



COUNTRY PROFILE

MAURITIUS



Full Name:	Republic of Mauritius
Area:	2,040 km²
Capital:	Port Louis
Main Languages:	English (official), Creole, Bhojpuri, French
Currency:	Mauritian rupee (MUR)
Head of State:	President Sir Anerood Jugnauth
Prime Minister:	Navinchandra Ramgoolam



The Novatech 2007 Regional Investment Conference in Nairobi, Kenya is a component of the Pro€Invest programme which is a common initiative of the European Commission (EC) and institutions from the ACP states (Africa, the Caribbean and the Pacific).

This overview of the ICT sector has been prepared by BK Consultants on behalf of the organizers. The authors accept sole responsibility for the profile which does not necessarily reflect the views of the organizers: Pro€Invest, the Centre for the development of Enterprise (CDE), the African Union (AU) and the Common Market for Eastern and Southern Africa (COMESA).

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1. BUSINESS OVERVIEW

The outlying territories of Mauritius include the island of Rodrigues, situated 544 km eastward, and two clusters of smaller islands.

1.1 Key Economic Indicators

Table 1 shows the recent trends for some selected key economic indicators, based on the most up-to-date available statistics. More general country information can be obtained via the websites referred to in Section 4.0 at the end of this report.

Table 1: Key Economic Indicators 2003-06

	2003	2004	2005	2006
Area	2.040 km ²			
Population (mn.)	1.228	1.238	1.248	1.256
Population Growth (%)	1.00	0.90	1.00	0.70
GDP (US\$ bn. at current prices)	5.159	5.937	6.231	6.362
GDP per capita (US\$ at current prices)	4,244	4,837	5,029	5,085
GDP growth at constant prices (%)	3.60	4.50	3.40	3.40
Current account balance (US\$ bn.)	1.216	1.227	1.239	1.251
Inflation Rate (%)	3.90	4.70	4.90	8.90
Exchange Rate: annual average Mauritian rupee per US\$	27.902	27.499	29.496	31.656

n.a = not available

Sources: COMTRADE, International Trade Centre, Central Statistics Office, Bank of Mauritius, IMF, World Development Indicators, World Development Indicators database

1.2 Economic Context

In 2006, the total Gross Domestic Product (GDP) amounted to some US\$6.4 billion at current prices. Currently, the GDP is generally increasing with approximately 3.4 percent per annum.

In 2004, the manufacturing sector accounted for 20 percent of the total GDP. The second largest sectors were financial and business services, with 18 percent; public administration and other services, 18 percent; transport, storage and communication, 13 percent; and wholesale and retail trade, 11 percent. Although not separately identified in the national accounts, the tourism sector is estimated to represent over 25 percent of the GDP (see Section 1.4 below).

GDP per capita amounted to an estimated \$5,085 in 2006 – one of the highest levels in Africa.

Mauritius is often described as an economic success story, having risen from being a low income undeveloped economy at the time of the independence in 1968 to its current position as a well-established middle income economy. A great deal of this success has been the result of lucrative sugar contracts with the European Union, tourism and the phenomenal growth of the textiles and clothing sector. According to a World Bank report (Country Brief, May 2005), the country's "ability to profit from these opportunities testifies to institutional strengths – stable democracy and rule of law; ethnic tolerance; macro-economic stability; equitable social progress; and reliance on private incentives."

The country is however extremely vulnerable to international changes, most notably the European Union's Economic Partnership Agreements (EPAs), which will affect Mauritian sugar sales (an expected decrease of 36% in sugar cane prices in regards to the European Union by the year 2009) and the expiration of the Multi Fibre Agreement which has improved the position of China in world textile markets.

The Mauritian response to these factors has been to adopt an ambitious programme; the Economic Agenda for the New Millennium, which aims to diversify the economy with focus on higher technology industries as well as on the high-skill services sector in order to ultimately increase GDP growth by 8 percent per annum

by 2015. Mauritius is additionally facing increased competition both at home and abroad, and is struggling to remain competitive.

1.3 Population and Labour Force

The population is estimated to amount to 1.25 million people and is currently growing at around 1.0 percent per annum. With approximately 607 persons per km², the population density is one of the world's highest. In 2004, the labour force amounted to 532,000, or 44 percent of the total population.

1.4 General Institutional and Regulatory Framework

Mauritius has a mixed legal system consisting of British common law practices and the French Napoleonic Code. Although Mauritius has been a Republic since 1992, the country remains a member of the Commonwealth and the Privy Council in London is the Supreme Court of Appeal. Companies in Mauritius are regulated by the Companies Act 2001, which incorporates international best practices and promotes accountability, openness, and fair dealing.

