global Business License (GBL) from July 2021, and GBC2 license was abolished in January 2019 and global companies holding GBC2 were changed to authorized companies. The license for global business companies issued by FSC is the GBL, and authorized companies are now required to obtain authorization from FSC instead of a license. Currently, there are about 14,000 active GBCs holding GBL.

GBCs can take advantage of the Double Tax Avoidance Agreement (DTAA) network in Mauritius by obtaining a Tax Residence Certificate (TRC) from the Mauritius Revenue Authority (MRA). A GBC can be a locally incorporated company, a branch of a foreign company, a protected cell company, an investment company, a fund, or a limited partnership but they need to conduct foreign business within Mauritius or from Mauritius.

On the other hand, since the authorized company must operate principally from outside Mauritius, it is not considered to be resident in Mauritius for tax purposes, and hence the authorized company is not liable to pay tax in Mauritius. Therefore, it is not eligible for relief under the Double Taxation Convention. The authorized company is suitable for trading, holding and managing personal assets and is not allowed to engage in certain activities such as financial services.

**(2) Tax and Non-tax Benefits**

The benefits of doing business in Mauritius are summarized in the table below.

**Box 5.1 Tax and non-tax benefits**

- No capital gains tax
- 80% of partial exemption regime.
- Bilingual (English and French) professionals
- Qualified and multi-skilled workforce
- Company can be established in 2 hours
- 100% foreign ownership
- Free movement of capital

Source: EDB

Corporations are liable to income tax on their net income, currently at a flat rate of 15% (Income Tax Act 1995). Companies engaging in the export of goods are liable to be taxed at a lower rate of 3% on the chargeable income attributable to base on a prescribed formula. No tax is levied on capital gains in Mauritius.

A company is considered resident if it is incorporated in Mauritius or if it has its core business and administration in Mauritius. However, if the company is incorporated in Mauritius but core business and administration are handled from outside Mauritius, it will be treated as non-resident.

**Table 5.6 Corporate Tax**

Entity	Rates (%)
Companies holding Global Business License (GBL)	15
Freeport operators or Private Freeport Developers carrying on Freeport activities other than providing goods and services on local markets	15
Companies engaged in the export of goods	3
All other companies	15

Source : Corporate Tax on Corporate Income, PWC, 14 January 2022

80% exemption regime on the following income is applied to Companies holding GBL.

- Foreign dividend, subject to amount not allowed as deduction in source country.
- Interest income.
- Profit attributable to a PE of a resident company in a foreign country.
- Foreign-source income derived by a CIS, Closed End Funds, CIS manager, CIS administrator, investment adviser or asset manager licensed or approved by the FSC.
- Income derived by companies engaged in ship and aircraft leasing.
- Interest income derived by a person from money lent through a peer-to peer lending platform operated under a license issued by the FSC after the five-year tax holiday.
- Income derived from the leasing and provision of international fiber capacity.

- Income derived from reinsurance and reinsurance brokering activities.
- Income derived from the sale, financing arrangement, and asset management of aircraft and its spare parts, including aviation-related advisory services.

In addition, an eight-year tax exemption is applied for companies that are involved in innovation-driven activities for IP assets developed in Mauritius (for companies established on or after July 1, 2017). In the green economy, an eight-year tax exemption will apply to income derived from air conditioning equipment, facilities and services using deep sea water. In addition, companies manufacturing medicines and medical equipment (for companies established after June 8, 2017) will be exempted from tax for eight years.

Individual income tax rate is 15% and no tax is levied on capital gains in Mauritius. The standard rate is 15%, but a reduced rate of 10% applies to individuals whose annual net income does not exceed Rs. 650,000. A solidarity levy of 5% is applicable on annual leviable income exceeding Rs. 3.5 million. Individuals are resident if they are domiciled in Mauritius, spend 183 days or more in an income year in Mauritius, or have a combined presence in Mauritius of at least 270 days in the tax year and the two preceding tax years.

**Table 5.7 Individual Taxation**

	Rates (%)
Individual income tax rate	15
Capital gains tax rate	0

Source : International Tax Mauritius Highlights 2020, February 2020, Deloitte

The ad valorem tariff rates currently range from zero to 30 percent, while the number of tariff bands currently stands at five (zero, five, 10, 15, and 30 percent). Customs Duties are normally imposed on the CIF (Cost, Insurance, and Freight) value of imported goods. With some exceptions, goods imported into Mauritius are also subject to a 15 percent Value Added Tax (VAT).

Example of Customs Charges :

Transaction Value of Goods: Rs. 1000

Custom Duty: 10%

VAT : 15%

Custom duty:  $(1000 \times 10\%) = 100$

VAT:  $(1000 + 100) \times 15\% = 165$

Customs Charges:  $100 + 165 = 265$

Source: MRA

## 5.6 Preferential Policies for Foreign Investment and Foreign Investment Climate from Mauritius to Other Countries

### (1) Investment Climate

International indices for the investment environment in Mauritius are generally high, especially in the areas of company establishment, taxation, and capital movement. Other than the international indexes, local foreign companies highly evaluated Mauritius in terms of multilingualism (English, French, Hindi, etc.) and the possibility of business development with an eye on English-

speaking and French-speaking Africa. The reason why only the ranking of the World Economic Forum's global competitiveness is low is that it includes indicators of low R&D investment, low industry-academia collaboration, and low human capital accumulation, suggesting there is an issue of a transformation of industrial structure.

**Table 5.8 International Indicators of the Investment Climate in Mauritius**

Organization	Indicator	Year	Number of Countries and regions	Ranking of Mauritius
World Bank	Ease of Doing Business	2020	190	13
The World Economic Forum	The Global Competitiveness Index	2019	140	52
Forbes	Best Countries for Business	2019	161	39
fDi Intelligence	Global Free Zone	2021	70 Zones	2
Fraser Institute	Economic Freedom of the World	2019	165	11

Source: JICA Survey Team

The result of questionnaire survey for Japanese companies as in Chapter 9 concerns about the investment environment in Africa, but according to the interviews with local companies, these concerns do not apply to the institutional settings in Mauritius. The followings are some comments from the interviews:

- Tax system: 15% corporate tax (effectively 3% for companies that export all manufactured goods instead of selling them domestically), no capital gains tax, free movement of capital, no restrictions on foreign ownership, and a high degree of economic freedom. In South Africa, where there are many restrictions on foreign investment, many companies have moved some of their bases to Mauritius.
- Customs clearance: Interviews with companies that have moved into Freeport indicated that customs clearance is fast and there are no concerns with the process.
- Tariffs: Duty-free or low tariffs are applied according to bilateral free trade agreements and multilateral trade agreements.
- Procurement: Utilizing bilateral free trade agreements and regional trade agreements, some companies procure goods from Asian countries, where there is a wide range of industries, assemble and process them in Mauritius, and export them to African countries. There is an abundance of talented human resources in the service sector, but not enough engineers for the manufacturing industry.
- Security: South African companies highly evaluate the security in Mauritius. Not only their personal safety but also the safety of the products stored in the warehouse.
- Others: In Mauritius, companies enjoy the same benefits wherever companies are located. Companies do not have to move into the Freeport site, and there is no concept of a Special Economic Zone (SEZ).

**(2) Preferential Policies for Companies that Set up Regional Headquarters**

GBCs can apply for two licenses, the Global Headquarters Administration License (GHAS) and the Global Treasury Activities License (GTAL), which are line licenses issued by FSC<sup>24</sup>. Jurisdiction is FSC, and there are 11 GHAS and 6 GTAL companies (as of October 2021)<sup>25</sup>.

**Table 5.9 List of Companies Holding the Global Headquarters Administration Licence**

1	APEX Group Centralisation Services Ltd
2	Axian Support Services Ltd
3	CAPD (Mauritius) Ltd
4	Daytona Technologies Ltd
5	FXTM Holding Company Ltd
6	International SOS African Services Ltd
7	Magnacura Pharma Inc
8	MIMBO Production Ltd
9	MUBEX
10	VATIT Group Ltd
11	WS Insight Ltd

**Table 5.10 List of Companies Holding the Global Treasury Activities Licence**

1	AXIAN Group Ltd
2	Blue Stone Infrastructure Company Ltd
3	Grit Services Limited
4	RMB International (Mauritius) Ltd
5	RMB International (Mauritius) Ltd
6	Windward Financia Services Ltd

Features are as follows.

**1) Global Headquarters Administration License (GHAS)**

GHAS is provided to a holding company established in Mauritius and belonging to an international group with an established reputation in the field of business and industry. The holding company must provide at least three headquarters services to three or more affiliated entities. The incentive is that companies that own GHAS are entitled to an eight-year corporate tax holiday.

**Box 5.2 Requirements of Services for GHAS**

- Administration and general management
- Business planning and development and coordination
- Economic or investment research and analysis; and
- Services related to international corporate headquarters in Mauritius

Source: FSC

**2) Global Treasury Activities License (GTAL)**

GTAL is issued to a central treasury center of a multinational company established in Mauritius,

<sup>24</sup> Both licenses are based on Financial Services Act 2007, The Income Tax Act 1995

<sup>25</sup> Interviews with FSC, October 2021

provided that at least three of the following services are provided to at least three related companies. Companies holding a GTAL are exempted from tax on income from treasury services for a period of five years, provided that at least three of the following services are provided to at least three related companies

### Box 5.3 Requirements of Services for GTAL

- Arrangement for credit facilities, including credit facilities with funds obtained from financial firms in Mauritius or from surpluses from network companies;
- Arrangements for derivatives;
- Corporate finance advisory;
- Credit administration and control;
- Guarantees, performance bonds, standby letters of credit and services relating to remittances;
- Factoring, forfeiting and re-invoicing activities;
- Management of funds for designated investments; and
- Other global treasury activities as may be specified under the FSC regulations.

Source: FSC

Table 5.11 shows the conditions and costs other than the service content of the licensing.

**Table 5.11 Conditions and Fees for GHAS and GTAL**

	Licensing Requirements		Fees	
	Minimum Employment	Others	Processing fees	Annual fees
Global Headquarters Administration License (GHAs)	A minimum of 10 full-time professional residents; of which at least 2 at senior managerial positions	Annual Operating Expenditure	Rs 30,000 (USD 1,000)	Rs 75,000 (USD 2,500)
Global Treasury Activities License (GTAL)	At least four local experts, at least one of whom should be in a senior management position	Annual operating expenditure MUR2 million, setting up a physical office in Mauritius	Rs 30,000 (USD 1,000)	Rs 75,000 (USD 2,500)

Source: EDB, HEADQUATERING & TREASURY MANAGEMENT

### (3) Bilateral Investment Treaty (BIT)

There are no international rules for investment like those set by the World Trade Organization (WTO) for trade. BIT is an effort to make bilateral and multilateral agreements to facilitate investment until comprehensive international rules are established. The business environment opened up by the BIT allows companies to operate more freely than in countries with no agreements, allowing them to invest overseas with confidence.

According to UNCTAD, Mauritius has signed 48 bilateral investment treaties (BITs), of which

30 have entered into force<sup>26</sup>. 35 of the 48 BITs were signed after 2000, indicating that Mauritius has been rapidly concluding BITs since 2000.

In the light of relationship with Africa, 26 of the 48 bilateral agreements are with African countries. This means that Mauritius has been strengthening its investment agreements as a gateway to Africa.

Mauritius has completed its internal ratification procedures for BITs, but some countries have not informed Mauritius officially of the completion of their internal procedures of ratification. In this respect, these agreements are not yet in force. Meanwhile, Mauritius being a State Party to African Continental Free Trade Agreement (AfCFTA) is participating along with most countries of the African Union, in the negotiation of an innovative Protocol on Investment under the AfCFTA, which once signed and ratified shall replace bilateral investment agreements concluded among African Countries.

**Table 5.12 Mauritius' BIT with African States**

	Country	Signature Date	Effective Date
1	Cabo Verde	13/04/2017	07/03/2018
2	Gambia	10/11/2016	
3	Sao Tome and Principe	06/05/2016	
4	Côte d'Ivoire	20/04/2016	
5	Zambia	14/07/2015	06/05/2016
6	Egypt	25/06/2014	17/10/2014
7	Gabon	18/07/2013	
8	Kenya	07/05/2012	
9	Congo	20/12/2010	15/12/2013
10	Tanzania	04/05/2009	02/03/2013
11	Botswana	17/08/2005	
12	Madagascar	06/04/2004	29/12/2005
13	Senegal	14/03/2002	14/10/2009
14	Cameroon	03/08/2001	
15	Rwanda	30/07/2001	
16	Benin	18/05/2001	
17	Brundi	18/05/2001	22/11/2009
18	Chad	8/05/2001	
19	Comoros	8/05/2001	
20	Ghana	8/05/2001	
21	Guinea	8/05/2001	
22	Mauritania	8/05/2001	
23	Zimbabwe	17/05/2000	
24	Eswatini	15/05/2000	
25	South Africa	17/02/1998	23/10/1998
26	Mozambique	14/02/1997	26/05/2003

Source: Investhub, UNCTAD

## 5.7 Current Status of Various Institution for Industrial Clusters

At present, there is no concept of SEZ in Mauritius; there are no enclaves like SEZ, and the investment conditions are the same wherever the company is based, as long as it is within the territory of Mauritius.

<sup>26</sup> Investment Policy Hub, UNCTAD

However, in the past, SEZs have played an important role in the economic development of Mauritius. The SEZs in Mauritius are based on the Export Processing Zone Act No. 51 of 1970, the first law pertaining to SEZs in sub-Saharan Africa, and the EPZ Act (No. 46 of 1990), which was subsequently amended.

The establishment of the SEZ encouraged the country to move away from a monoculture economy and diversified its industries into textiles, fisheries, and other sectors. As Table 5.8 shows, from 1971 to 2000, the number of enterprises, the number of employees, the value of the investment, and the value of exports have increased, indicating that industrialization has been encouraged.

Since 2001, the number of companies has been declining due to rising labor costs, the cancellation of the Multi-Fiber Agreement, and competition from countries such as China, which has necessitated a shift in the industrial structure from growth dependent on the textile industry. The Export Processing Zone (EPZ) Act was repealed in 2006, and now there are no enclaves such as EPZs and SEZs, and all companies are treated equally.

However, to promote the accumulation of industrial clusters, industrial parks are being built and planned, as shown in Table 5.14. In addition, there are 12 smart cities<sup>27</sup>, and foreign companies from China and other countries have been participating in their development.

**Table 5.13 Key indicators of SEZs (1971-2010)**

Year	Key Economic Indicators, 1971-2010					
	Number of companies	Number of employees	Real investment (Rs million)	Real exports (Rs million)	Manufacturing value-added (%)	GDP value-added (%)
1971-1980	63	12,331	4.60	27,763	21.324	2.75
1981-1990	351	59,364	13.93	15,561	43.523	8.02
1991-2000	514	86,141	17.35	330,885	50.274	11.78
2001-2010	457	69,632	20.21	332,617	42.71	8.34

Source: Vanessa T. Tang, Timothy M. Shaw, Merle G. Holden, Development and Sustainable Growth of Mauritius (2019)

**Table 5.14 Newly Developed Industrial Parks**

	Features	Cluster
Côte D'or	<ul style="list-style-type: none"> <li>• 150 acres of land, focusing on industrial clusters of biotechnology and high-precision manufacturing.</li> <li>• Center of Excellence for Environmentally Friendly Products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Nanotech Products</li> <li>✓ Optical Devices and Equipment</li> <li>✓ Advanced Precision Components</li> <li>✓ Biotechnology (bio-refining, polymer-related products, bio-related medical products)</li> <li>✓ Professional OEM (automotive, aviation, etc.)</li> <li>✓ Environment-related technology</li> </ul>

<sup>27</sup> (1) Mont Choisy Smart City, (2) Beau Plan Smart City, (3) JinFei Smart City, (4) Yihai Gardens Smart City, (5) Royal St Louis Smart City, (6) Montebello Smart City, (7) Moka Smart City, (8) Trianon Smart City, (9) Unicity, (10) Cap Tamarin Smart City, (11). St Felix Smart City, (12) Mon Tressor Smart City



Rose Belle	<ul style="list-style-type: none"> <li>• Six-story office building (6,800 m<sup>2</sup>) and 10.5 acres of land</li> <li>• 10-minute drive to the airport, 30- minute drive to Port Louis</li> <li>• Developed by Landscape</li> </ul>	<ul style="list-style-type: none"> <li>✓ Nutraceutical and medicinal Agribusiness</li> <li>✓ High-tech manufacturing</li> <li>✓ High-end ICT (AI, Robotics, Industry 4.0)</li> <li>✓ VFX and animation</li> <li>✓ Clinical Research</li> <li>✓ FinTech</li> </ul>
Riche Terre Business & Industrial Park	<ul style="list-style-type: none"> <li>• Annual rental rate for the first 10 years with 50% discount per year on the market</li> <li>• 10-minute drive from Port Louis.</li> <li>• Developed by Landscape</li> </ul>	<ul style="list-style-type: none"> <li>✓ Attract logistics companies, warehouses, and companies in the freeport sector</li> </ul>
Les Salines Masterplan	<ul style="list-style-type: none"> <li>• 20 ha.</li> <li>• Port Louis, adjacent to the cruise terminal</li> <li>• Developed by Landscape</li> </ul>	<ul style="list-style-type: none"> <li>✓ The expansion of the waterfront site</li> <li>✓ Develop a project that will consist of a mix of retail, residential, office, hotel and leisure facilities that will appeal to locals and tourists alike</li> </ul>
Palmar Master Plan	<ul style="list-style-type: none"> <li>• 15 ha.</li> <li>• Located within the Eastern Tourism Zone where Government wants to encourage luxury and high- quality hotel development</li> </ul>	<ul style="list-style-type: none"> <li>✓ High quality tourism development</li> </ul>

Source: EDB, Landscape website

## 6 Comparison Analysis with Other Countries

### 6.1 Comparison with Singapore on Regional Headquarters

#### (1) Purpose of Establishing Regional Headquarters

As Japanese companies continue to expand their overseas operations, they are establishing new regional headquarters to improve management efficiency. The main purposes of establishing regional headquarters can be summarized in the following three points: "strengthening of control and management structures", "streamlining and consolidation of operations", and "financial and tax advantages".

