

Investor Note on National Budget 2010: Foundations for a Bright Future

Inclusive, empowered and resilient growth over the last four and a half years have transformed the Mauritian economy and now prepare the way for a bright future.

The National Budget 2010 provides comfort to the investor community that the country will return to its growth path of over 5% p.a by 2011. In the face of the world's most severe crisis, Mauritius has managed to come out relatively unscathed with a reasonable growth rate of 2.3% in 2009 and around 4% in 2010. The Mauritius financial services sector has fared relatively well despite the crisis. ICT and IT-enabled services have grown significantly becoming a larger GDP contributor than sugar. While textiles and tourism have suffered with the crisis, the number of tourist arrivals is expected to pick up in 2010 and textile, which was on a recovery path just prior to the crisis, should also show some improvement.

The current resilient economic situation goes to show that even for a small export-oriented state swayed by the forces of a global economy, sound economic decisions can build strong and sustainable foundations for growth. The battery of reform measures started back in 2006 including a supportive fiscal and monetary policy mix has greatly benefited the country to ride out the crisis...

Notwithstanding the slowdown of FDI flows worldwide as a consequence of economic and financial crisis and bearish market sentiments, the flow of investments in Mauritius has still not lost its steam. We have been able to attract more than Rs 6 billion in FDI in just 9 months with a projection of around Rs. 9 billion for the year.

This number clearly shows that the confidence of international investors in Mauritius is still very strong and the global investing community continues to repose faith in the future of Mauritius. The testimony is the Jinfei, Highlands and Land Based Oceanic industry mega projects.

The stimulus package and the last budget contained several proposals for bringing forward investments and measures to ease the business climate.

This budget continues and expands on our efforts to further ease the business environment with proposed measures ranging from the setting up of a framework for Regulatory Impact Assessment for all new regulations, e-judiciary project to the e-business platform that will be hosted by BOI which will act as a national repository of all business licenses and provide information to the public and to the investor community.

The announced budget measures also provide new opportunities for investment. Budget allocations have been made for important spending in the creative arts industry and sports facilities. Significant sums have also been earmarked for renewable energy and energy efficiency projects, including green buildings and sustainable eco-villages. Furthermore an important public investment feature relates to upgrading of water supply systems.

In addition, planned investments of Rs 30 billion in a national infrastructure program that includes significant new funding for roads, airports, ports and freight infrastructure, telecommunications, higher education and public health would provide important business opportunities for the construction industry as well as private equity firms and other professional service providers.

Strong measures are also directed at setting out bold social policies targeting increased women participation in employment and thus expanding the labour pool, as well as developing the quality of education, healthcare services and social services.

The 2010 National Budget proposes concrete measures to better the lives of each and everyone participating in the progress of Mauritius. For salary-earners and small business owners, measures such as the ability to work from home, the training opportunities and the National Empowerment Fund incentives directly improve their working conditions.

Investments in new road and transportation networks, security, public healthcare and education, social housing and pensioners among others, will positively affect the quality of life of all residents.

And the significant investments and unlocking of potential in the creative arts and sports will help improve entertainment and leisure activities in the country, Investors benefit from the greater productivity and business facilitation environment that make Mauritius a better place to live, work and play.

We invite you to join us in this journey.