Land tenure

Coastal land must be leased from the Government for an initial period of 20 years followed by up to four 10 year renewals.

1.5 Operating Costs

Average operating costs for basic inputs are somewhat higher than in most other African countries, but are still low compared to European standards. The average wage for an ordinary hotel worker is the equivalent of around US\$150-200 per month.

1.6 General educational level

Mauritius has a literacy rate of over eighty percent. Primary and Secondary education is free and the Government is constantly improving the educational system. The country has a large pool of well-educated young people of varied educational backgrounds. Skilled labour, graduates and qualified professionals including lawyers, engineers, programmers, consultants, accountants and chartered secretaries are available. Vocational training is co-ordinated by the Industrial and Vocational Training Board. In addition to academic training at the University of Mauritius and the University of Technology, many Mauritians benefit from international exposure through overseas education in Europe, North America and elsewhere.

1.7 Infrastructure Services

1.7.1 International air access

The SSR (Sir Seewoosagar Ramgoolam) International Airport, located at Plaisance in the south east of the island, is serviced by 12 airlines, including Air Mauritius, Air Seychelles, Air Austral, Air France, Air Madagascar, British Airways, Britannia Airways, Catovair, Condor, Corsair, Emirates Airlines, Eurofly, South African Airways .

The national carrier, Air Mauritius, provides services to/from some 28 destinations: In Europe (Paris, London, Milan, Rome, Frankfurt, Geneva, Vienna and Zurich); Asia (Chennai, Hong Kong, Kuala Lumpur, Mumbai, Delhi and Singapore); Australia (Melbourne, Perth and Sydney); Middle East (Dubai); Africa (Cape Town, Durban, Johannesburg, Antananarivo and Nairobi); and the Indian Ocean islands (Reunion and Seychelles).

1.7.2 Domestic air services

Air Mauritius operates daily flights to/from the Main Island and Rodrigues. Catovair operates daily flights to/from Rodrigues.

1.7.3 Roads

The roads around the main island are generally good.

1.7.4 Sea Access

The main harbour is in Port Louis.

2. ICT SECTOR

2.1 Overview

Mauritius is one of the African countries with the highest telecommunications density; the global telecommunications density is of over 30%. Mauritius is also the only African country with an entirely digital network; this initiative was put in place by **Mauritius Telecom**, with the aid of foreign companies such as Alcatel and Sofrecom.

During the 1990s, the Mauritian telecom sector developed very fast, the average growth of the late 90's was around 8%. In 2003 the expansion slowed down to 6%. This reflects maturity on the market and the increasingly competitive Global System for Mobile Communications (GSM) sector.

The number of Internet Users in Mauritius is equally very elevated by African standard, amounting to 250,000 people and with 90 % of the national territory having access to internet connection.

2.2 Telecommunications

89% of the Mauritian households have a fixed telephone line.

The telecommunications sector was liberalized on January 1st 2003 and **Mauritius Telecom** no longer possesses the monopoly, but shares the market with **Mahaganar Nigam Telephone**.

- **Mauritius Telecom** alone accounts for 359.000 subscribers. France Telecom additionally holds 40% of the shares of Mauritius Telecom.
- The recent liberalisation has opened the market for a new Indian operator, which is the **Mahaganar Nigam Telephone**, partly owned by the Indian state. The company intends to provide CDMA, MMS and has created the internet provider **Mauripost.net** in cooperation with the Mauritian postal service.

A major increase in the mobile telephony sector since it started up in 1989:

It is estimated that one out of two Mauritian people possesses a mobile phone. There are 713 000 mobile subscribers divided between the two major operators; **Emtel Ltd** and **Cellplus** (a branch of Mauritius Telecom).

- **Emtel Ltd** had approximately 150,000 subscribers in 2003.
 Emtel introduced mobile telephony in Mauritius in 1989, while only shifting from CDMA to GSM in 1999.
- **Cellplus** counted 330,000 subscribers in 2003.
 The company is owned entirely by Mauritius Telecom, and was the first to introduce GSM.
 The subscribers get favourable prices towards Mauritius fixed lines, and this has a continued attraction on clients.

In January 2004, the President of the regulatory council ICTA (Information Communication Technology Authority) authorised the Indian group **Magahanar** to become the country's third mobile service provider.

International telephony:

Since the month of January 2004, the national operator Mauritius Telecom is no longer the only provider to offer international telephone services. Several competing providers have since that time entered the market, and while **Mauritius Telecom** and **DCL** share 85% of the clients, other companies such as **Paging Services**, **London Telephone Systems**, **TLC Mauritius**, **Outremer Telecom** and **IBL** are present in Mauritius.