**Table 6.1 Purpose of Establishing Regional Headquarters**

<p>(1) Strengthen control and management functions</p> <p><u>Strengthen regional management and promote business development</u></p> <ul style="list-style-type: none"> <li>- To provide corporate planning functions and promote business development</li> <li>- To speed up decision-making and conduct management in line with market needs</li> </ul> <p><u>Strengthen governance</u></p> <ul style="list-style-type: none"> <li>- To strengthen management control and management in regions where the direct attention of the head office in Japan is difficult to reach</li> </ul>
<p>(2) Improve efficiency and consolidate operations</p> <p><u>Strengthen sales and expand business</u></p> <ul style="list-style-type: none"> <li>- To increase sales and expand business by collaborating with group companies in the region to reduce costs by improving the efficiency of organizational operations</li> </ul> <p><u>Cost reduction through streamlining of organizational operations</u></p> <ul style="list-style-type: none"> <li>- To improve efficiency and reduce costs for all group companies in the region by providing management support functions (shared services) To group companies in the region</li> </ul>
<p>(3) Financial and tax benefits</p> <p><u>Improvement of financial efficiency</u></p> <ul style="list-style-type: none"> <li>- To improve the financial efficiency of group companies in the region through centralized management of foreign exchange risk and centralized management of funds and settlement.</li> </ul> <p><u>Acquisition of tax incentives</u></p> <ul style="list-style-type: none"> <li>- To enhance the tax strategies of all group companies in the region by making effective use of various tax incentives associated with the establishment of regional headquarters.</li> </ul>

Source: "Regional Control Bases in Asia," Yamada Consulting Co.

In general, the timing for establishing a regional headquarters is often considered when Japanese companies are facing the following issues during their overseas business expansion

- Inefficiency due to the expansion of bases
- Authority is concentrated at the head office in Japan, making it difficult for the subsidiary to make flexible management decisions.
- There are concerns about the internal control systems of subsidiaries.
- The organization and personnel systems at each site are uneven.

- Companies would like to appoint local personnel to the management level but cannot procure them internally or externally.
- There is a lack of knowledge sharing and collaboration among global bases.

Japanese companies often set up regional headquarters mainly in Asia, such as Singapore, Hong Kong, Shanghai, Thailand, and Malaysia. Dubai (UAE) in the Middle East is also used as a regional headquarters for the Middle East and African region.

## (2) Singapore as a regional headquarters

### 1) Background to the establishment of the office in Singapore

Singapore is regarded as one of the leading and largest regional headquarters not only in Asia but also in the world. 805 Japanese companies have advanced into Singapore as of April 2021, and the number of Japanese companies establishing regional headquarters in Singapore has increased since 2010. This is due to (1) the growing importance of the Asia Pacific region in the strategies of Japanese companies after the Lehman Shock in 2008, (2) the strengthening of the "China plus one" movement around 2010 and the trend toward risk diversification, and (3) the growing expectations for the establishment of the ASEAN Economic Community at the end of 2015. In addition, (3) the establishment of the ASEAN Economic Community at the end of 2015 raised expectations, and in recent years many Japanese companies have sought to further expand their business in the growing market of ASEAN. As a result, the establishment of regional headquarters in Singapore, a city located in the center of ASEAN and with a favorable business environment, was promoted.

### 2) Reasons for establishing a regional headquarters in Singapore

According to a questionnaire survey of Japanese companies in Singapore conducted by JETRO in 2016, the main reasons for Japanese companies to establish a regional headquarters in Singapore are as follows.

**Table 6.2 Reasons for Establishing Regional Headquarters in Singapore (multiple responses)**

(Unit: Number of cases, %)

Rank	Item	Number of cases	Composition ratio
1	Because of its location with easy access to surrounding areas	82	91.1
2	Because it is easy to gather business information	55	61.1
3	Because English is widely spoken	54	60.0
4	Because the country is politically stable	54	60.0
5	Because the legal system and administrative procedures are transparent and efficient	47	52.2
6	Because of well-developed infrastructure for logistics, transportation, and communication	46	51.1
7	Low corporate tax rate, preferential tax treatment for regional headquarters and other tax benefits	44	48.9
8	Because financial advantages such as flexible financial regulations and a well-developed fund-raising market make it easy to secure excellent human resources for regional headquarters	42	46.7
9	Because of the concentration of companies in professional service fields such as law, accounting, and consulting	38	42.2
10	Because it has a good living environment for foreign residents	34	37.8

11	Because it has the largest number of bases for regional control	17	18.9
12	Because there is investment protection for investments from Singapore under investment agreements and an environment that facilitates the use of international arbitration systems	14	15.6
13	Because there are few natural disasters	14	15.6
14	Because it is easy for foreigners to obtain work visas	12	13.3
15	Other	3	3.3
16	Because prices are relatively low	1	1.1

Source: JETRO, "Survey Report on Regional Control Functions of Japanese Companies in Asia and the Pacific" (2016年)

More than 90% of the companies that responded to the survey chose "easy access to surrounding areas" as the reason for establishing their regional headquarters in the country. In addition, "ease of gathering business information," "widespread use of English," "development of industrial infrastructure such as logistics, transportation, and communication," "development of legal system," and "transparency and efficiency of administrative procedures" received high marks. These survey results indicate that in addition to the advantages of easily gathering people, goods, money, and information, the high level of trust in the government's policies and administrative procedures is also a reason for the preference for the country.

On the other hand, although there is a risk of rising labor costs and office rents, many companies believe that the benefits of utilizing a small number of highly qualified human resources are worth the high costs, and Japanese companies are making steady advances into Singapore.

### (3) Comparison with Mauritius

Mauritius is expected to become a regional hub, like Singapore in Africa. However, at present, the number of Japanese companies operating in Mauritius is extremely limited and has not reached such a level. To clarify the causes and problems of this situation, a comparison has been made between Mauritius and Singapore, and the differences between will be discussed as follows.

**Table 6.3 Comparison of Singapore and Mauritius Basic Information**

Basic Information		Singapore	Mauritius
Population, Ethnicity and Language	Population (2020)	5.69 million	1.26 million
	Ethnicity	Chinese 76%, Malay 15%, Indian 7.5%	Mostly of Indian and Creole descent. Majority of Indian and Creole; others of French and Chinese descent.
	Languages	Official languages: English, Chinese, Malay, Tamil	Official languages: English Other languages: French, Creole
Economic Indicators	Nominal GDP (2020, in billions of US\$)	340.00	10.91
	Real GDP growth rate (2020)	-5.40%	-14.90%
	GNI per capita (2020, in US\$)	54,920	10,230
	Consumer price inflation rate (2020)	-2.90%	1.20%
	Unemployment rate (2020)	2.80%	6.87%

Relationship with Japan	Number of Japanese companies (2021)	805	3 <sup>28</sup>
Business Environment1 (Tax rate, foreign investment restrictions)	Corporate tax rate (surface tax rate)	17%	15%
	Tax on interest remittance to Japan	10%	Residents (corporations) 0% Non-residents 15%
	Tax on remittance of dividends to Japan	0%	0%
	Royalty remittance tax to Japan	10%	15%Residents 10% Non-residents 15%
	Foreign investment restrictions Non-manufacturing industry	100% entry possible	100% entry possible
Business Environment2 (Wages)	Basic monthly wage		
	Manufacturing, general engineering (in US\$)	1,924	223~248
	Manufacturing, mid-level technician (in US\$)	2,087	992~1,983
	Managers in manufacturing (i in US\$)	4,460	1,487~2,479
	Non-manufacturing, General Employment (in US\$)	2,572	223
	Managers in non-manufacturing industries (in US\$)	4,677	2,479

Source: Ministry of Foreign Affairs of Japan, World Bank, JETRO, EDB

Singapore's population is 4.5 times that of Mauritius, and its GNI per capita is more than 5 times that of Mauritius, and the difference in nominal GDP is more than 30 times. In terms of nominal GDP, the difference is more than 30 times. On the other hand, both countries are multi-ethnic, and English is the official language, and in the case of Mauritius, French is also spoken, so Mauritius has the same language advantage as Singapore when it comes to business in Africa. In terms of tax rates, Mauritius has a 15% corporate tax rate compared to Singapore's 17%, and other tax rates are at the same level or slightly more favorable in Mauritius. In terms of foreign investment regulations, Mauritius allows 100% foreign investment, making it as easy to utilize as Singapore.

Wages are much lower in Mauritius at the staff level, and even at the manager level, there is a big advantage at about half that of Singapore. However, there is an overwhelming difference in the number of bases of Japanese companies compared to Singapore, and it can be recognized that there is a clear disparity in terms of recognition, business opportunities, and ease of use as a base.

In the interviews and questionnaires conducted by Japanese companies in this survey, Mauritius was highly evaluated in terms of political stability, security, and good living environment. On the other hand, many respondents had concerns or issues with the following reasons for establishing a base in Singapore: "Easy access to surrounding areas," which ranked first; "Easy to gather information on business," which ranked second; and "Well-developed infrastructure for logistics, transportation, and communication," which ranked sixth. The following international indices will be used to show the comparison with Singapore on these issues in the business environment.

<sup>28</sup> Of the three companies, one is an exporter of seafood processing, and the other two are engaged only in activities for the domestic market. None of them is a regional headquarter.

**Table 6.4 Comparison of Business Environment in International Indicators**

International Indicators	Singapore	Mauritius
Ease of Doing Business Index (2020) World Bank	2nd	13th
Global Competitiveness Index (2019) World Business Forum	1st	52nd
Logistics Performance Index (2019) World Bank	7th	78th

Source: World Bank, World Business Forum

While Mauritius is not far behind Singapore in the World Bank's Ease of Doing Business Index, it is far behind Singapore in the Global Competitiveness Index and the Logistics Performance Index. Specifically, the detailed items of these two indices are compared, and the areas that need to be strengthened for Mauritius are indicated with markers in Table 6.5 and Table 6.6.

**Table 6.5 Item Comparison of Global Competitiveness Index**

(Unit: Rank)

Global Competitiveness Index (2019)	Singapore	Mauritius
Overall rank	1	52
Institutions	2	29
Infrastructure	1	64
ICT readiness	5	43
Macroeconomic stability	38	57
Health	1	82
Skills	19	79
Product markets	2	22
Labor Market	1	76
Financial system	2	27
Market size	27	119
Business dynamism	14	38
Innovation capability	13	70

Source: World Business Forum

In the International Competitiveness Index, Mauritius is far behind Singapore in the ranking of "infrastructure", "health", "skills", "labor market", "market size", and "innovation capacity". It is important for Mauritius to make further improvements in these areas, especially in infrastructure, skills, and innovation capacity, as these areas are of great interest to Japanese companies and should be addressed as soon as possible.

**Table 6.6 Logistics Performance Index Item Comparison**

Logistics Performance Index (2019)	Singapore	Mauritius
Overall rank (unit: rank)	7	78
Overall Score (Unit: Score (0-5, larger number is higher), same applies below)	4.00	2.73
Customs	3.89	2.70
Infrastructure	4.06	2.80
International shipping	3.58	2.12
Logistics capacity	4.10	2.86
Tracking ability	4.08	3.00

Timeliness	4.32	3.00
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Source: World Bank

In the Logistics Performance Index, Mauritius is far behind Singapore in the categories of "customs," "infrastructure," "international delivery," and "logistics capacity." It is desirable to make improvements in these areas, including increasing efficiency and speed through the computerization of customs, and to promote the enhancement of logistics capacity.

Overall, Mauritius has a business environment comparable to that of Singapore as a regional headquarters, but it is considered inadequate especially in terms of "intra-African access", "logistics infrastructure and capacity", and "collection of African business information". Therefore, the country is not considered by most Japanese companies as a potential regional headquarters for Africa. On the other hand, it is desirable to strengthen ICT infrastructure, research and marketing capabilities, skills, innovation capabilities, etc., which are of interest to companies that do not require intra-regional access or logistics capabilities to a great extent, such as companies that handle high-value-added, lightweight products by air and service companies such as digital businesses. In addition, it is worth considering the possibility of promoting the attraction of Japanese companies by offering preferential treatment to target industries. In addition, Mauritius may focus on functioning as an investment hub for Africa by establishing a fund or a special purpose company (SPC) in Mauritius, taking full advantage of the financial and tax advantages, which is one of the purposes of establishing a regional headquarters. However, one of Mauritius' recent problems is that it was placed on the EU's blacklist in 2020 in terms of AML/CFT issues, and there are voices that various procedures are becoming more complicated due to stricter company registration and remittance procedures in accordance with the EU's guidance. In response to this, the government of Mauritius made immediate improvements by adopting international norms, standards, and best practices, and was removed from the FATF (Financial Action Task Force on Money Laundering) grey list in October 2021 and from the EU blacklist in January 2022.

## 6.2 Comparison of Investment Climate with South Africa and Kenya

### (1) South Africa and Kenya as destinations for expansion into Africa

#### 1) Reason for entry

South Africa and Kenya are two of the most popular destinations for Japanese companies in Eastern and Southern Africa, which are located relatively close to Mauritius. 272 Japanese companies have set up operations in South Africa and 87 in Kenya as of 2019. In the JETRO survey for 2020, Kenya and South Africa were selected as the top and second most promising countries in Africa. The main reasons for Japanese companies to enter and focus on South Africa and Kenya are as follows.

**Table 6.7 Reasons for Entering and Focusing on South Africa and Kenya**

Country	Reasons
Kenya	Rise of startups and potential for collaboration; growing demand for infrastructure; promise of geothermal power generation; hub function in East Africa, stable economy; Japan's ODA and investment projects; expansion of automobile industry; large market size and potential for future development
South Africa	Manufacturing and export base in Africa; mature economy; certain level of infrastructure development; industrial strength as seen in the development of the automobile industry; abundance of resources such as metals and minerals; increased consumer purchasing power due to economic development

Source: JETRO, "Survey of Japanese Companies in Africa (FY2020 Survey)"

Many Japanese companies use these two countries not only for domestic business but also as regional headquarters for neighbouring countries in Africa. They generally use South Africa as a base to cover Mauritius.

## 2) Merits and Demerits of Entry in South Africa and Kenya

Based on the interviews with Japanese companies and the questionnaire survey conducted in the survey, the merits and demerits of expansion into South Africa and Kenya as considered by Japanese companies are shown below.

**Table6.8 Merits and Demerits of Entry in South Africa and Kenya**

Merits/Demerits		South Africa	Kenya
Merits	common	Large population and market size Expected to expand market and economic scale due to population growth Abundant natural resources Abundant and cheap labor Ability to communicate in English Convenient for shipping and logistics due to large port infrastructure Expected to receive ODA projects due to infrastructure demand ICT and start-up companies are concentrated in the area, and new leapfrog-like businesses can be expected.	
	Individual	Many local companies are strong in Africa and can be beneficial as partners There is a large stock exchange and a concentration of financial systems.	Kenya is the hub of the Northern Corridor, which connects Uganda, Tanzania, South Sudan, eastern Congo, Rwanda, and Burundi. A single tariff area and common tariff within the East African Community (EAC) has been introduced.
Demerits	common	Corruption is a problem and a detriment to business. Unstable power supply High tax rate Restrictions on foreign investment Delays in administrative procedures make business procedures slow Delays in delivery Poor public safety	
	Individual	Compliance with the Black Economic Empowerment Policy (BEE) is an obstacle in terms of employment, capital structure, etc. Limited talent pool and high labor costs Frequent labor disputes	Foreign remittance is difficult due to lack of foreign capital and strict foreign currency regulations.

Source: Survey Team

The merits of both countries, such as "market size," "abundant natural resources," "abundant and inexpensive labor," and "logistics infrastructure," are the demerits of Mauritius, and the challenge for Mauritius is how to deal with or improve them in the future. On the other hand, the demerits of both countries, such as corruption, tax rate, foreign investment restriction, delay in business procedures, security, BEE, labour disputes in South Africa, and foreign currency remittance problem in Kenya, are the strengths of Mauritius. In addition to these merits, Mauritius can promote the attractiveness of Mauritius to Japanese companies by adding advantages and



differentiation that cannot be obtained in South Africa or Kenya.

## (2) Comparison Analysis among Mauritius, South Africa, and Kenya

The following table shows comparison analysis among Mauritius, South Africa and Kenya focusing on the strengths and weaknesses of each country as well as the possibilities of utilizing Mauritius as shown below.

