

Part IV of a Series on the Southern African Development Community (SADC)

# Mauritius

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**M**auritius, an island nation lying 1,200 miles east of Africa, first appeared on a map in 1502, although Arab sailors knew of it for centuries. Discovered by the Portuguese in the early 1500s and colonized by the Netherlands in the 17th century, Mauritius only began to prosper under the French after 1715. They developed the island's iconic sugarcane industry, and then ceded Mauritius to the British during the Napoleonic Wars.

The country won independence from the United Kingdom in 1968, after a peaceful transition led by Chief Minister Sir Seewoosagur Ramgoolam. He went on to serve as its first prime minister and governor general until his death in 1985. Known as the "Father of the Nation," he was also the father of current Prime Minister Dr. Navinchandra Ramgoolam, who won his third term of office in 2010.

In just 45 years as a sovereign state, Mauritius has transformed itself from a low-income, monocrop agricultural economy into a diversified, dynamic

upper-middle-income nation with one of the highest GDP per capita rates in Africa. With a GDP that was worth over \$20 billion in 2012, it has developed a service-based economy, founded on pillars such as tourism, textiles, agro industry, finance, information and communications technology (ICT), business process outsourcing (BPO) and real estate.

Lying between Africa and Asia, with close links to major economies on both continents and the will to explore opportunities beyond its own borders, Mauritius has developed into a global trading hub. As a nation with no exploitable natural resources, Mauritius relies on the resourcefulness of entrepreneurs, the vision of political leaders, and the potential of its 1.3 million people to identify new business propositions, create competitive solutions, constantly adapt strategies and position the nation as a premium provider of services.

The hard work has certainly paid off. Mauritius registered annual GDP growth of 5% to 6% for most of the last four decades, and, despite a slowdown following the global financial crisis, continues to outperform



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almost all of its regional peers. The government's declared goal is to make Mauritius a high-income country by the 2020s through the continuing development of an agile, innovative and knowledge-based economy.

"We want to be a center for peer learning and a regional headquarters for multinational companies," states Dr. Arvin Boolell, the minister of Foreign Affairs, Regional Integration and International Trade. "Our relationships with foreign countries can constantly be enhanced."

Statistics Mauritius, the state information agency, estimated that GDP would grow by 3.7% in 2013, a little below its potential, according to International Monetary Fund (IMF) calculations. The IMF, however, was far more positive about prospects for 2014, forecasting 4.4% expansion, despite reduced demand from European Union nations and the risk of external shocks.

The recipe for success that has served Mauritius well since the country gained independence seems set to help it continue to prosper in the future. Rather than look upon geography as an obstacle, successive—and progressive—governments and businesspeople have leveraged Mauritius' location into a strategic advantage, helping giant economies to the east, such as China and India, gain access to fast-growing, resource-rich markets to the west.

"Mauritius could have been a very isolated country, a dot in the middle of the Indian Ocean," says Minister of Industry, Commerce and Consumer Protection Cader Sayed-Hossen. "But the mentality has never been that of isolation; we are a people who look outward."

Memberships in the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) free-trade area have bolstered efforts to promote Mauritius' potential as a gateway to Africa for global investors. At the same time, its offshore financial services sector has attracted more than 32,000 companies to the jurisdiction to date and accounts for over 40% of India's foreign direct investment, worth some

"We are a real democracy, with strong institutions and an independent judiciary. We also have a flexible, well-educated labor force and are a very welcoming people."

Prime Minister Dr. Navinchandra Ramgoolam

\$50 billion every year, according to the World Bank.

Mauritius has 37 double taxation avoidance agreements (DTAAs) in place, according to the Mauritius Revenue Authority; eight are awaiting ratification and signature, and 14 more are in negotiation. The Board of Investment says there are also 39 bilateral investment promotion and protection agreements (IPPAs) signed with overseas governments. These initiatives show that Mauritius could hardly be more open or enabling. In recognition, the World Bank ranked it 19th worldwide in overall ease of doing business in 2013.

Prime Minister Ramgoolam lists just a few of his country's many advantages for those thinking about doing business here: "We are a real democracy, with strong institutions and an independent judiciary. We also have a flexible, well-educated labor force and are a very welcoming people."

In fact, Mauritius offers investors, businesses and those who simply wish to live in paradise a package that is hard to beat anywhere in the world: a flat 15% corporate and income tax rate, inclusion on the Organisation for Economic Co-operation and Development's (OECD) white list of nations abiding by rigorous tax standards, a multicultural and multilingual population, and an enviable climate and natural environment. ❖

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# Bramer Corporation

The world has changed, old empires are fading away, new ones are emerging, and Mauritius has found its place in the world of global finance.

Cradled between Africa and Asia, Mauritius is asserting itself to promote new relationships between emerging nations.

The world economic turmoil is placing pressure on the financial services sector to remain adaptable and prudent, yet the sector expects to continue providing solutions for individual and corporate clients.

In Mauritius, the British American Investment Group, a diverse conglomerate, has placed financial services at the core of its business. It established Bramer Corporation with a mandate to lead its companies, which encompass insurance, banking, asset management, foreign exchange dealings, money transfer and insurance brokering.

The key player under Bramer Corporation is BAI Co. (Mtius) Ltd., the original insurance brand that has become the country's leading insurance company, in terms of gross premiums written, in its 40 years of existence. In a market of 1.3 million

inhabitants, BAI services over 125,000 active policyholders. This is a clear indicator of trust. It is noteworthy that BAI maintained an average growth rate of 20% over both 2011 and 2012, which were very difficult years worldwide.