A dozen of call centres equally exist in Mauritius.

2.3 Internet

The World Wide Web was introduced in 1996. Today, the country is well-equipped with ADSL, WAP, high-speed optic fibre cable and Wifi. One can count 180 000 users and approximately 30% of the Mauritian people possess a personal computer. Mauritius additionally houses around **30 Internet Cafés**.

Four main providers:

- Until 2001, **Telecom Plus** was the only Internet Provider in Mauritius. The company was created in 1996 as a partnership between Mauritius Telecom and France Telecom. The connection is via satellite connection to the US or Europe.
- **DCL Communications** has become the second Internet Provider in the country since December 2001. The company has formed a partnership with the Indian company Banyan Network.
- **Network Plus** is the country's third provider. The provider though only proposes dial-up services and uses the lines of Mauritius Telecom. The company employs around 10 people and is declared under the name of Africa Digital Bridges.
- **Mahaganar**, as mentioned, has equally intentions of proposing internet solutions via a new company created in alliance with the Mauritian Postal services, the company is called **Mauripost.net**.

The most important ICT companies in Mauritius are: **Blanche Birger, FRCI, Happy World, Harel Mallac and SIL**.

2.4 Regulatory Framework and Sector Regulation

The Ministry of Information Technology and Telecommunications is in charge of the ICT sector, and has appointed a regulatory council called the **ICTA (Information Communication Technology Authority)** with the mission of promoting "affordable and adequate access to quality ICT services through market-driven competition and regulatory principles in a trouble-free Networked Information and Knowledge Society."

The ICT Authority is accountable to the National Assembly through the Ministry of Information Technology and Telecommunications. Parliament passed the Information and Communication Technologies Authority Act in late 2001, effectively creating the ICT Authority which has the status of a body corporate.

Throughout the last decade, legal issues have generally been addressed regarding information through:

- the Information Technology Act, 1998
- the Information and Communication Technologies Act, 2001
- The Policy framework for Internet Service Providers, 2001
- The Computer Misuse and Cyber crime Act, 2003
- The Data Protection Act, 2004
- The National Telecom Policy, 2004

Operators who want to start or conduct telecom operations must apply to the ICT Authority for a license. The ICT Authority is also in charge of the Mauritian numbering plan and allocates number resources to telecom operators, while the ICTA is equally responsible for protecting consumers of telecommunication services.

Other Institutions involved in the implementation of Mauritius' ICT policy are as follows:

- The National Computer Board (NCB)
- Central Informatics Bureau (CIB)
- State Information Limited (SIL)
- Board of Investment (BoI)
- Independent Broadcasting Authority (IBA)
- Business Parks of Mauritius Limited (BPML)

2.5 Opportunities

Mauritius Telecom is one of the best performing companies of Mauritius, occupying 6th place in terms of annual income, which amounted to 5,08 billion Roupies in 2003. And the ICT sector is generally the second highest employer in Mauritius, with 2000 professionals working in the sector.

In terms of Internet opportunities, the government has announced the objective of connecting 90% of the population by 2008.

In addition, ongoing developments in Mauritius might have a positive impact on the economy as a whole as well as provide important spin-off benefits for the ICT sector. These developments amongst others include the Ebene CyberCity Development (designed to transform Mauritius into a diversified, high-tech, high income services and knowledge-based economy).

The strengths of Mauritius are amongst others the bilingual nature of the country, the high ratio of telecom penetration and stable politics. Other important factors are the implemented regulations and liberalization of the ICT industry and generally good high-tech skills for African standards. There are thus many good opportunities for Mauritius in terms of development with the ICT sector.

3. INVESTMENT ENVIRONMENT

3.1 Investment Framework

3.1.1 Government policy

The Government of Mauritius welcomes foreign investment and has created a favourable investment environment offering a wide range of incentives and facilities geared toward attracting foreign direct investment and institutional investors.

Investment in Mauritius is governed by the Non-Citizen (Property Restriction) Act 1975 and the Investment Promotion Act of 2000 which established the Board of Investment (BOI) whose task it is to promote and facilitate investment in Mauritius. The Board is further responsible for approving all investment certificates.

3.1.2 Investment agencies

The BOI is the first contact point for persons or companies interested in investing in Mauritius. Operating under the aegis of the Ministry of Finance, the BOI is responsible for promoting and facilitating investment in Mauritius.