**Table 6.9 Comparison among Mauritius, South Africa, and Kenya**

Basic Information Items		Mauritius	South Africa	Kenya
Population, Ethnicity and Language	Population (2020, in millions)	1.26	57.78	47.6
	Ethnicity	Mostly of Indian and Creole descent. Others of French and Chinese descent.	Black (79%), White (9.6%), Colored (8.9%), Asian (2.5%)	Kikuyu, Luhya, Karenin, etc.
	Language	Official Language: English Other Languages: French, Creole	Official languages: English, Afrikaans, Bantu languages, 11 languages in total	Official language: English. Other languages: Swahili
Economic Indicators	Nominal GDP (2020, in billions of US\$)	10.91	301.92	98.84
	Real GDP growth rate (2020, in billions of US\$)	-14.90%	5.30%	2.30%
	GNI per capita (2020, in US\$)	10,230	5,410	1,760
	Consumer price inflation (2020)	1.20%	3.60%	4.60%
	Unemployment rate (2020)	6.87%	27.00%	n.a.
Relationship with Japan	Number of Japanese company locations (2018)	3	272	87
Business Environment1 (Tax Rate, Foreign Investment Restriction)	Corporate tax rate (surface tax rate)	15%	28%	30%~37.5%
	Interest remittance tax to Japan	Resident(Corporate rate) 0% Non-Resident15%	10%	15%
	Dividend remittance tax to Japan	0%	15%	Resident 5% Non-Resident 10%
	Taxation on royalty remittances to Japan	Resident10% Non-Resident15%	10%	Resident 5% Non-Resident 10%
	Foreign Investment Regulation Non-Manufacturing Industry	100% participation possible foreign investment	restriction applied	restriction applied
Business Environment2 (Wages)	Monthly basic salary			
	Manufacturing Industry, General Industrial Workers (in US\$)	223~248	1,578	258~1,069
	Mid-level engineers in manufacturing (in US\$)	992~1,983	4,113	545~2,088
	Manufacturing - Manager (in US\$)	1,487~2,479	6,029	1,219~7,910
	Non-manufacturing, general (in US\$)	223	1,095	277~989
	Non-manufacturing - Manager (in US\$)	2,479	4,607	2,224~6,960

Ease of Doing Business (2020) World Bank (Unit: Rank)		13	84	56
Global Competitiveness Index (2019) World Business Forum (Unit: Rank)		52	60	95
Logistics Performance Index (2019) World Bank (Unit: Rank)		78	33	68
Global Governance Indicators (2019). The World Bank	Public Voice and Accountability (Unit: Rank (1-100), with higher numbers indicating higher)	73.40	69.46	36.45
	Political stability and absence of violence (Unit: Rank (1-100), higher number indicates higher)	74.29	40.00	12.38
	Effectiveness of Government (Unit: Rank (1-100), higher number indicates better)	77.88	66.35	38.46
	Quality of Regulation (Unit: Rank (1-100), higher number indicates better)	79.33	61.54	41.35
	Rule of Law (Unit: Rank (1-100), higher number indicates better)	76.92	50.96	35.58
	Suppression of corruption (Unit: Rank (1-100), higher number indicates higher)	63.94	59.62	24.52

Source: Ministry of Foreign Affairs of Japan, World Bank, JETRO, World Business Forum

As the above table shows, in terms of population and nominal GDP, there is a clear disparity between Mauritius and the other two countries especially on market size and economic scale. In terms of GNI per capita, price inflation rate, and unemployment rate, Mauritius is ahead of the other two countries. In terms of tax rate, Mauritius has a dominant advantage. In terms of wages, Kenya's labour cost has a big advantage over the other two countries, but in South Africa, there is not much difference with Mauritius because of the high cost of managerial class. As for the business environment, Mauritius has an overwhelming advantage as indicated by the Ease of Doing Business Index. In terms of global competitiveness, although Mauritius has some weaknesses such as market size or labour market, there is not much difference overall compared with South Africa and Kenya. However, it is the lowest among the three countries on logistics, revealing its weakness in logistics. In terms of governance, Mauritius is ahead of the other two countries, showing its comparative advantage in political stability, rule of law, and suppression of corruption.

Based on the comparison among the three African countries, Mauritius should make a new appeal to attract Japanese companies by adding value-added factors to its strengths of socioeconomic stability, taxation advantages, good business environment, and good governance to further promote investment.

Based on the above discussion, the following table shows the comparison of the evaluation of the three countries (Mauritius, South Africa, and Kenya) made by the survey team in terms of the business environment items that are important for Japanese companies to enter the market.

**Table 6.10 Comparison of Business Environment in Mauritius, South Africa and Kenya**

◎ : Very good, ○ : Good, △ : Fair, X : Poor

No	Items	Mauritius	South Africa	Kenya
1	Market size	X	○	○
2	Market growth opportunity	△	○	○
3	Political and social stability	○	△	△
4	Economic stability	○	△	△
5	Geographical location	△	○	◎
6	Accessibility to African continent	△	○	○
7	Accessibility to China and India	○	○	○
8	Ease of gathering information around business	△	○	△
9	Language, ease of communication	◎	○	○
10	Living condition of the expats (safety, access to health care, and education system)	○	△	△
11	Administrative easiness for business	○	X	X
12	Control of corruption	○	X	X
13	Ease of foreigners to obtain a work visa	○	△	△
14	Availability of specialized service firms (law, accounting, and consulting)	◎	△	△
15	Quality/stability of Logistic infrastructure	△	○	○
16	Quality/stability of ICT infrastructure	○	○	○
17	Fiscal Tax advantage	◎	X	X
18	Trade agreements	◎	○	○
19	Ease of foreign remittance	○	△	X
20	Freeport	○	△	△
21	Labor cost	△	○	◎
22	Quality of employees	○	△	△

Source: Survey Team

## 7 Current status and challenges of foreign companies doing business in Mauritius

### 7.1 Trends in Business Expansion of Foreign Companies in Mauritius

Mauritius has been attracting a large number of foreign companies due to its political stability, safety, excellent business and living environment, smooth communication with bilingual personnel (English and French), and convenience as an investment base and gateway to Africa by signing investment promotion and protection agreements as well as double taxation agreements with Asian and African countries. With above reasons, many foreign companies have already started their business in the country. Many companies, mainly from France, South Africa, India, and China, have established chambers of commerce and other organizations in Mauritius as shown below.

**Table 7.1 Chambers of Commerce and Industry of each country and community in Mauritius**

Organization	Description
Chambre de Commerce et d'Industrie France Maurice (Chamber of Commerce and Industry France Mauritius)	Established in 2006. Number of member companies: about 200. The Chamber of Commerce and Industry France Mauritius aims to promote economic relations between Mauritius and France. Members are companies whose suppliers or customers are located in France, or whose managers are French. They are from about 40 sectors, including blue economy and circular economy. About 30,000 jobs in total are created by the member companies.
South African Chamber of Commerce in Mauritius	Established in 2013, it has over 140 corporate members and 62 individual members. It provides a platform to promote commercial relations between Mauritius and South Africa, one of Mauritius' most important trading partners.
Indo-Mauritius Chamber of Commerce (IMCC)	Established in 1999. It aims to promote the exchange of trade and investment related information, collaboration and joint ventures, technology transfer and investment between India and Mauritius.
Hindu Business Chamber of Commerce, Industry and Professionals (HBCCIP)	Established in 2021. Aims to connect members with stakeholders in the business community to access and develop business markets. It is the Chamber of Commerce and Industry for Hindu-Mauritians.
The Chinese Chamber of Commerce in Mauritius	Established in 1908. Its purpose is to protect the interests of the Chinese community in Mauritius, consisting mainly of traders.
Chinese Business Chamber Mauritius	Established in 1999. It is the Chamber of Commerce or Sino-Mauritians. It has 15 offices in Africa and 350 members. It sends missions to chambers of commerce and industry in Africa (Namibia) and Asia (Malaysia, China, Pakistan) to build relationships.

Source: Compiled by the research team from the websites of the respective chambers of commerce.

Others include the American Chamber of Commerce (AMCHAM) in Mauritius, and the Mauritius Islamic Chamber of Commerce and Industry.

Moreover, many foreign companies have set up operations in the fields of finance and services, manufacturing, and ICT, with the following examples of major companies.

**Table 7.2 Examples of foreign companies operating in Mauritius**

Sector	Type of Business	Companies
Finance/Services	Banking	Standard Chartered (UK), Standard Bank (South Africa), HSBC(UK), Bank of China (China), ABSA (South Africa)
	Law Firm	Dentons (Switzerland), Eversheds Sutherlands (UK), ENSafrica (South Africa), Appleby (Bermuda), DLA Piper (UK)
	Audit	Ernst & Young (UK), Deloitte (UK), KPMG (Netherlands), PwC (UK), BDO (Belgium)
	Management Services	Ocorian (Jersey), IQ-EQ (Luxembourg), Sanne (UK), Riscura (South Africa), Alter Domus (Luxembourg)

Sector	Type of Business	Companies
Manufacturing	Watch Parts, Jewelry	Stettler (Switzerland), Laurelton Diamonds (Belgium), Sterns Casting (UK), FCI Sud (Germany)
	Medical Equipment	Lilmo (France), Natec Medical (US/France), Kasios (France), Symatase (France), Ajanta Pharma (India)
	Packaging	Empak Africa (South Africa), Boxmore (South Africa), Mauriflex, GUD Manufacturing (South Africa), Sun Packaging (Oman)
	Others	Huawei (China)

Sector	Type of Business	Companies
ICT · BPO	BPO	Accenture Services (Ireland), Canal+ Contact (France), Concentrix (US), DTOS Outsourcing, Astek (France), Ceridian (US), Elca Swiss (Switzerland)
	ICT	Infosys (India), Esokia Web Agency (France), LINKEO (Australia), BAW (France)

Source: Survey team

## 7.2 Results of a questionnaire survey of foreign companies

In this study, the survey team conducted a questionnaire survey to gather information on the

current situation and issues of foreign companies operating in Mauritius. The outline of the questionnaire survey and its results are described below.

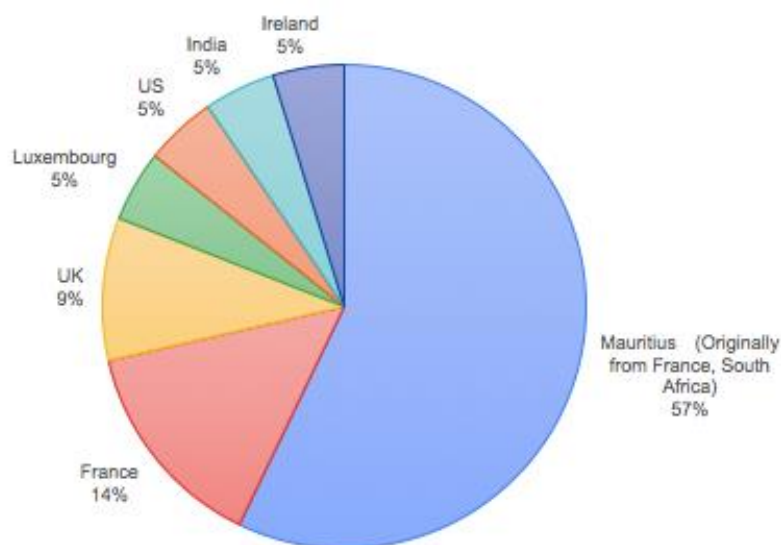
### (1) Purpose of the questionnaire survey of foreign companies

The questionnaire survey was conducted with the following objectives: 1) to understand the profile of foreign companies doing business in Mauritius, and 2) to investigate the advantages, challenges, and best practices of conducting a business in Mauritius from the examples of foreign companies doing business in Mauritius.

The questionnaire was developed by the survey team and finalized after peer reviewed by JICA and EDB. The target population of the survey was private companies and individuals belonging to the chambers of commerce and industry in Mauritius. 21 company departments and business owners participated in the survey. The survey was conducted between October 15 and December 13, 2021, through an online format.

### (2) Profile of the surveyed companies

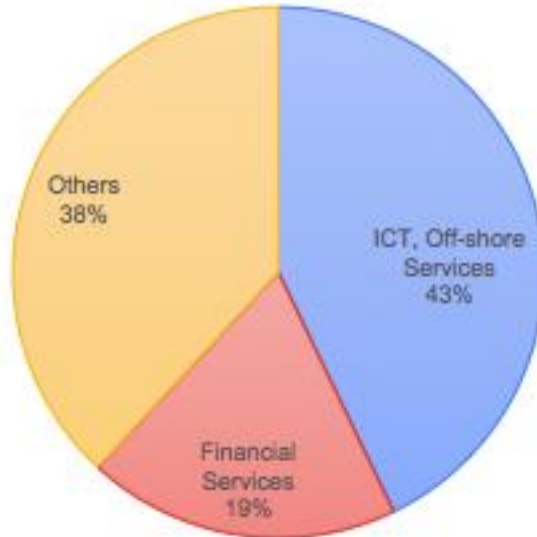
Mauritius (57%) was the most common location for the headquarters of the companies that participated in the survey. Some of them started their business in Mauritius from the beginning, while others started their business in other countries and then moved their headquarters to Mauritius. There were also responses from companies headquartered in France, the United Kingdom, Luxembourg, the United States, India, and Ireland.



Source: Survey team

**Figure 7.1 Location of headquarters of companies that participated in the survey**

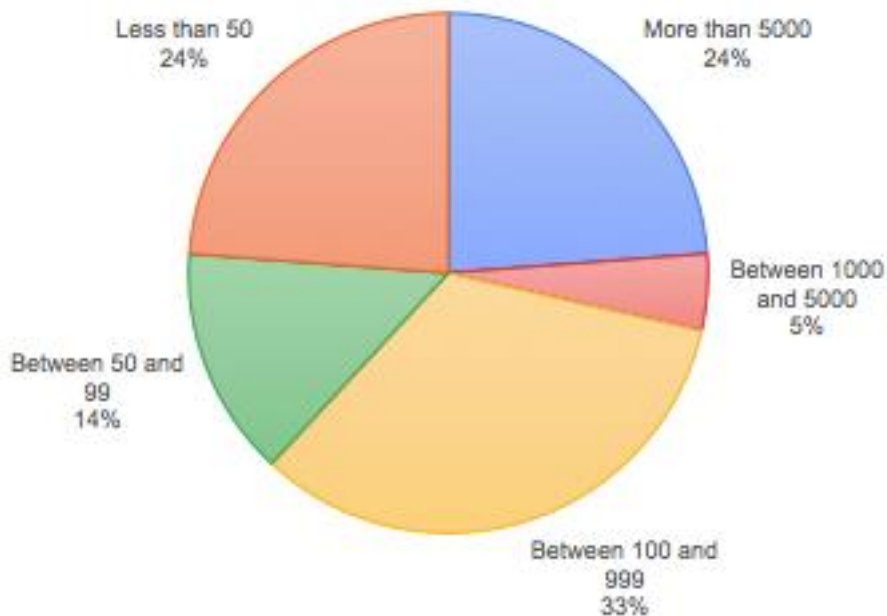
The majority of the companies are from ICT/offshore services and financial services, but there were also responses from consulting, intellectual property, sporting goods, food processing, construction/real estate, aviation, and logistics related companies. As shown in the Figure below, the ICT/offshore services industry accounted for the largest share (43%), followed by the financial services industry (19%).



Source: Survey team

**Figure 7.2 Sector of the companies that participated in the field survey**

In terms of company size, responses were received from a wide range of companies, from SMEs to large global corporations. Figure 7.3 shows the size of the companies by number of employees: 24% are the SMEs that have less than 50 employees while 24% are large companies that have more than 5,000 employees.



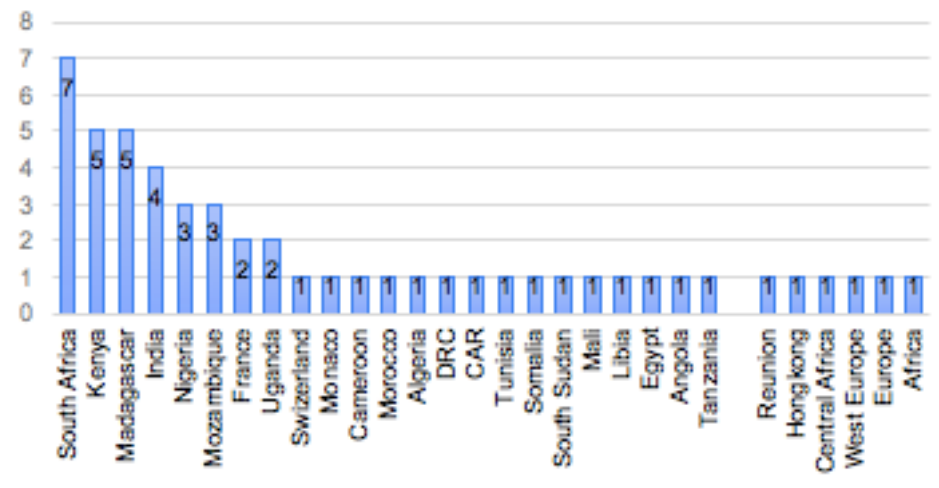
Source: Survey team

**Figure 7.3 Size of the companies that participated in the survey**

**(3) Results of the survey**

**1) Countries/regions in which the company operates when Mauritius is used as a regional headquarters**

Among the companies that participated in the survey, 11 companies, or 52% of the total, have Mauritius as their regional headquarters. The countries/regions in which these companies operate from Mauritius are as follows (multiple answers). The largest number of companies have business operations in South Africa (7 companies). Five companies have operations in Kenya and Madagascar, followed by India, Nigeria, and Mozambique. It indicates that the companies are not necessarily operating in countries that are geographically close from Mauritius.

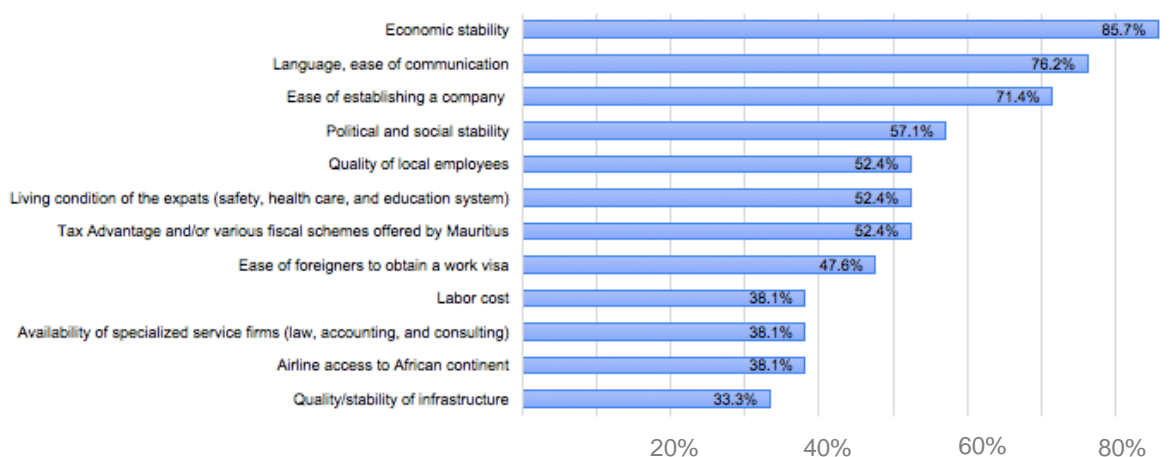


Source: Survey team

**Figure 7.4 Countries and Regions that operations are managed from Mauritius**

**2) Reasons for establishing a company in Mauritius (multiple answers)**

The reasons why the companies established their companies in Mauritius are as follows (multiple responses). Most of the companies (85.7%) cited economic stability. Many companies (76.2%) cited language and the ease of communication. More than 70% of the companies (71.4%) cited the ease of establishing a company. More than half of the companies cited political and social stability, quality of local employees, living conditions for expatriates (security, access to healthcare, education system, etc.), tax advantages and/or various financial schemes.



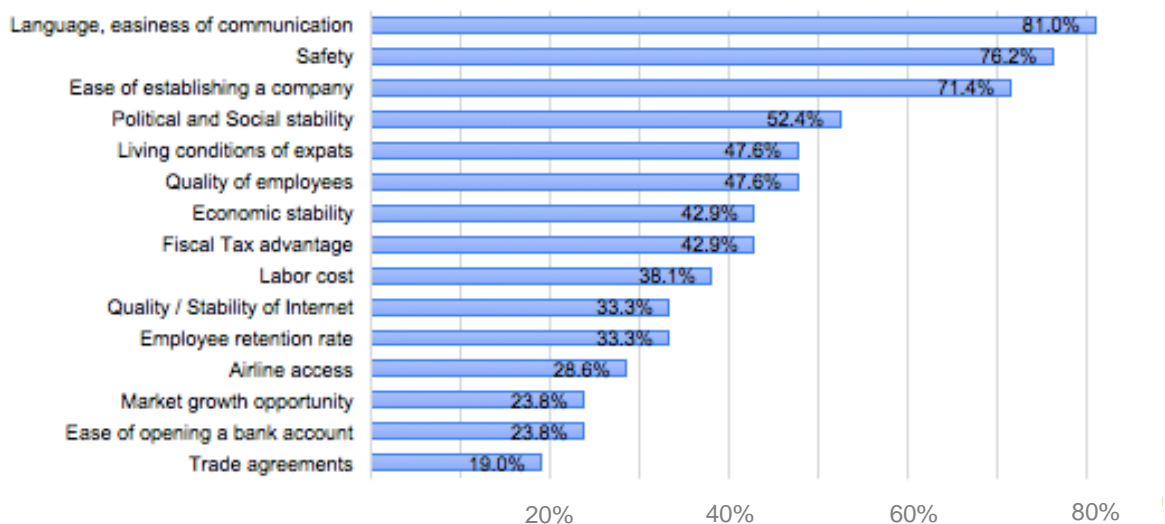
Source: Survey team

**Figure 7.5 The reason of establishing a company in Mauritius**



### 3) Advantages of Mauritius

The responding companies answered that after setting up their business in Mauritius, they found that the following points are the advantages of Mauritius (multiple responses).



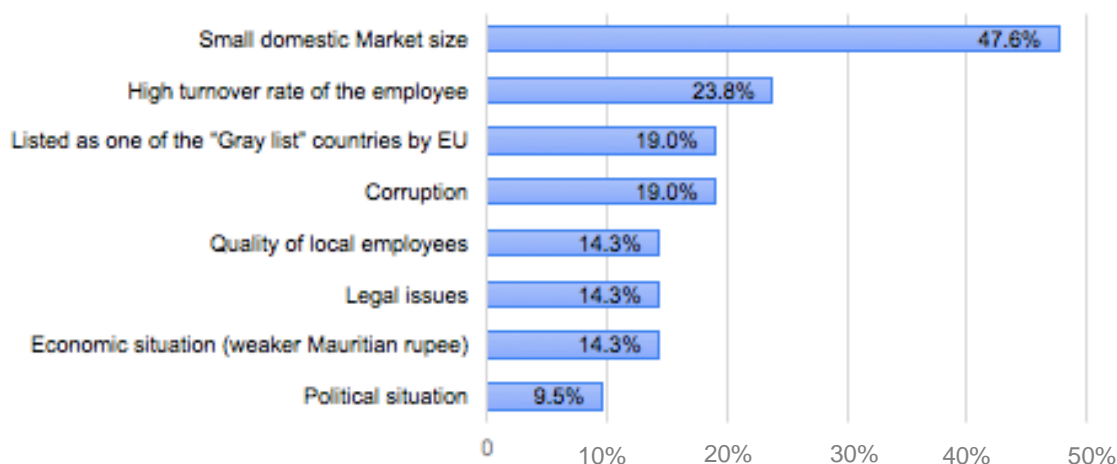
Source: Survey team

**Figure 7.6 Advantages of Mauritius**

The largest number of companies (81%) cited language and ease of communication, showing the fact that communication with employees is easily done in English and French in Mauritius. Safety (76.2%) and ease of setting up a company (71.4%) were the next most cited reasons for setting up a company, indicating that companies tend to consider these reasons that were the reasons to establish a company in Mauritius still considered as advantages even after they have started their business.

### 4) Challenges and risks in Mauritius

Regarding the challenges and risks of doing business in Mauritius, the following responses were received (multiple responses). Overall, the percentage is lower than that of the advantages. The largest number of companies cited the small size of the domestic market (47.6%). This was followed by high employee turnover (23.8%), being listed on the EU's "gray list" of countries, and corruption (19.0% each). As for the EU's "grey list," the EU removed Mauritius from its list in October 2021 after the country adopted an enhanced AML/CFT framework.



Source: Survey team

**Figure 7.7 Challenges and Risks in Mauritius**

### 7.3 Advantages and Challenges of Developing Business in Mauritius

The main advantages and challenges for foreign companies developing the business in Mauritius, based on the above survey results, are as follows:

#### (1) Advantages

##### 1) Language and ease of communication

Even though English is the official language of Mauritius, due to its historical background, there are many people who are fluent in French. This advantage makes it possible to cover a wide geographical area when providing services to customers whose native language is English or French.

##### 2) Ease of establishing a company

Many foreign companies cite the ease of establishing a company as a reason before establishing a company, and many companies cite it as an advantage after actually establishing a company. The government is also making efforts to simplify the process and speed up the completion of incorporation. In addition, there are a number of local companies, such as management companies, that provide support services to foreign companies setting up their own companies.

##### 3) Safety, political and social stability

It is an advantage that expatriates can live their daily lives without worrying about safety, political and social stability. There is almost no deterioration in the political or social environment due to political upheavals or civil wars, as is the case in some other parts of Africa. To be able to establish a base of operations with peace of mind is an advantage when developing a business having a long-term perspective.

#### (2) Challenges

##### 1) Small size of the domestic market

The small size of the market compared to countries with large populations is a challenge.

However, Mauritius could be an attractive market for some industries and products than other African countries. For example, the new car market in the automobile industry (due to the government's restrictions on used car imports and the high GNP per capita) is attractive than most of the other African countries. There are also ways to take advantage of the fact that the market is not large and use it as a test case market.

2) High employee turnover rate

The results of this survey do not indicate that the turnover rate is particularly high compared to other countries, but it is an aspect that employers need to take into account. However, the government of Mauritius is very active in promoting employment, including the hiring of workers from abroad, from those who need a lot of human resources such as factory workers to those who need high-skilled professionals.

3) Listed as a "gray list" country by FATF

It was removed from the FATF's grey list in October 2021. The fact that it was removed within a year of being listed should be commended as an indication of the responsiveness and ability to take an action of the Mauritius government.

## 8 Examples of Foreign Companies Doing Overseas Business from Mauritius

### 8.1 Reference Cases of Foreign Companies Based in Mauritius

The survey team conducted a questionnaire survey and interviews with foreign companies operating in Mauritius to gather information on the current situation and challenges. The following are some of the examples of foreign companies' businesses that may be of interest to Japanese companies.

#### (1) Decathlon (France)

【An example of using the Freeport of Mauritius as a logistics hub for the Middle East and East Africa】

<b>Company Name</b>	<b>Decathlon</b>
<b>Logo</b>	
<b>URL</b>	<a href="https://www.decathlon.com/">https://www.decathlon.com/</a>
<b>Sector, Product</b>	Manufacturing and sales of sports-related products
<b>Corporate Profile (Parent Company)</b>	Founded in 1976 in France. Approximately 100,000 employees worldwide. Annual sales of approximately 12 billion euros (2020). Concept: Sports for all
<b>Company Profile (Local Corporation)</b>	Established in Mauritius in 2021 as the world's fourth regional headquarters. The company procures and replenishes products in the region (Middle East and East Africa).
<b>Business Overview and Business Model</b>	The company manages its own research, design, production, logistics, and sales, and partners with OEM factories around the world to sell its own brands directly to consumers in large Decathlon branded stores.
<b>Reason of establishing a company in Mauritius</b>	Compared logistics, customs facilities, and risks by comparing 30 countries around the world and decided to set up a company in Mauritius.
<b>Background of establishing a company in Mauritius</b>	Convenience in procuring and replenishing products to Reunion Island (French territory), , where the sales is high.
<b>Advantages of Mauritius</b>	Speaks French

	Easy to obtain visas for expatriates (including family members)
<b>Challenges and risks</b>	Connectivity by air and sea. Especially the sea route may bypass Mauritius. Need to change cranes at the port. Customs inspection takes time. Employment conditions are favorable to the employee.
<b>Future Business Development</b>	In the area of lean management, they are not at the cutting edge of management, so there is room for improvement and room for further work in the future.
<b>Reference points</b>	Utilizing a Freeport of Mauritius as a logistics hub for the Middle East and East Africa.

**(2) Infosys (India)**

【An example of using Mauritius as a BPO and delivery center】

<b>Company Name</b>	<b>Infosys</b>
<b>Logo</b>	
<b>URL</b>	<a href="https://www.infosys.com/">https://www.infosys.com/</a>
<b>Sector, Product</b>	Leading Global IT Company
<b>Corporate Profile (Parent Company)</b>	Founded in India in 1981. Headquarters: Bangalore. Approximately 300,000 employees worldwide. Annual sales of about 11 billion dollars.
<b>Company Profile (Local Corporation)</b>	Established in 2002. Function as a Business Continuity Management (BCMS) and delivery center.
<b>Business Overview and Business Model</b>	Delivery of projects (Business Continuity Management (BCMS) and delivery) sold in the US and Europe.
<b>Reason of establishing a company in Mauritius</b>	Established a company after comparison with Singapore (probably for political reasons as well).
<b>Background of establishing a company in Mauritius</b>	For Business Continuity Management (BCMS), there was a need to set up outside India.
<b>Advantages of Mauritius</b>	Speaks French SADC Easy to build relationships with African countries Time zone is close to Europe High level of education

<b>Challenges and risks</b>	There are not many ICT professionals (graduates) Fewer and fewer people with the will to get things done.
<b>Future Business Development</b>	Expansion of delivery area in Europe. Plans to recruit from Madagascar and Kenya for this purpose.  The goal is to achieve a 50% reduction in carbon emissions within the next 10 years.
<b>Reference points</b>	Utilizing Mauritius as a BPO and delivery center.

### (3) Natec Medical (US, France)


【An example of OEM manufacturing of value-added products】

<b>Company Name</b>	<b>Natec Medical</b>
<b>Logo</b>	
<b>URL</b>	<a href="https://www.natec-medical.com/">https://www.natec-medical.com/</a>
<b>Sector, Product</b>	Medical device manufacturing
<b>Corporate Profile (Parent Company)</b>	Founded in 1998 in the United States. Founder is Mauritian-French (dual citizenship). Employees: 700 in the whole group.
<b>Company Profile (Local Corporation)</b>	Moved to Mauritius in 2000. Almost 100% of products are exported: 60% to India, 10% to Europe, and 30% to the US.
<b>Business Overview and Business Model</b>	OEM manufacturing accounts for 90% of business. Customers are major medical equipment companies.
<b>Reason of establishing a company in Mauritius</b>	Production cost is low and a company can employ women as production workers.
<b>Background of establishing a company in Mauritius</b>	Founder's nationality. Cost reduction.  Manufacturing advantages: Regulations for disinfecting equipment with ETO (ethylene oxide) are not as strict as in Europe and the U.S.
<b>Advantages of Mauritius</b>	Speaks English (communication, auditing) Government pays 70% of the air transportation cost when

	exporting to the US If a foreign company comes to Mauritius, there is an 8-year tax holiday.
<b>Challenges and risks</b>	As for expatriates who are paid more than Rs. 3 million per year, the tax structure is not as attractive as in some countries  The contents of government's budget speech are unpredictable
<b>Future Business Development</b>	Japanese companies that have potential as customers: Terumo, Nipro
<b>Reference points</b>	Utilizing Mauritius for OEM manufacturing of value-added products.

#### (4) Princes Tuna Mauritius (Japan, UK)

【An example of manufacturing in Mauritius, partnership with IBL, and leveraging MFD's services】

<b>Company Name</b>	<b>Princes Tuna Mauritius</b>
<b>Logo</b>	
<b>URL</b>	<a href="https://www.princes-tuna-mauritius.com">https://www.princes-tuna-mauritius.com</a>
<b>Sector, Product</b>	Marine Products Processing, Canned Tuna
<b>Corporate Profile (Parent Company)</b>	Princes Group was founded in Liverpool, England in 1880 and became a wholly owned subsidiary of Mitsubishi Corporation in 1989. In 1989, it became a wholly owned subsidiary of Mitsubishi Corporation and has a Japanese representative at its head office.
<b>Company Profile (Local Corporation)</b>	Mauritius Tuna Fishing and Canning Enterprises (MTFCE) was established in 1972 as a joint venture between IBL and Mitsubishi Corporation. The company has 4,000 employees.
<b>Business Overview and Business Model</b>	Manufacturing of canned tuna and processed tuna products.
<b>Reason of establishing a company in Mauritius</b>	Access to raw material (tuna)
<b>Background of establishing a company in</b>	Created as a joint venture between a local company and

<b>Mauritius</b>	Mitsubishi Corporation
<b>Advantages of Mauritius</b>	Access to raw material (tuna) Preferential tariffs on exports
<b>Challenges and risks</b>	Increase in transportation costs to Europe
<b>Future Business Development</b>	Continue to be an employer of choice having "People Excellence" as a strategic pillar.
<b>Reference points</b>	Manufacturing locally, partnering with IBL and leveraging MFD's services.

## 8.2 Advantages and Challenges of Doing Business in Mauritius

The main advantages and challenges found from the results of the research on four companies mentioned above and from the survey of foreign companies operating in Mauritius are as follows:

### (1) Advantages

- 1) Bilingual in English and French, and ease of building relationships with Africa.

English and French speaking human resources are available in Mauritius. Therefore, Mauritius is valuable as a delivery base to provide services to English and French speaking countries in Europe and Africa. The people of Mauritius, who are multi-racial, multi-religious, and multi-lingual, are accustomed to building relationships with a variety of partners, and are at ease to build relationships with people from culturally diverse African countries.

- 2) Convenient time zone for business with Europe and Africa

Since it is located between Japan and Europe/Africa (GMT+4), there is little time difference problem in conducting business with Europe and Africa.

- 3) Low manufacturing cost

For certain products, the manufacturing cost can be lower than that of other countries such as India. For value-added products, there is an advantage of manufacturing in Mauritius.