3.1.3 Double taxation agreements

Mauritius has signed Investment Promotion and Protection Agreements with Belgium, Croatia, Cyprus, Germany, France, Italy, Luxembourg, Russian Federation, Sweden and the United Kingdom as well as Botswana, Lesotho, Madagascar, Mozambique, Namibia, Rwanda, Senegal, South Africa, Swaziland, Uganda and Zimbabwe, and China, India, Indonesia, Kuwait, Malaysia, Nepal, Oman, Pakistan, Singapore, Sri Lanka and Thailand.

Agreements with a number of other countries are either awaiting ratification, awaiting signature or are being negotiated.

3.1.4 Investment guarantees

Mauritius is a member of the Multilateral Investment Guarantee Agency (MIGA), the International Court of Justice for the Settlement of Disputes, the International Centre for the Settlement of Investment Disputes and the 1958 New York Convention on Foreign Arbitration Awards. Investments in Mauritius are also eligible for the full range of Overseas Private Investment Corporation (OPIC) guarantees.

3.2 Investment Incentives

Mauritius pursues a liberal foreign investment policy and offers attractive incentive schemes in all sectors of the economy. These are grouped under two distinct categories, as detailed in the First and Second Schedules of the Investment Promotion Act 2000 (IPA 2000), according to the nature of the projects.

3.3 Access to Finance

3.3.1 Commercial banks

Mauritius has a modern and efficient banking system. The Bank of Mauritius is the regulatory and supervisory body for the banking system. Major commercial banks include Bank of Baroda, Barclays PLC, HSBC, Habib Bank, the Mauritius Commercial Bank and First City Bank. A number of European Banks have invested in the offshore sector and include Barclays Offshore Banking Unit, Deutsche Bank Offshore and Standard Chartered Bank.

3.3.2 Development banks

- **Development Bank of Mauritius**

The Development Bank of Mauritius (DBM) is a specialised financial institution whose role is to facilitate industrial, agricultural and economic development in Mauritius. DBM provides financial assistance to different sectors, mainly in the form of medium and long term loans. Term loans are sanctioned on the basis of up to 60 percent of the capital investment and have a life span of 8 to 10

years. Interest rates may vary between 9 to 15 percent depending on the schemes and the amount borrowed. Other schemes include the National Equity Fund Limited, which provides risk capital through equity participation for start-ups, growth related ventures, corporate expansion and restructuring projects, a venture capital scheme for equity participation in SMEs engaged in high value added activities and the ICT sector, a working capital scheme and a micro-credit scheme.

- **Mauritius Leasing Company**

The Mauritius Leasing Company provides financial leases to eligible clients for the purchase of machinery and equipment. Leases are offered for periods ranging between three and seven years and provide an option for the lessee to purchase the leased asset at the expiry of the contract period. Sectors eligible for lease facilities include the tourism as well as the sugar industry, agriculture, EPZ industries, transport, civil engineering, printing and services sectors, and self-employed professionals.

- **Mauritius Venture Capital Fund**

The Mauritius Venture Capital Fund (MVCF) provides equity and quasi-equity investments to private sector companies with high growth potential. It invests in most sectors of the economy.

The investment can be in the form of ordinary share participation, preference shares and other equity and quasi-equity investments. The MVCF provides finance and management expertise (including Board representation) to the company in exchange for returns as medium term capital gains.

The size of the investment will normally range between Rs1 million to Rs15 million which should represent between 10 to 40 percent of the equity capital of the company concerned.

3.3.3 International Financial Institutions

Mauritius, as a signatory to the agreement between African, Caribbean and Pacific nations (ACP) and the European Union (EU), known as the Cotonou Agreement, has access to the facilities of the European Investment Bank (EIB).

As a member of the World Bank, the facilities of the International Finance Corporation (IFC) are also applicable for projects in Mauritius. Other potential sources for financing development projects in Mauritius include the African Development Bank (ADB), the Development Bank of Southern Africa (DBSA), the Industrial Development Corporation of South Africa Ltd (IDC) and the New Partnership for Africa's Development (NEPAD).

3.3.4 Transfer of Capital and Profits

There are no restrictions on the repatriation of earnings, capital or on foreign exchange transactions relating to current account payments.

3.4 Residential and Work Visas

The Government has set up a Permanent Residence Scheme to attract high net-worth individuals to Mauritius.

Under this Scheme, foreigners that invest more than US\$500,000 in Mauritius are eligible to permanent residence. This also goes for their spouses and their children under 18 years of age. For children above 18 years, an additional deposit of US\$100,000 is required.