- 4) Tariffs, other tax incentives, and government subsidies for air transportation

When exporting from Mauritius, tax treaties such as COMESA (Common Market for Eastern and Southern Africa) and SADC (Southern African Development Community) have been signed with many countries including African countries. In addition, the government of Mauritius subsidizes the cost of air transportation. For example, 70% of the cost of air transportation for export to the US is covered by the government.

- 5) Ease of obtaining visas for expatriates

The government of Mauritius welcomes foreign companies to set up business in Mauritius and makes it easy for expatriates and their families to obtain visas.



## **(2) Challenges**

### 1) Connectivity of air and sea routes, and the capacity of the port

Sea route sometimes bypass Mauritius. At present, the capacity of cranes at the port is limited. Therefore, it is necessary to change to cranes that can handle the increasing size of marine container ships.

### 2) Difficulty of securing human resources

Due to the small population, it is difficult to find human resources with specific skills (especially in ICT and management) in Mauritius. In addition, due to the increase in taxes on high-income earners introduced after Corona, the income tax rate on the portion of annual income exceeding 3 million rupees has been raised to 40%. Therefore, the tax advantages of hiring foreign expatriates have been less compared to some other countries.

### 1) Increase in transportation cost

As is the global trend, the transportation cost from Mauritius is also increasing. However, as mentioned earlier, the government of Mauritius is taking measures against this problem by subsidizing the transportation cost (e.g., 70% of the air transportation cost to the U.S. is covered by the Mauritian government).

## **9 Current Status and Issues on the Expansion of Japanese Companies into Mauritius**

### **9.1 Overview and Results of the Questionnaire Survey Targeting Japanese Companies**

Under this study, a questionnaire survey of Japanese firms was conducted mainly targeting those that have already established, are considering establishing, or are interested in establishing business operations in African countries including Mauritius to collect and analyze trends of their business expansion. The outline of the questionnaire survey and its results are described below.

#### **(1) Background and Purpose of the Questionnaire Survey of Japanese Companies**

For Japanese companies, overseas expansion is one of the most important management strategies, and there are a variety of ways to achieve this, including establishing overseas subsidiaries, acquiring foreign companies, and forming alliances with foreign companies through stock acquisitions and exchanges. According to JETRO, throughout the 2000s, the number of Japanese companies setting up overseas subsidiaries has been increasing every year, and the region with the largest number of overseas subsidiaries is Asia, accounting for about 60% of the total. As economic growth accelerates throughout Asia, Japan's ODA policy is shifting to the last frontier countries of Africa, where demand for the Japan's ODA is even higher, and this trend is more prominent starting with TICAD7.

As mentioned earlier, Mauritius is regarded as one of the highest-income countries in Africa with the most favorable business environment. Other countries, such as China, France, and India, have already established themselves in Mauritius and are actively developing their businesses there, or are using Mauritius as a base to develop their businesses in African continent. On the other hand, the business development of Japanese companies in Mauritius has not been progressed yet. Therefore, an online survey was conducted in August 2021 in cooperation with EDB Tokyo Office and the Africa Business Association (ABA) in order to understand how much Japanese companies are aware of and interested in doing business in Mauritius and Africa, and what concerns they have with engaging the business in Mauritius.

The target of this questionnaire survey is Japanese private companies and organizations that are members of the Japan Chamber of Commerce and Industry in Africa, or those that are considering doing business overseas. There are two purposes of conducting this survey:

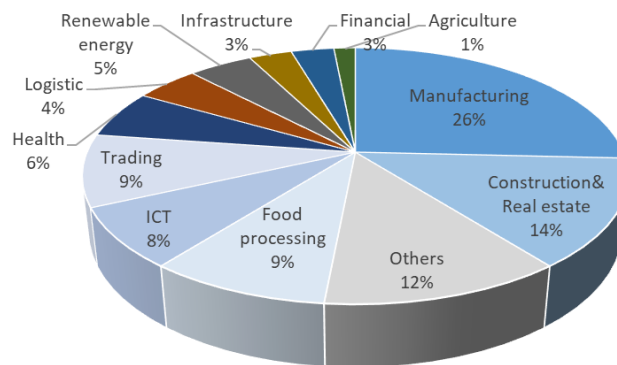
- (1) To understand the profile of Japanese companies doing business or interested in doing business in African including Mauritius.
- (2) To investigate the needs, seeds, and concerns of Japanese companies that are considering entering the Mauritius market or setting up their regional headquarters in Mauritius for potential business expansion in the African continent.

The survey questionnaire was developed by the survey team and finalized based on the comments from JICA, EDB Tokyo Office and the Japan Business Council for Africa. The survey was implemented between July 28 and August 13, 2021, through an online format using a Google Form.

**(2) Profile of the Companies Participated This Survey**

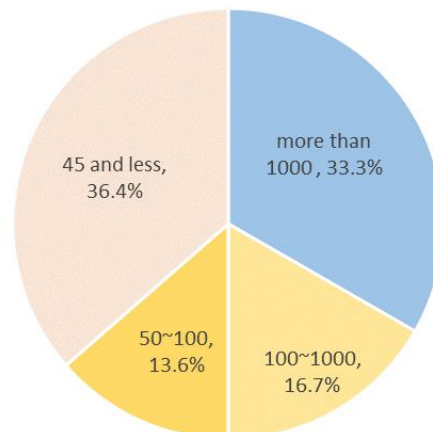
The main industries of the companies that participated in this domestic survey were manufacturing, construction/real estate, food processing, trading companies, and ICT-related industries, but there were also responses from medical and medical equipment sales companies, logistics, renewable energy-related companies, infrastructure, finance, and agriculture. As shown in the figure below, the manufacturing sector was the largest, accounting for 26% of the total, followed by construction and real estate (14%), food processing (9%), trading companies (9%), and ICT-related companies (8%).

In terms of company size, nearly 70% of the participating companies were SMEs. Figure 9.2 shows the size of the companies according to the number of employees: 36% are small companies with less than 45 employees and 30% are medium companies, while 33% are large companies with more than 1,000 employees.



Source: JICA Survey Team.

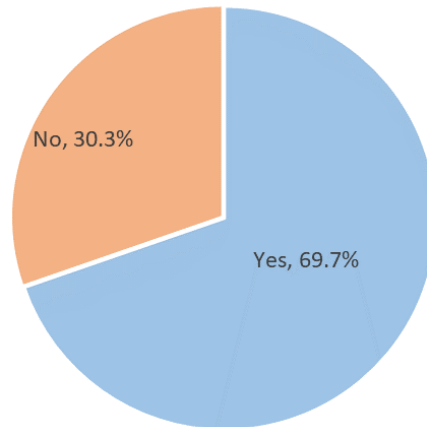
**Figure 9.1: Major Industries of the Companies that Participated in the Survey**



Source: JICA Survey Team.

**Figure 9.2: Size of the Companies that Participated in the Survey**

In response to the question: "Does your company currently have any overseas subsidiaries, affiliates, or offices?", approximately 70% of the respondents answered that they have branches, offices, or affiliates overseas.

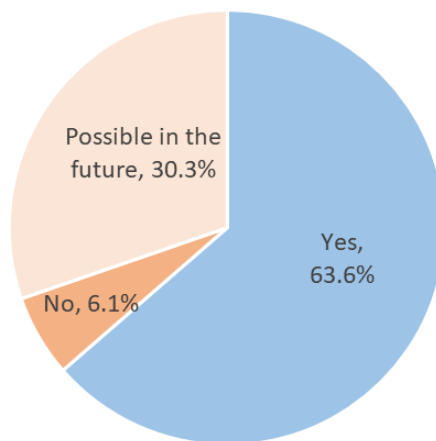


Source: JICA Survey Team.

**Figure 9.3: Overseas Locations of Companies that Participated in the Survey**

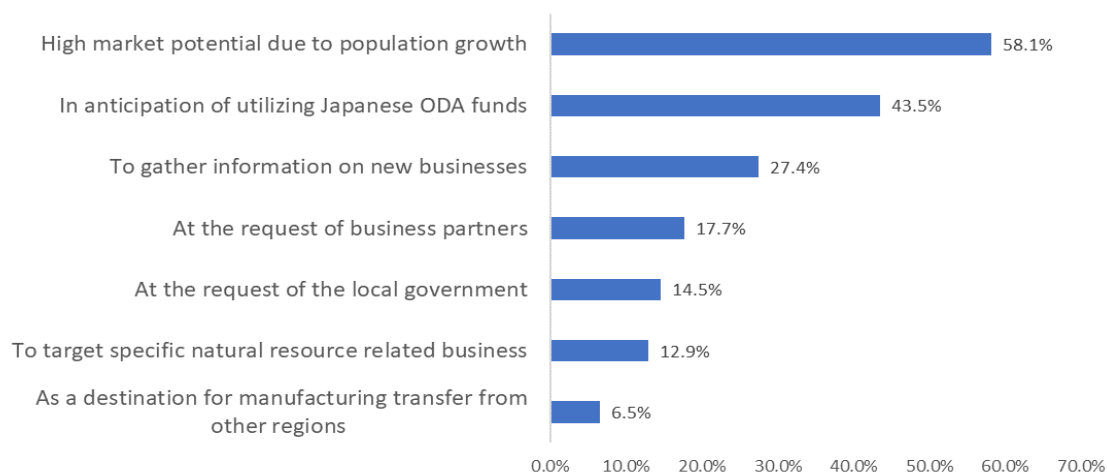
### (3) Business Development of Japanese Companies in Africa

Up until now, the main business development of Japanese companies has been centered in Asia, and Japan has built up a track record in contributing of industrialization in ASEAN countries. This survey also focused on how much and to what extent Japanese companies are considering business development in Africa, which is growing into a major global market in the medium to long term. Most of the participating companies responded that they are willing to do business in Africa or are planning to do so in the future. As shown in Figure 9.4, 63.6% of the respondents are currently doing some sort of business in Africa. About 30% of the respondents indicated that they were considering expanding into Africa in the future. Only about 6% of the companies answered that they were not thinking of expanding their business in Africa at all.



Source: JICA Survey Team.

**Figure 9.4: Business Development in Africa**

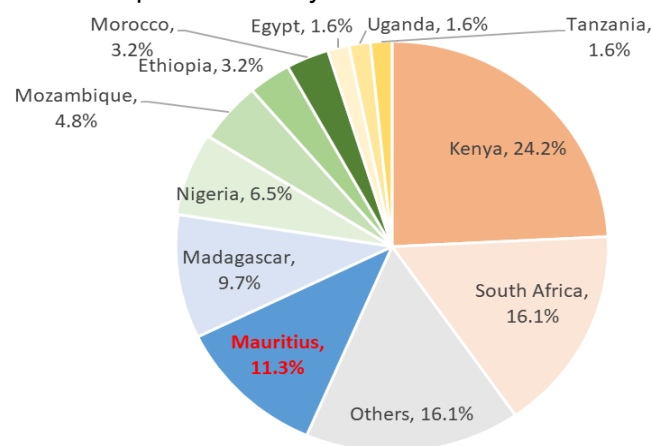


Source: JICA Survey Team.

**Figure 9.5: Main Reasons for Doing Business in Africa (multiple answers)**

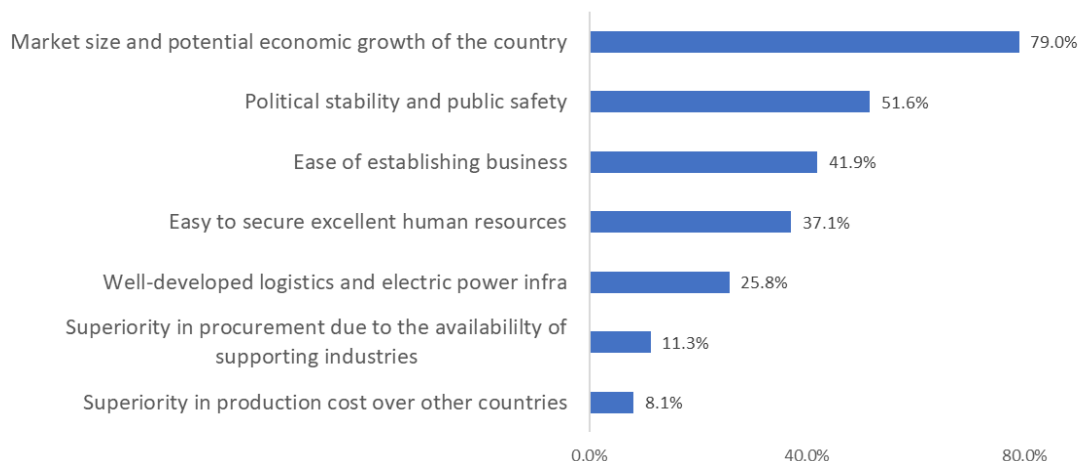
The main reasons for already doing business in Africa or considering entering the African market are the size of the African market, Japan's ODA funding, the purpose of gathering information on new business, and requests from business partners and local governments. About 58% of the companies highly evaluate the future potential of the African market due to population growth, and 43.5% of the companies are developing their business by utilizing Japanese ODA funds for infrastructure development. Approximately 27% of the respondents indicated that they are considering doing business in Africa for the purpose of gathering information on new business opportunities. Some companies (17.7%) are conducting business in Africa at the request of local government agencies (14.5%), for specific natural resource-related business (12.9%), or as a destination for manufacturing transfer from other regions (6.5%).

Figure 9.6 presents the most important African countries among the survey respondents are conducting business now or in the future. 24% rated Kenya, 16% reported South Africa, and 11% rated Mauritius as the most important country for their business.



Source: JICA Survey Team.

**Figure 9.6: Countries of High Importance for Doing Business in Africa**



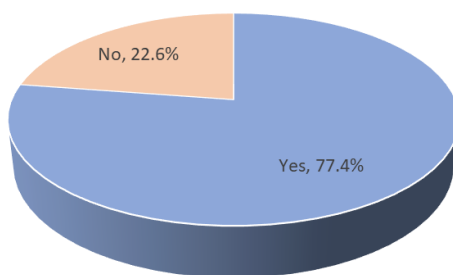
Source: JICA Survey Team.

**Figure 9.7: Priorities when Considering Setting up a Base of Operations in Africa (multiple answers)**

The most frequently cited factors when considering establishing a presence in Africa or in the future were the size of the market and the potential for market expansion due to economic growth. About 80% of the participating companies said that the size of the market and the possibility of its expansion were the most important factors for their business development. Next, more than half of the respondents said that stable politics and security were important. The cost of being caught in the middle of changes in regulations and laws due to a change in government, as well as unstable security, may have a significant impact on productivity. The ease of establishing a base of operations and securing talented human resources, as well as the state of infrastructure, were also considered important.

#### (4) Prospects and Concerns for Japanese Companies Doing Business in Mauritius

Mauritius is the only high-income country in Africa with the most secure and well-developed investment environment. Companies from South Africa, France, China, and India are using the regional headquarters established in Mauritius to expand their business to the African continent and India. When asked if they are interested in these developments in Mauritius, the survey found that most (77.4%) of Japanese companies are interested.



Source: JICA Survey Team.

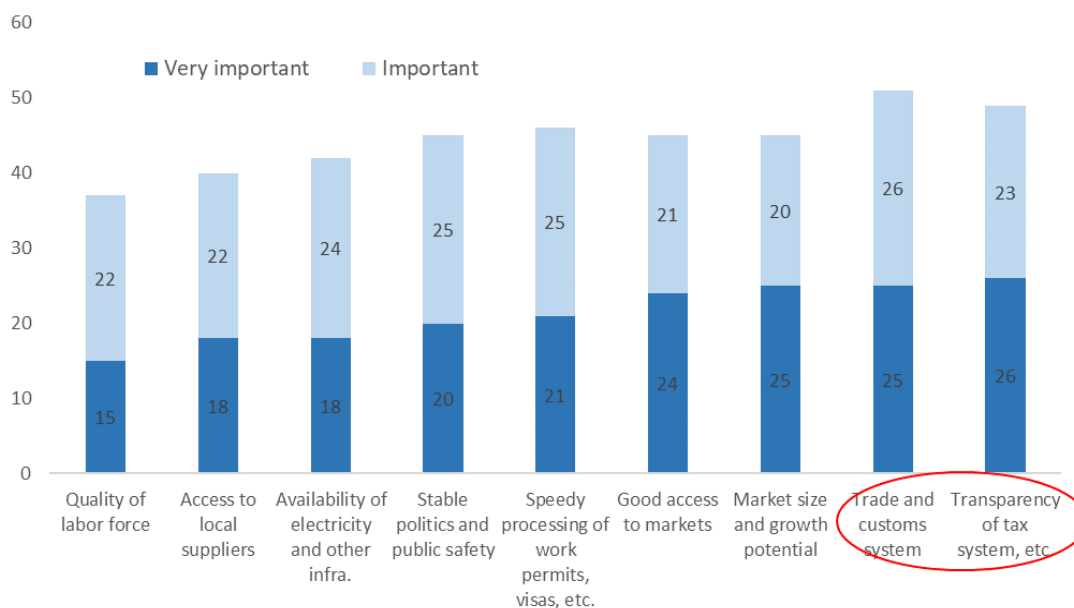
**Figure 9.8: Interest in Mauritius or in Using Mauritius as a Base for Business Development on the African Continent**

The main reasons why the respondents are interested in doing business in Mauritius and using Mauritius as a base for doing business in mainland Africa are summarized in Box 9.1 below.

**Box 9.1: Why are you interested in business trends in Mauritius?**

- Mauritius has potential to become a gateway to Africa.
- Improvement of local infrastructure. Securing stable infrastructure such as electricity and internet.
- We are considering Mauritius as one of the possible candidates for trading market and local production, and our products have been installed there.
- Only because I had an impression that it was a resort area.
- There is already an existing business entity. Because we are currently conducting import business from Mauritius to Japan.
- The tax incentive system, safety, living environment, and efficiency of African business.
- Because we can expect the same business transaction environment as in developed countries.
- The tax system and other supportive environment as a base for conducting business in Africa.
- Potential as a regional information hub.
- Because it is an open place with no foreign currency restrictions or policies favoring its own citizens, such as South Africa's B-BBEE (Broad-Based Black Economic Empowerment) regulations.
- Our group company in Europe is considering the commercialization of Mauritius, and we are expecting synergy effects from it.
- Gathering information for future expansion into Africa.
- Because we are expanding our business globally, although it will take a very long time.
- There are human resources who can use both English and French, and it is safe and easy to live in.
- Mauritius is expected to develop in a similar way to Singapore if the public and private sectors share the responsibility for infrastructure development to promote similar imports and exports.
- The jewelry business has a deep relationship with India, and there may be some connection.
- We are considering the possibility of manufacturing in India and selling in Africa in the future.
- For a specific industry, there is a market scale It is a high-income country.
- There is a limit to what South Africa can do alone.
- Not only Mauritius, but also other sovereign countries are interested in the trend.
- I am interested in the introduction of renewable energy in island countries.
- Importance of Mauritius as a gateway for business, where we can have a bird's eye view of Africa and India. Mauritius itself is expected to grow as an environmental and financial business country.
- Mauritius is also a target country for ODA projects, and we recognize that we can provide services such as bridge replacement.
- We expect to see new projects (especially in ports).
- Mauritius is also rich in marine resources.
- The country is small in size, and we can see the whole picture.
- I am doing telemedicine, so I have a high affinity with the country.
- Because I want to promote highly reliable business.
- The country has an excellent business environment.

This questionnaire survey asked about the areas of information of Mauritius that they would like to know. The results indicate that Japanese companies were most interested in getting information related to institutional aspects, such as transparency of taxation and trade/customs systems 49 out of 66 responses and 51 out of 66 responses indicating that each information was very important or important respectively. Market size, future economic growth potential, and access to markets were likewise very important areas of information, followed by the speed of various business procedures, stable politics and security, and the state of infrastructure were also important areas of information.



Source: JICA Survey Team.

**Figure 9.9: Information Areas Needed by Japanese Companies on Mauritius**

## 9.2 Summary of Interviews with Japanese Companies

In addition to the questionnaire survey, interviews were conducted to gather more in-depth information on the trends in the expansion of Japanese companies targeting the Japanese companies participated the survey in order to verify hypotheses 1 through 4 stated below.

- Hypothesis 1 : Japanese companies do not see Mauritius, with a population of 1.26 million, as an attractive market.
- Hypothesis 2 : For Japanese companies, even if the country has a high ranking in the World Bank's Ease of Doing Business, it is not an option for investment unless they can see the merits of entering the country.
- Hypothesis 3 : Japanese companies operating on the African continent are mainly located in South Africa, and they do not look at the African continent from Mauritius, but look at the country within the jurisdiction of South Africa.
- Hypothesis 4 : There is a gap in perception between Japanese companies and foreign companies from other countries (South Africa, India, France) regarding the use of the country as a "base for expansion into Africa.



The following is a summary of the interviews and the main comments that may be useful for future reference regarding the promotion of private investment in the country.

Hypothesis 1: Japanese companies do not see Mauritius, with a population of 1.26 million, as an attractive market

According to the questionnaire survey, 79% of the companies answered that market size and potential economic growth of the country where they operate were the most important factors for them to consider when establishing a base in Africa, and Mauritius was not seen as a high-priority market. In the interviews, many respondents indicated that in general, priority was given to countries with the large market size. On the other hand, there were seven companies in the survey that were considering expanding to Mauritius. They are startups that provide high value-added services (medical field, drones, and AI), companies related to recycling and renewable energy (food waste processing, waste power generation), and companies related to economic and social infrastructure that utilize ODA funding. The background to the consideration of entering the market is that Mauritius is a high-income country, with high value-added products and recycling efforts.

**Box 9.2: Comments from Japanese Companies on Reasons for Considering Expansion to Mauritius**

- Mauritius' small market size is easier to raise product awareness (ICT/Medical)
- A high economic level is a prerequisite for overseas expansion for surveying using ICT for infrastructure development. (ICT/AI)
- Mauritius has an excellent Internet environment with a proven track record in BPO for Europe. (ICT)
- A high-income country with high recycling awareness can be seen as a market. (Food waste processing)
- There are no subsidiary companies in Africa but developing a waste-to-energy plant in Mauritius is being considered, handled directly by an acquired European company. (infrastructure)
- Mauritius is an island country, so it is easy to utilize experience in Japan. (infrastructure)
- The construction industry involves import and export, such as the purchase of materials, but this can be stopped if the government is not stable. In addition, stable politics is important in terms of the tariff system. (infrastructure)

Hypothesis 2: For Japanese companies, even if the country has a high ranking in the World Bank's Ease of Doing Business, it is not an option for investment unless they can see the merits of entering the country.

In the questionnaire survey, South Africa and Kenya are the most important countries, accounting for 40% of the total; however, there are variations for other African countries, which accounts for 89% of the total, excluding Mauritius. The Ease of Doing Business ranking of these countries is lower than that of Mauritius. In the interviews with Japanese companies, several companies commented that the World Bank's Ease of Doing Business is not necessarily a benchmark.

However, the interviews revealed that the availability of a reliable partner company is important for Japanese companies to decide whether or not to expand businesses in Africa. It is difficult for Japanese companies to do business alone in the African market because it is an unknown market for them, and the presence of partner companies in Africa and other regions is an important factor in entering the African market.

**Box 9.3 : Comments from Japanese Companies Regarding Their Business Partners**

- It is difficult for small and medium-sized companies to expand their business to Africa solely depending on Japanese employees. In order to expand businesses into Africa while minimizing risks and costs, it is necessary to have reliable people as business partners. (ICT/Education)
- What is needed as local information is information on local companies in Mauritius which can be business partners. (Infrastructure)
- Mauritius will not be considered due to its small market size, but businesses will be considered if there are inquiries from local companies. (ICT/Education)

Hypothesis 3 : Japanese companies operating on the African continent are mainly located in South Africa, and they do not look at the African continent from Mauritius, but look at the country within the jurisdiction of South Africa.

The number of Japanese subsidiaries in Africa is 204, of which South Africa has the largest number that is 86, accounting for 42% of the total<sup>29</sup>. Among Japanese companies that responded to the questionnaire survey, there were responses from subsidiary companies in South Africa, and they were interviewed. Many local companies in South Africa have operations in other African countries, making it easy to leverage their networks for Japanese companies. On the other hand, there was not enough information on the advantages of Mauritius in comparison with South Africa, especially information on logistics costs and insufficient infrastructure to support logistics were pointed out.

**Box 9.4: Comments from Japanese Companies on the Comparison Between South Africa and Mauritius**

- Many Japanese companies have established operations in South Africa and are using the country as a base for controlling operations in Africa. The main reasons for this are i) there are many local companies that are familiar with Africa, and ii) there is a large stock exchange and a concentration of financial systems. (Trade and Investment Promotion Agency)
- Access to the African continent is limited due to the unknown advantages of Mauritius' logistics costs (delivery costs, procurement costs) (Trading company)
- The electronic customs clearance system has not been introduced for customs clearance in Mauritius. Port Louis is not a port where a huge ship (about 400 meters long) can dock. (Logistics)
- Shipping between Singapore and East Africa is already connected, and the advantage of using Mauritius as a physical transit port is not clear. (Consulting)
- Regarding the use of Mauritius as a base of operations for Africa, there are advantages in terms of security and taxation, but it is a bit far from the African continent. (Construction)
- The strength of South Africa is that there are many companies in other African countries that are strong in the digital domain, and we have local networks in each country. In particular, it is easy to partner with companies that have connections in Kenya and Nigeria. (ICT)

Hypothesis 4 : There is a gap in perception between Japanese companies and foreign companies (South Africa, India, France) regarding the use of the country as a "base for expansion into Africa.

In the interviews, some Japanese companies use South Africa as their base of operations in Africa, while others use Europe or Dubai as their base of operations. However, since business in Africa is limited, the bases in Europe, South Africa, and Dubai do not necessarily have the function of regional headquarters. On the other hand, Japanese companies that are actively developing business in ASEAN are divided into two groups: those that have regional headquarters and those that do not have a regional headquarters but have the authority of the Tokyo headquarters.

One of the characteristics of Japanese companies is that they tend to enter countries with large market sizes and focus on gaining a share of the market in that country first before expanding to neighboring countries, rather than setting up a regional headquarters. Japanese companies tend to consider establishing a regional headquarters after they have expanded to multiple countries.

<sup>29</sup> Toyo Keizai ONLINE, Sep.17, 2019

**Box 9.5: Comments on the Regional Headquarters of Japanese Companies**

- As for the regional headquartering in Africa, we are operating from our base in Europe, and while there is no doubt that we may move our base to Africa in the future, we have no specific plans at present. (Consumer goods)
- The basic idea is to see Africa from Kenya and South Africa. When launching a new project in South Africa, there is a possibility of setting up an SPC in Mauritius with foreign capital (Japanese companies or foreign companies in a third country). The country in which the SPC is set up aims to counter foreign exchange, taxes, and mitigate the impact on the headquarters. In the case of Africa, Dubai and the British Virgin Islands are often placed. Mauritius is mentioned but is often not the final choice. (Trading companies)
- Dubai is being used as a regional headquarters for Africa, mainly because of its easy access to many flights to African countries and the tax advantages of not having to pay taxes. Other advantages include public safety and a good living environment. The UAE has a well-developed system for establishing companies. We have a good impression of Mauritius because it is a safe country in Africa with excellent human resources, political stability, and little corruption. However, the disadvantage of Mauritius is that it is located far from the continent, and access within Africa is not good. (Infrastructure)
- Many of the regional headquarters of Japanese companies are located in South Africa because of the small market size of Mauritius. (Trading company).
- The distance from Mauritius to African countries is far, except for Tanzania (Dar es Salaam) and Kenya (Nairobi). Many Japanese companies have their regional headquarters for ASEAN in Singapore, but the distance from Singapore to ASEAN countries is different, as it is possible to make a business trip in a day. The same is true for Singapore, as the market in Mauritius is small, but the lack of good access within the region is a critical factor. (Consulting)
- There is a possibility that Mauritius could be used as an export base to Asia and Africa, such as a warehouse for auxiliary supplies (common parts), etc. (Vietnam is currently being considered). However, the frequency and cost of shipping are concerns. (Machinery)
- If there are many projects in East Africa, Mauritius could be used like Singapore. (Infrastructure)

## 10 Sectors with Business Opportunities for Japanese Companies in Mauritius

### 10.1 Business Opportunities in Mauritius

Based on the interviews with Japanese companies in Japan and field survey in Mauritius, the followings are the sectors where there are opportunities to establish business in Mauritius<sup>30</sup>.

#### (1) Digital Business Sector (ICT, BPO, DX, etc.)

##### 1) Business Opportunity

Mauritius has one of the best ICT environments in Africa, and many foreign ICT and BPO companies have already set up their bases in Mauritius. Mauritian ICT engineers are bilingual in English and French, and they have the advantage of being able to respond to the languages of Europe, USA, and Africa. Since Mauritius is a small country, it is relatively easy to establish a track record for Africa, and it may be beneficial to utilize Mauritius as a base for further business development in Africa, Europe, USA, and Asia. In addition, business in this field is not greatly affected by physical access to neighboring countries or logistic problems, so there are fewer issues in using Mauritius as a base compared to other industries, and the advantages of using Mauritius' network with Africa are also significant.

##### 2) Related Information

###### ■ ICT Environment

- In ICT Development Index by the International Telecommunication Union's (ITU), Mauritius ranks first among African countries in terms of the level of ICT development in the world based on items related to ICT access, ICT use, and ICT skills.
- The percentage of the population covered by cell phone networks is 99%, 81% for cell phone penetration, and 73% for ICT access.
- It has two international high-capacity fiber-optic cables connecting Mauritius to the US, Europe and Asia, 100% fiber-optic coverage on the island, 350 free Wi-Fi hotspots, and 13 Internet service providers.
- Many businesses in Mauritius are moving to cloud computing; cloud adoption is high in the ICT and telecommunications, media, and financial services sectors.
- The government has also been proactive in addressing cybersecurity, establishing a regional center on cybersecurity and cybercrime to serve as a common platform for methods of detecting, processing, and prosecuting cybercriminals. It has also ratified the AU Convention on Cyber Security and Protection of Personal Data and is a signatory to the Budapest Convention on Cyber Crime.

###### ■ Business Environment

- The ICT/BPO industry is an important driver of the Mauritian economy, accounting for 7% of

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<sup>30</sup> In order to reduce the risk of setting up a business in Mauritius, it is useful to utilize JICA private partnership projects. [https://www.jica.go.jp/priv\\_partner/index.html](https://www.jica.go.jp/priv_partner/index.html)

GDP in 2020 and creating about 27,000 jobs (of which 63% are in BPO) As of 2020, there are about 850 ICT/BPO companies<sup>31</sup>.

- It has political and social stability, a high quality of life, and an attractive fiscal system with no taxation on capital gains or dividends.
- ICT engineers are bilingual and competent in English and French, and costs are lower than in Europe, USA, and China.
- It is a leading country in the protection of personal data under the General Data Protection Regulation (GDPR), a data protection framework in line with international standards.
- The sandbox license provides the possibility for investors to conduct business activities that do not have a legal framework in Mauritius or are not adequately provided for in existing laws.
- Examples of foreign companies entering the market
  - Major multinational companies: IBM, HP, CISCO, ORACLE, Microsoft, Huawei, etc.
  - Software development: Infosys (India), ASTEK (France), BAW (France), etc.
  - BPO: Accenture, BDO, Concentrix, etc.
  - Fintech: SALT (US), etc.
- Expected Business
  - Fintech and other digital businesses for Africa based in Mauritius, utilizing the sandbox system, etc.
  - ICT and DX related business in Mauritius, where the market is small and the government can provide positive support, to establish a track record and develop the African market with local business partners.
  - ICT software development and BPO business aimed at developing markets in English and French-speaking countries.
- Challenges
  - As ICT human resources are becoming scarce in Mauritius, it is necessary to strengthen human resource development in the ICT field and increase the number of human resources with high ICT skills<sup>32</sup>. In addition, Mauritians have a strong preference for Europe and USA, and there are few Japanese-speaking people in Mauritius.
  - The number of start-up companies is still small at around 70, and there are not many companies with innovative technologies. Therefore, it is necessary to introduce advanced technologies and strengthen development through partnerships with overseas incubators and accelerators.

## **(2) Investment Hub (SPC), Regional HQs, Financial Service**

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<sup>31</sup> The ICT/BPO industry's share of GDP rose by 7 percent in 2020 from 4 percent in 2002, and employment in the industry increased from 17,700 in 2012 to 27,000 in 2020. (Source: EDB, National Computer Board)

<sup>32</sup> Currently, the shortage of human resources is being covered by using foreign workers such as Indians and Africans.

### 1) Business Opportunity

Mauritius' international financial center is part of a global system that facilitates more efficient trade and investment among nations, and the sector employs more than 15,000 people and will bring more than \$1.5 billion in direct value added to the economy in 2019, accounting for 12 percent of GDP. In October 2021, the FATF (Financial Action Task Force) praised Mauritius for its improved AML/CFT regime during the pandemic, and the country was removed from the gray list in a short period of time. At the same time, the EU's blacklist issue is on the verge of being resolved, and the country's role as a gateway to Africa and its function as an international financial center should be reaffirmed. When investing in Africa, which has a lot of business risks, it is desirable to consider hedging risks in direct investment and expansion into African countries by utilizing Mauritius as a Special Purpose Company (SPC), regional headquarters, and financial service center for investment in Africa, taking advantage of its excellent business environment, legal system, and financial and taxation advantages. It is desirable to consider risk hedging in direct investment and expansion into African countries.

### 2) Related Information

#### ■ Business Environment and Institutions

- In October 2021, the Financial Action Task Force (FATF) announced the removal of Mauritius from the grey list of AML/CFT regimes, starting the process of removing the country from EU's blacklist. The FATF has commended Mauritius for its action, which has come very quickly since the country was added to the grey list in February 2020. Mauritius is at a turning point where its use as an international financial center should be rediscovered.
- It has an attractive fiscal regime with a low corporate tax rate (15%) and no taxation on capital gains or dividends, as well as the possibility of repatriation of profits, dividends, and capital without exchange controls.
- International companies can set up their regional headquarters in Mauritius and enjoy tax exemption for 8 years under the Global Headquarters Management License.
- It has an efficient legal framework and a hybrid Anglo-French legal system (Code Napoleon/English Common Law).
- It has an efficient banking system with 13 major banks and one of the largest stock exchanges in Africa, providing an attractive platform for raising capital.
- Operational costs are low compared to Singapore and Dubai. Labor costs in the country are about \$1,000 per month on average. Although labor costs in the financial industry are three times higher, it is easy to hire people from abroad. Office rent is also relatively low.