The initial investment is transferred to the Permanent Residence Investment Fund (PRIF) which is managed by the Accountant General of the Ministry of Finance. A return earned on the investment is payable yearly.

The sum deposited into the PRIF, or part thereof, can be reinvested in:

- a qualifying activity approved by the Board of Investment;
- securities officially listed on the Stock Exchange; or
- an equity fund.

If the deposit in the PRIF is not reinvested in one of the above mentioned activities, a minimum of US\$500,000 will be locked in the PRIF for a period of 10 years. Under this scheme, the investor is exempted

from work permit requirements and can acquire immovable property to an extent of 0.5276 hectares (1.25 acres) for personal use.

3.5 Promotional Assistance

Indian Ocean Commission

The Indian Ocean Commission (IOC) is a regional governmental organisation comprising Réunion, Mauritius, Madagascar, Comoros, and the Seychelles. The primary objective of the IOC is to promote regional cooperation in economic development (including tourism) and to promote the free movement of goods, services, capital and human resources.

4. LIST OF KEY CONTACTS

The Mauritian Government, Government Online Centre,

Module 05B4, 5th Floor,
Cyber Tower, Ebene Cybercity,
Rose Hill, Mauritius
Tel: +230 454 9955
Fax: +230 466 9840
E-mail: portaladmin@mail.gov.mu
Website : www.gov.mu

Ministry of Information Technology & Telecommunications

Air Mauritius Centre, 9th Floor
Rue du President John Kennedy
Port Louis, Mauritius
Tel ; (230) 210 02 01
Fax : (230) 212 1673
E-mail : mtel@mail.gov.mu

ICTA (Information Communication Technology Authority)

Jade House
Angle des rues Jummah Mosque & Remy Ollier
Port Louis, Mauritius
Tel : (230) 217 22 22
Fax : (230) 217 77 77
E-mail : icta@intnet.mu
Website : <http://www.icta.mu>

Board of Investment

10th Floor, One Cathedral Square Building
16 Jules Koenig Street, Port Louis
Tel: +230 203 3800
Fax: +230 208 2924
Website: www.boimauritius.com
First point of contact for all potential investors in Mauritius

The Mauritius Chamber of Commerce and Industry

3 Royal Street
Port Louis
Tel: +230 208 3301
Fax: +230 208 0076
Website: www.mcci.org

The Chamber of Commerce is a valuable source of business advice and contacts.

Small Enterprise Handicraft Development Authority

Royal Road
Coromandel
Tel: +230 233 0500
Fax: +230 233 5545

Mauritius Freeport Authority

1st Floor Trade and Marketing Centre
Zone #6, Mer Rouge
Port Louis
Tel: +230 206 2500
Fax: +230 206 2600
Website: www.efreeport.com

Development Bank of Mauritius

La Chaussee Street
Port Louis
Tel: +230 203 36 00
Fax: +230 208 84 98
State development banking institution.

Industrial and Vocational Training Board

IVTB House, Pont Fer
Phoenix
Tel: +230 601 8000
Fax: +230 698 4200
E-mail: headoffice@ivtb.intnet.mu
Website: <http://ncb.intnet.mu/ivtb.htm>

The Industrial and Vocational Training Board operates and administers industrial and vocational training schemes.

Useful Websites:

- **Mauritius Government web portal:** provides links to governments and key institutions:
www.gov.mu/
- **Board of Investment:** website for investment information and detailed data on incentives:
www.boimauritius.com
- **Mauritius Chamber:** website for details on trade agreements, tariffs and procedures:
www.mcci.org
- **Southern African Development Community:** the website contains useful profiles on SADC member states:
www.sadc.int
- **The British Broadcasting Corporation (BBC):** full profiles provide an instant guide to history, politics and economic background of countries and territories, and background on key institutions:
http://news.bbc.co.uk/2/hi/country_profiles/default.stm
- **Infotech**
An Information and Telecommunications conference, which takes place once a year, organised by the NCB (National Computer Board):
Email: ncb01@ncb.intnet.mu Website: <http://www.ncb.intnet.mu>
- **Mauritius Telecom:**
Tel (230) 203 70 70 Fax (230) 208 10 70
Email: ceo@mauritiustelecom.com Website: <http://mt.intnet.mu>
- **Emtel :**
www.emtel-ltd.com

- **Cellplus :**
<http://www.gocellplus.com>
- **Mahaganar Nigam Telephone/Mauripost.net:**
<http://www.mauripost.net> , <http://clickpost.com>
- **DCL:**
<http://www.dclweb.org>
- **Telecom Plus:**
<http://telecomplus.net>
- **Network Plus:**
www.nudodo.net