#### ■ Human Resources

- The labor cost is relatively lower than those in Dubai or Singapore, and bilingual of English and French personnel can be obtained.
- Many accountants, lawyers, and other specialists are available, and there are many highly skilled professionals.

- Convenient for expatriates, as visas for expatriates are granted for 10 years.
- Examples of foreign companies operating in Japan
- Financial institutions: Standard Chartered Bank(UK), HSBC(HK), ABSA (South Africa), Bank of China (China), BCP Bank (Morocco), China Africa Development Fund, etc.
- Regional headquarters: Heineken (Europe), Huawei (China), Aspen Global (South Africa), Decathlon (France), etc.
- Expected Business
- With respect to investment and business advancement in Africa, you can establish a base or SPC (Special Purpose Company) in Mauritius and conduct business by hedging various business risks (political, legal, tax, exchange rate, preferential treatment for black people, etc.) in African countries.
- To develop business in Africa and Asia by utilizing Mauritius' excellent bilingual human resources and financial systems as a hub for multinational purchasing and finance.
- Challenges
- There have been concerns about the AML/CFT, but now it has been removed from the FATF list, and the issue is on the verge of being resolved. But it is necessary to take proactive action to restore the country's image.
- The removal of the above list has led to an increase in the number of documents submitted by the government, and some people have said that the procedures have become more complicated. However, digitization has been recently progressing and there is a trend toward relaxation, so it is necessary to dispel concerns.

### **(3) Environment and Renewable Energy**

#### **1) Business Opportunity**

Mauritius aims to increase the share of renewable energy from the current 21.7% to 40% in the total energy generation by 2030. To this end, about 80 MW of utility-scale solar and wind power projects are currently under implementation, with renewable energy currently accounting for 8.1% of electricity generation. The government plans to further increase the share of renewable energy in the country's electricity mix, and it is expected that not only solar and wind power, but also biomass and waste power projects will be developed in the future.

#### **2) Related Information**

##### ■ Business Environment and Incentive Policies

The government has clearly demonstrated its commitment to achieve the 2030 target, and as a result, the following series of actions have been implemented

- Implementation of business-scale renewable energy projects through a bidding system.
- Encourage households to generate a portion of the electricity they consume by investing in renewable energy and energy efficient technologies.

- Encourage businesses, cooperatives, religious organizations, and government agencies to use renewable energy to meet some of their energy needs.
- Promote the use of renewable energy in new real estate projects such as commercial complexes and smart cities.
- Install 1,000 solar panels for low-income households.
- Development of a biomass framework for power generation and finalization of a green bond framework to fund local and regional green projects.

The main incentives for renewable energy are as follows

- VAT exemption for solar power projects.
- Accelerated income tax depreciation provisions for green investments (50% straight line) for investments in green technology equipment.
- Land conversion tax exemption for commercialized renewable energy projects.
- Businesses and households will be eligible for tax deductions from investments in solar unit equipment.
- All interest income on bonds issued to finance renewable energy projects approved by the IRS is exempt from tax.

■ Examples of foreign companies

Qair (France: wind and solar power), Meeco (Switzerland: solar power), etc.

■ Expected business

- Renewable energy business such as solar power, wind power, biogas, waste power generation, and microgrids using solar power and storage batteries
- Businesses related to seawater desalination, waste treatment, and decarbonization
- LNG power generation (alternative to coal-fired power generation), LNG bunkering

■ Challenges

Cooperation among the government and ministries is essential to promote large-scale energy projects such as LNG power generation and waste treatment power generation, but it is told that there are cases where the ministries and agencies are uneven in their responses, lacking a sense of unity and making it difficult to move forward with talks. It is hoped that the political administration will take a strong initiative in promoting necessary energy projects and unite the ministries and agencies in promoting them.

#### **(4) Blue Economy**

1) Business Opportunity

Mauritius has a vast ocean area of 2.3 million square kilometers with an additional 396,000 square kilometers of ocean area under joint management with Seychelles. The blue economy of Mauritius is currently dominated by coastal tourism, fisheries, seafood processing and port activities, which together account for 10% of GDP. Along with the strengthening of existing business activities, new



activities such as aquaculture, maritime services, marine biotechnology, and oil and gas exploration are required. Japanese technology and know-how in fisheries-related businesses are particularly expected.

## 2) Related Information

### ■ Business Environment

- The government aims to increase the blue economy's share of GDP to 20 percent in the medium term.
- As for fishery resources, the second largest tuna resource is located in the Indian Ocean. Albacore tuna, bigeye tuna, yellowfin tuna, and skipjack tuna can be caught. There are also diverse fishing grounds for fish stocks, including pelagic and demersal species.
- Effective stock management and regular assessment of fish stocks are carried out by the Indian Ocean Tuna Commission (IOTC).
- The Ministry of Blue Economy, Marine Resources, Fisheries and Shipping issues fishing licenses.
- One of the major conglomerate groups has cold storage facilities and is engaged in fishing activities and its value chain, including management of frozen tuna and production and export of processed seafood.

### ■ Examples of foreign-invested companies

Princes Tuna (UK: canned tuna, subsidiary of Mitsubishi Group), Sapmer Group (France: processed marine products), etc.

### ■ Expected business

- Manufacturing of processed marine products and aquaculture using marine resources (tuna, skipjack, octopus, squid, etc.) available in Mauritius.
- Power generation and cooling systems by using deep sea water
- Marine biotechnology (breeding of seaweeds, use of seaweeds as an energy source, production of useful substances by marine organisms, etc.)

### ■ Challenges

To promote Japanese companies in the blue economy sector of Mauritius, it is desirable to provide more information and promotional activities regarding the business environment in the fisheries sector in Mauritius, as well as to offer preferential treatment to target companies so that they can feel the benefits of setting up business in Mauritius.

## (5) Others

In addition to the above, there are other potential business opportunities in medical devices & healthcare, and consumer goods.

### Medical Devices • Healthcare

Mauritius aims to strengthen high-tech medicine, medical tourism, medical education, and research

as well as seeking state-of-the-art medical facilities and qualified human resources to meet the growing needs of domestic and international patients. The number of medical institutions, nursing homes, and specialty clinics in the private sector is expected to increase significantly in the future, and this sector is expected to contribute to GDP and become a pillar of the economy. In addition, foreign companies in the healthcare sector such as Aspen Global (South Africa), Natec Medical (USA), and Lilmo (France) have already made inroads into the country.

The main incentives in the healthcare sector are as follows

- 50% acceleration depreciation and double deduction of capital expenditure incurred on R&D if R&D is carried out in Mauritius in connection with the company's trade or business.
- Exemption from registration tax on the acquisition of real estate in the life science sector.
- Exemption from VAT on the construction of medical R&D centers.
- Exemption from VAT on plant and equipment.
- Eight-year tax holiday for pharmaceutical manufacturing companies




### Consumer Goods

As for FMCG (Fast Moving Consumer Goods) exported to Africa, Mauritius has taken advantage of preferential tariffs in Asia (China and India) and Africa (SADC and COMESA member countries), and many foreign companies from India, South Africa, Europe and USA use the country's freeport as a transit point for trade. In addition, the country's freeport has been ranked second in the 2021 Global Free-Zone Awards by fDi magazine, making it one of the leading freeports in the world. As a commercial free-zone offering modern facilities such as warehouses, processing and industrial units, offices, etc., many foreign companies are operating their business activities in the free-zone, and it is worth considering the strategic use of the free-zone through Mauritius for the export of consumer goods and other products to Africa.




## **10.2 Mauritian Companies wishing to Have Partnership with Japanese Companies**

In relation to the opportunities for Japanese companies to expand their business in Mauritius and Africa, the following is a list of local companies, both major companies and conglomerates as well as start-ups, that are interested in partnerships with Japanese companies.

■ **Major Companies and Conglomerates**

<b>IBL Group</b>  <a href="https://www.iblgroup.com/">https://www.iblgroup.com/</a>	Corporate Overview	IBL is the second largest business group in Mauritius and is listed on the Mauritius Stock Exchange. It has various businesses such as commerce, engineering, financial services, logistics, aviation & shipping, retail and fisheries businesses, representing over 200 brands and employing over 6,000 people.
	Expectations for Japan	Seafood, Blue Economy related businesses, etc.
<b>Ciel Group</b>  <a href="https://www.cielgroup.com/">https://www.cielgroup.com/</a>	Corporate Overview	Ciel is one of the leading industrial groups in Mauritius, with many business activities in Africa and Asia. The group's core activities are in sugar, textiles, health care, real estate, and investments, and it has three legal entities: CIEL Agro-Industry, CIEL Textile, and CIEL Investment. The group's Consolidated Energy Co produces 160 GWh of electricity annually from sugarcane pomace during the harvest season and coal-fired power during the rest of the year.
	Expectations for Japan	Renewable Energy, Healthcare, High Tech, etc.
<b>Rogers Group</b>  <a href="https://www.rogers.mu/">https://www.rogers.mu/</a>	Corporate Overview	Rogers is a listed company based in Mauritius with activities in the areas of fintech, hospitality, logistics, real estate and telecommunications. Internationally, the company has 4,500 employees and 52 offices in 12 regions. It has a number of other subsidiaries including Rogers Capital Ltd, Velogic Ltd. and was involved in the establishment of Beachcomber, a major hotel group, and Air Mauritius, the national airline. In the telecom sector, the company has a proven track record in providing data centers and internet connectivity solutions.
	Expectations for Japan	Telecommunications, Fintech, High Tech, etc.
<b>ENL Group</b>  <a href="https://www.enl.mu/en/">https://www.enl.mu/en/</a>	Corporate Overview	ENL is a broad-based conglomerate with interests in most sectors of the Mauritian economy. It operates in the agro-industry, real estate, hospitality, logistics, fintech, commercial and industrial sectors and has a diversified portfolio of over 120 brands employing over 7,000 people.
	Expectations for Japan	Renewable Energy, Real Estate, etc.
<b>RT Knits</b>  <a href="https://rtknits.com/">https://rtknits.com/</a>	Corporate Overview	RT KNITS is a vertically integrated knitted textiles company and a pioneer in the manufacturing sector in Mauritius. The company provides high quality cut and sew jersey knitwear for womenswear, menswear and kidswear to customers in Africa, Australia, Europe and North America. For continuous improvement, the company focuses on research and development, invests in new technologies, uses smart automation, and implements measures to save energy, use environmentally friendly processes, reduce waste, and promote sustainable textile production.
	Expectations for Japan	High-tech textile materials, environment, renewable energy, etc.

■ **Startup Companies<sup>33</sup>**

<b>RWAZI</b> (Business Data Provider)  <a href="https://rwazi.com/">https://rwazi.com/</a>	Company Overview	Established 2018. Provides on-the-ground data on products, services and activities in Africa. It has a network of more than 10,000 Mappers (i.e., data collectors) in 40 African countries; Mappers are charged for each visit to a data collection point, which can be a business, school, hospital, retail store, home, or farm. It is the first and only company in the world to have a Mapper network across Africa. The company is providing business data collection for Japanese companies in Uganda.
	Expectations for Japan	They want to provide on-the-ground data in Africa to Japanese companies looking to expand/grow in the African market.
<b>YUGO</b> (Transport Mobile Application)  <a href="https://www.yugo.mu/">https://www.yugo.mu/</a>	Company Overview	Established in 2017. Provides a native and scalable mobile application that connects users with the transportation system in Mauritius. The only app available locally, it provides a one-stop solution for transportation needs, covering cab booking, car rental booking, corporate services, etc.
	Expectations for Japan	Investment opportunities, scale-up opportunities (local and international), strategic and technology partnerships.
<b>Katapult</b> (Education, Educational Game)  <a href="https://www.katapult.mu/">https://www.katapult.mu/</a>	Company Overview	Established in 2019. Provides online and in-person coding bootcamps and an online game-based learning platform called Make, where you can learn how to code your own animations and video games, as well as electricity, circuits, etc. Teaches in-demand skills so that today's youth can get tomorrow's jobs.
	Expectations for Japan	Partnerships with Japanese companies for integration or expansion in Africa.

In addition, the following industry associations may be able to provide referrals and assistance as points of contact for local companies that can be potential partners

- Mauritius Chamber of Commerce and Industry (URL: <https://www.mcci.org/en/> )
- Business Mauritius (URL: <https://www.businessmauritius.org/> )

<sup>33</sup> Companies introduced by the National SME Incubator Scheme (NSIS), the government agency in charge of startup ecosystem

## 11 Expected Sectors for Japanese Companies' Advance

### 11.1 Sectors in Which Mauritius Expects Japanese Companies' Advance

During the field survey, we exchanged opinions with Mauritian governmental organizations and business organizations, and obtained information on the fields in which they expect Japanese companies to advance. The main areas in which Mauritius expects Japanese companies to enter are as follows

#### (1) Technical Cooperation in the Blue Economy Sector

Mauritius has an exclusive economic zone (EEZ) of 2.3 million square kilometers. Against the background of such a vast EEZ, the maritime sector has been developed as a major pillar of economic development. Mauritius' vast marine territory and its biodiversity is a reservoir of new natural ingredients, genes, and microorganisms that are attractive to many sectors (pharmaceuticals, nutraceuticals, fine chemicals, cosmetics, agriculture, industrial enzymes, etc.).

Technical cooperation is expected to cover coastal tourism, fisheries, fish processing, seaport activities, etc., including aquaculture and other seafood processing, which are in high demand in Japan; training for fishermen and operators in this field; support for the acquisition of semi-industrial boats; monitoring of the Exclusive Economic Zone; market information for seafood products; funding for marine research on the exploitable quantities of non-tuna species (bottom trawl and small pelagic fish) in the EEZ; and research on recycling of fish waste.

#### (2) OEM Manufacturing

Mauritius is considering OEMs for electronics products (color TVs, cell phones, computers/laptops), machine tools, construction equipment (shield and tunnel boring machines, shovels), blue LED lighting, conductive materials, optical instruments, watches, clocks, etc. in order to establish itself as a hub for OEMs on the African continent.

The survey team had an opportunity to visit factories in Mauritius, including medical equipment factories, textile factories, and fish processing factories. Regardless of the type of industry, the factories in Mauritius are strict about the quality of the products they produce, and got the impression that they compete on the basis of quality, not on the basis of low prices. High quality products made in Mauritius could be attractive to the Japanese market and consumers who demand quality.

#### (3) Renewable Energy

Mauritius has set a goal to increase the share of renewable energy in its electricity from the current 21.7% to 40% by 2030. Wind power generation and waste power generation are cited as areas where Japan is expected to play a role.

#### (4) Import/Export and Hub

Mauritius has various trade agreements, such as COMESA (Common Market for Southern and Eastern Africa) and SADC (Southern African Development Community), which allow duty-free trade with member countries. In addition, since the market in Mauritius is small, it can be used as a pilot

test market before entering the African continent.

### (5) Hybrid Vehicle and Component Manufacturing

For hybrid vehicle manufacturing, Mauritius considers that EVs have the potential to solve these problems, as they require energy storage solutions to utilize renewable energy resources. The main targets were the assembly of low-cost vehicles, the production of automotive parts, and the production of lithium batteries for automobiles.

### (6) Other Sectors

Other sectors include the following

**Table 11.1 Other industries where Japanese companies are expected to expand**

Industry	Expectations to Japan
Pharmaceuticals and Medical Equipment	There is a need to expand into Mauritius in the field of high value-added, light, thin, and small products, and there are high expectations for Japan, which has high technology in this industry.
Silver Economy (Nursing Care Business, Healthcare)	Expectations for Japan's know-how and high quality services in the nursing care business
Real estate	Investment in and entry into urban development, hotels, and housing development
Infrastructure (Smart City)	Entry and investment in Japan's high-tech sector
Tourism	Expectations of attracting tourists from Japan and investment in the tourism industry
Freeport	Expectation to utilize the country's freeport for trade to Africa by taking advantage of tax agreements with Asia and Africa
Finance (Treasury Management, Business Support)	Strengthening of financial services for Japanese companies and promotion of business expansion with the entry of Japanese financial institutions
Education, Human Resource Development	Japan's human resource development skills, technology in high-tech fields, business morals, etc.

Source: Survey Team

## 11.2 Current Status and Issues in the Expected Fields of Entry

The followings are the current status and major issues related to the above expected sectors for Japanese companies' advance.

### (1) Blue Economy

Fishing activities by Japanese companies used to be conducted in Mauritius, but at present, all of them have moved to South Africa, so there are no Japanese fishing vessels stopping by the country, and most of them are of Spanish or Taiwanese nationality. The main reasons why Japanese fishing fleets have left Mauritius are that the quota system has been introduced and the quota of bluefin tuna to Mauritius has been largely reduced. Further, Japanese fleets could not compete with Taiwanese and Chinese fleets in terms of price. However, South Africa has a large quota for bluefin tuna. In addition, although there are cold storage facilities and fishery food processing in the country, they are not yet fully recognized by Japanese companies, so it is necessary to provide information on the fishery sector to Japan.

**(2) OEM Manufacturing**

Mauritius expects to establish itself as a hub for OEMs on the African continent, manufacturing electronics products (color TVs, cell phones, computers/laptops), machine tools, construction equipment (shield and tunnel boring machines, shovels), blue LED lighting, conductive materials, optical equipment, watches, clocks, etc. They are looking forward to OEM manufacturing. On the other hand, there are many Japanese companies that are concerned about the lack of development of supporting industries such as the supply of parts for the manufacturing industry in the country and consider logistics to be inconvenient, and few companies have shown positive interest.

**(3) Renewable Energy**

Mauritius aims to increase the share of renewable energy in its overall energy mix to 40% by 2030, and the government is focusing mainly on promoting solar and wind power generation, although European and American companies are currently the dominant players in these fields. In the future, it will be necessary to expand into biomass and waste power generation, and since Japan can take advantage of its technological strengths in these fields, it is desirable for Japanese companies to enter fields in which they can take advantage and for the government to provide support.

**(4) Import/Export/Trade hub**

Mauritius is actively promoting the conclusion of Investment Promotion and Protection Agreement (IPPA) and Double Taxation Agreement (DTA), mainly with African countries, and aims to become a gateway to Africa. China and India are also the first African countries to sign a Free Trade Agreement (FTA) and a Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with Mauritius, respectively, with the aim of making the country a hub for trade and investment with the African continent. The country's freeport function is also highly regarded internationally, and if further improvements are made in logistics, Japanese companies may be able to make effective use of the country in terms of trade.

**(5) Manufacturing of Hybrid Vehicles and Parts**

Mauritius is looking forward to the assembly of low-cost vehicles such as EVs, production of automobile parts, and production of lithium batteries for automobiles for the purpose of energy storage solutions to utilize renewable energy resources, but this is a difficult field for Japanese companies to deal with because it faces the same problems as OEM manufacturing mentioned above.

## 12 Recommendation to Mauritius for Attracting Investment from Japanese Companies

Based on the expectations and concerns of Japanese companies to Mauritius, as well as the expectations of Mauritius to Japan and the current issues, the following are some recommendations for Mauritius to effectively promote the investment of Japanese companies to Mauritius.

### **(1) Introduction of Strong Local Partners for Business Development in Mauritius and African Markets**

When doing business in Africa, many Japanese companies would like to have a strong local partner who can help them not only to develop their business in their home country but also to expand into other African markets. In order to encourage Japanese companies interested in African markets to invest and develop their business in Africa via Mauritius, it is necessary to introduce such strong local partners in Mauritius to them. It is recommended that Mauritian companies should be encouraged to participate in exhibitions and business matching in Japan, and be introduced to Japanese companies actively.

### **(2) Development and Enhancement of ICT Environment in Mauritius**

Many Japanese companies in the field of digital business, such as ICT, BPO, DX, etc., are highly interested in Mauritius because of its preferential tax treatments, social security, good living environment, and less dependence on physical logistics for business compared to existing industries such as manufacturing. By further enhancing the ICT business environment such as telecommunication infrastructure, data centers, cyber security, and cloud computing, the possibility for attracting companies in this field can be further enhanced. In addition, by promoting the improvement of the skill level of Mauritian ICT engineers, Mauritius can further increase the interest of Japanese companies to develop markets in Europe, the United States, and Africa through Mauritius, taking advantage of the bilingual talent of English and French.

### **(3) Development of Logistics and Transportation Infrastructure**

Many Japanese companies related to manufacturing and trade are concerned about the poor regional accessibility in Africa and the inconvenience of logistics in Mauritius, and as a result, many of them have expanded directly to African countries such as South Africa and Kenya, which have larger markets. On the other hand, Mauritius has been focusing on strengthening the function of its freeports in recent years, and Mauritius freeport was ranked second in the 2021 Global Free-Zone Awards by fDi magazine, ranking first in Africa. The country's freeport is a commercial free-zone offering modern facilities such as warehouses, processing and industrial units, storage, and offices, and many foreign companies are already operating there. The strategic use of the country's freeport functions to export to Africa in the future could be an advantage for Japanese companies, and for this purpose, it is desirable to improve the convenience of air and maritime transportation and port infrastructure.

### **(4) More Preferential Treatment for Target Industries**

Blue economy is one of the areas where Mauritius has the highest expectation to Japan, especially in fishery and seafood processing, where Japanese technology and experience are expected to be

fully utilized. Expectations are also high in new activities such as aquaculture, maritime services, marine biotechnology, and oil and gas exploration. It is necessary for the government to work on improving the current situation of Japanese fishery industry shifting from Mauritius to South Africa as mentioned in Chapter 11. Further, it is recommended to strengthen preferential treatment and attractive incentives as well as other promotion target sectors to encourage more Japanese companies to enter this sector in the future. It is also necessary to have more active promotions on the business information of Mauritius' marine resources and related fields to Japanese companies. Further incentives and promotional activities are also desirable, not only in the blue economy, but also in the target sectors of Mauritius, such as medical equipment, healthcare, and so on where Japanese companies are expected to enter.

#### **(5) Strengthening the environment for collecting and researching African business information and product development functions**

The second reason why Japanese companies choose Singapore as their regional headquarters is "ease of gathering business information". On the other hand, in Mauritius, some Japanese companies still have concerns and issues in this regard, and not much is expected of them. In Singapore, many Japanese companies expect not only financial and tax advantages but also advantages in business and market research in neighboring countries as a function of regional headquarters, and further strengthening in this area is desired. Mauritius, with its multi-lingual capabilities and network with African countries, can further appeal to Japanese companies as a base for business development in Africa by strengthening its research capabilities and product development functions related to African business information based on its business knowledge and experience in Africa.

#### **(6) Development of High-Level Educational Institutions and R&D Environment**

In order to attract high-tech companies to Mauritius, it is very important to provide high level education, to develop excellent human resources, and to enhance the R&D environment. Singapore, as a regional headquarter place, has implemented preferential treatment for high-level R&D personnel and enhanced R&D to add high value, thus establishing itself as a hub for high-tech businesses in Asia. There is a further need for high quality education to develop human resources with high technology level, and providing such human resources and R&D environment will make it easier for Japanese companies to use Mauritius as a gateway to Africa.

#### **(7) Promoting study and work experience of Mauritian youth in Japan**

Many Japanese companies in the ICT and other new economy sectors, when starting business in Africa, often bring in local African partners who have studied in Japan before and have Japanese language skills and business experience in Japan. In general, Japanese companies lack business experience in Africa, and especially venture companies often need local partners who have experience in Japan. In this sense, it is recommended to send young Mauritians to Japan with the opportunity to provide them with Japanese language education, so that they can gain work experience through study abroad or internship programs. With their Japanese language skills and business experience in Japan, they can be expected to become potential business partners of Japanese companies, strengthen bilateral business partnerships, and bring in new Japanese technologies and excellent business practices. Japanese companies can also take advantage of



their multilingual skills to develop business in French-speaking countries in addition to English-speaking countries.

## 13 Implementation of Seminar in Mauritius and Japan

In this study, a local seminar for local stakeholders was held in Mauritius on November 16, 2021 in the form of a webinar. In addition, a final report seminar for Japanese companies will be held in Japan on January 27, 2022, also in the form of a webinar. This chapter, reports on the implementation of the webinar in Mauritius and the final report webinar in Japan.

### 13.1 The Seminar in Mauritius Implemented on November 16<sup>th</sup> 2021

Initially, a face-to-face seminar in Mauritius was planned to be held at the Art Centre in Port Louis, but in view of the situation of the new coronavirus in Mauritius, the seminar was switched to an online webinar.

With the cooperation of EDB, we invited about 60 public and private stakeholders in Mauritius to attend the webinar. With the cooperation of the EDB, we invited key public and private stakeholders in Mauritius and conducted online presentations and panel discussions to about 60 participants.

■ Title :



■ Date : November 16<sup>th</sup> 2021

■ Time: 13:00~15:30

■ Platform : TEAMS

■ Program :

13.00 - 13.05	<b>Opening Remarks</b> Mr. Hideaki Shimizu, Senior Researcher & JICA Survey Team Leader, IDCJ
13.05 - 13.10	<b>Opening Remarks</b> Mrs. Tanaka Kaori, Chief representative, JICA Madagascar Office <i>(recorded message)</i>
13.10 - 13.15	<b>Introductory Remarks</b> Mr. Ken Poonoosamy, Chief Executive Officer, EDB
13.15 - 13.20	<b>Special Address</b> H.E. Ambassador Kawaguchi Shuichiro, Embassy of Japan in Mauritius
13.20 - 14.20	<b>Presentation - Japanese Private Sector Investment in Mauritius by JICA Survey Team</b> <ul style="list-style-type: none"> <li>• Overview of the Survey, Mr. Hideaki Shimizu</li> <li>• Comparison Analysis - Mauritius vs Singapore, Mr. Hideaki Shimizu</li> <li>• Results of Questionnaire Survey in Japan, Ms. Kimie Tanabe</li> </ul>

	<ul style="list-style-type: none"> <li>• Feedback from Japanese Companies, Ms. Kimie Tanabe</li> <li>• Mauritius' Expectation to Japan, Ms. Yoko Nagai</li> <li>• Recommendations, Mr. Hideaki Shimizu</li> </ul>
<b>14.20 - 15.25</b>	<b>Dialogue with Mauritius Stakeholders based on the Presentation</b> Moderated by Mr. Vinay Guddye, Director of Global Outreach, EDB
<b>15.25 - 15.30</b>	<b>Closing remarks</b> Mr. Arvind Radhakrishna, Strategic Advisor, EDB

MC: Ms. Kimie Tanabe, IDCJ.

The members of the survey team made a presentation on the overview of the survey, comparative analysis with Singapore, the results and analysis of the domestic questionnaire survey on investment in Africa and Mauritius, feedback on concerns and issues from the interviews with Japanese companies, expectations from Mauritius to Japan, and recommendations to Mauritius. Presentations were made. For the panel discussion, the following parties were invited to express their opinions on each theme related to the presentation by the survey team.

Panelist	Theme
Dr. Yousouf Ismael Secretary-General, MCCI	Strengthening relationship with Japan on investment and trade
Mrs. Lilowtee Rajumun-Joosery Director, Mauritius Export Association/MEXA	Measures to improve access to and from the African countries
Mr. Dev Hurkoo Executive Member, Rogers Capital Managing Director, OTAM	Initiatives in the African region and partnerships with Japanese companies in the field of ICT and telecommunications
Dr. Kaviraj Sukon Director General, Open University of Mauritius	Training programs and resources for skill development in IT and other fields
Dr. Drishty Ramdenee Director Emerging service, EDB	Strengthening of ICT business environment and skill enhancement
Mr. Hans Herchenroder COO, Mauritius Free Development Ltd.	Possibility of promoting freeports to Japanese companies and expectations to Japan

Based on the presentations by the survey team, a lot of panelists and EDB officials commented that they shared the same awareness of the issues of access to neighboring regions and logistic improvement in comparison with Singapore. There were also comments on improving ICT environment, human resource skills, and the possibility of business development in Africa by utilizing the free port of Mauritius. After the webinar, EDB and the participants showed appreciations and compliments on the presentation of the survey team, and overall, the webinar could leave a great impact on the Mauritian stakeholders in pointing out the issues.

### 13.2 The Webinar in Japan Implemented on January 27<sup>th</sup> 2022

The seminar in Japan was held on January 27, 2022 in online webinar format as outlined below. The total number of participants was 121 (including 20 panelists). The participants were mainly from the private sector in various industries such as manufacturing, trading, consulting, construction, logistics, ICT, renewable energy, etc., but also from a wide range of fields including government agencies and international organizations. The seminar focused on the concerns and interests of Japanese companies identified in the domestic survey, and the survey team made presentations to meet their needs. In addition, four local companies (IBL Group, Ciel Group, Rogers Group, and

Rwazi) made presentations to introduce their activities as potential partners in Mauritius and Africa. After the webinar, online business meetings were arranged between the four companies and Japanese companies wishing to participate. In addition, at the request of the Japan Business Council for Africa (JBCA)<sup>34</sup>, an opening session was held at the beginning of the seminar to provide a wide range of information on the country from related parties. The detailed contents of this seminar are as follows

<Title>

Mauritius Investment Promotion Survey Report Webinar: -New Perspectives and Possibilities for Business Expansion into Africa-

<Summary>

- The webinar (using Zoom) was hosted by JICA and co-hosted by UNIDO.
- Four local companies were invited to give presentations. (Simultaneous interpretation was used).
- Online interviews with the four local presenters were arranged for those who wish to attend, at 15 minutes per slot. (Only for those who make an appointment in advance)

<Details >

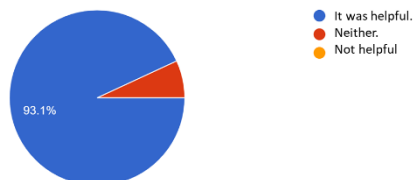
	Contents
Date	January 27th 2022
Purpose	Disseminate the results of this study and specific opportunities and possibilities for business advancement to Japanese companies
Organizer	JICA Madagascar Office
Co-Organizer	UNIDO
Sponsors	Mauritius EDB, Japan Business Council for Africa
Expected Participants (Japanese companies)	Companies considering entering Mauritius, companies entering Africa, financial services (banking, VC, fintech, etc.), manufacturing, food, services, infrastructure, renewable energy, digital business, etc.  (Target: Over 100 participants)
Program	<p>13:15 Webinar: Start to enter the room</p> <p>Opening Session Ms. Kaori Tanaka, Chief Representative JICA Madagascar Office 13:30~13:50 H.E. Ambassador Shuichiro Kawaguchi, Embassy of Japan in Mauritius Mr. Goro Yamashita, Managing Director MOL (Mauritius) Ltd. Mr. Yasushi Naito, Regional Coordinator, Africa Div2, Ministry of Foreign Affairs &lt; Part 1: Presentation &gt;</p> <p>13:50~14:50 New Perspectives and Possibilities for Investment in Mauritius</p> <p>Outline of the survey</p> <p>Current status and issues on the trend of Japanese companies entering Mauritius</p>

<sup>34</sup> JBCA was launched in 2019 to enhance African business activities of the public and private sectors by bringing together relevant ministries, government agencies, and private companies. JBCA collects priority issues and proposals for business development in Africa from private companies and organizations, and based on these, the relevant ministries and government agencies consider and implement additional and strengthened support measures.

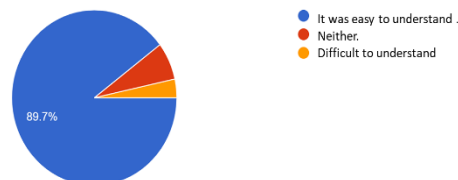
14:50~15:00	<p>Latest business environment in Mauritius</p> <p>Examples of foreign companies in Mauritius</p> <p>Specific business opportunities and potential for expansion</p> <p>Q&amp;A</p> <p>&lt; Part2 Introduction of Local Business Partners candidates &gt;</p>
15:00-16:00	<p>Introduction of Local Business Groups</p> <ul style="list-style-type: none"> <li>• IBL Group</li> <li>• Ciel Group</li> <li>• Roger's Group</li> <li>• Rwazi</li> </ul>
16:00~17:00	<p>&lt; business meetings after the webinar for Japanese companies which wish to book in advance &gt;</p> <p>Online meeting with the above local companies</p> <p>About 15 minutes per slot. Participants who wish to attend the meeting should make an appointment in advance before the seminar date.</p>

The main results of the questionnaire survey for this seminar are as follows, and many participants gave high marks to the seminar.

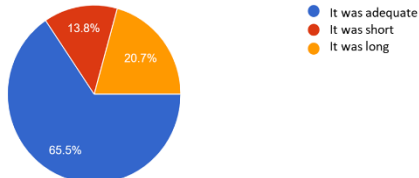
1. Was today's seminar helpful to you?  
29 responses



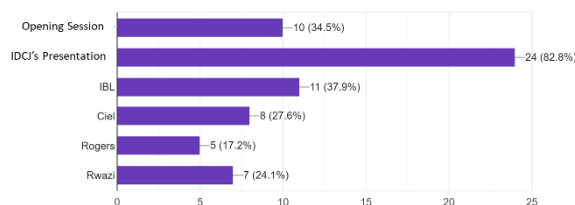
2. Was the seminar easy to understand?  
29 responses



3. Was the time allotted for the webinar adequate?  
29 responses



4. Which content was useful? (Multiple answers are acceptable)  
29 responses



Source: Survey Team

**Figure13.1 The Results of Questionnaire Survey for the Seminar**

In the questionnaire, 45% of the total respondents were interested in investing and expanding in Mauritius, and the following feedback was obtained as the main areas of interest

- Development of drone solutions
- Renewable energy, special economic zone development

- Construction equipment sales
- Expansion into the African continent, starting from Mauritius
- Co-operative projects related to climate change measures for Africa
- Fisheries-related fields
- Port and harbor related business
- FMCG export, production, distribution, sales, partnership with local companies
- FOREX
- Agro-fishery processing industry
- Construction industry (especially in the infrastructure sector), blue economy related

The business meetings with four local companies were held after the webinar. A total of 16 pre-registered requests were received from Japanese companies, and a total of 13 meetings were actually held on the day of the meeting. Japanese companies from a wide range of sectors such as trading companies, ICT, healthcare, energy, VC, etc. participated in the meeting, and many of them had positive discussions about specific businesses, and in most cases decided to continue the discussions further. It is hoped that this meeting will lead to the creation of some concrete business opportunities between the two countries.