Bramer Corporation's success is enhanced by Bramer Bank's strong growth. Acquired in 2008, the bank has paved its way to be in the SEM-7 index of the Stock Exchange of Mauritius.

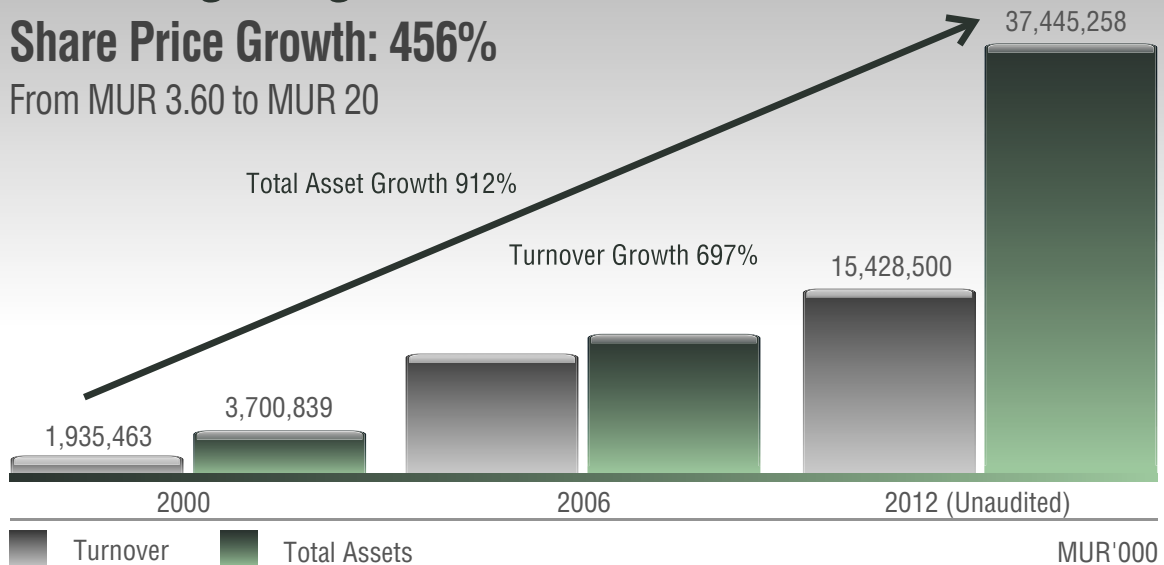
Bramer Asset Management Ltd. handles fund management, professional investment advice and portfolio management. This company also manages Bramer Property Fund, one of the largest property funds in Mauritius. Another profitable unit is British American Exchange, which deals in foreign exchange and money transfer. Britam, a market-leading insurance broker, completes the range of financial services for the group. It is recognized as a Chartered Insurance Broker by the Chartered Insurance Institute (CII)—the industry gold standard for insurance brokers.

Entities under Bramer Corporation are at different stages of their growth and development. They are working fast toward their Pan-African expansion plans. New partnerships are in the making with investors from India and Europe, and partners from Africa are increasingly approaching Bramer Corporation for investment opportunities.

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## A Substantial Center for Global Finance

Mauritius has been on the world finance map since the beginning of the 19th century, when the first banks were set up to service the nation's sugarcane plantations. Today, despite its modest size, the country continues to punch above its weight, both as an international finance center of substance and as a preferred platform for directing investment toward Africa and India.

Established in the 1980s, the local financial services industry has grown into a global player and a fundamental pillar of the nation's economy. Accounting for over 10% of GDP, it comprised 21 commercial banks, almost 200 insurance companies and agents, and close to 24,000 global business companies at the end of last year, according to the Financial Services Commission.

The banking sector is a microcosm of international finance, with global brands like Barclays, Deutsche Bank, HSBC and Standard Chartered Bank competing with Pan-African players such as South Africa's Standard Bank, India's Bank of Baroda, and homegrown institutions including Mauritius Commercial Bank, founded in 1838, and boutique providers AfrAsia Bank and Bramer Bank.

The Bank of Mauritius, the central bank, is responsible for regulation and

supervision of the sector, and its prudent management has garnered plaudits from the International Monetary Fund (IMF). In its 2013 Staff Report on Mauritius, the IMF noted, "[Mauritius'] banking system appears sound, well capitalized and profitable. Direct exchange-rate and interest-rate risks appear to be low. The sector as a whole has sufficient liquid assets to sustain a hypothetical bank-run test."

Other institutions and observers have echoed the IMF's positive assessment of Mauritius' bona fides as a secure, open and welcoming environment for investors. The Organisation for Economic Co-operation and Development (OECD) has included Mauritius on its white list of jurisdictions implementing international tax and transparency regulations since 2009. And the Global Financial Centres Index ranks the country among the leading jurisdictions worldwide in information exchange.

This good press has helped bolster confidence in the country's reputation. However, it is unlikely that Mauritius would enjoy the success it does today without the government's commitment to introducing innovative legislation such as the 2007 Financial Services Act; its proactive approach to signing double taxation avoidance agreements (DTAAs) and investment promotion and protection agreements (IPPAs); and its flat 15% taxation rate for businesses and individuals.

Speaking to CNN Marketplace Africa in June, Xavier-Luc Duval, Mauritius'

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vice prime minister and the minister of Finance and Economic Development, explained: “Our vision is centered around becoming a financial hub for Africa. Underlining this is our wish to make Mauritius a good place to do business. We have made a great effort over the years to make opening a business, running a business and making a profit very easy.”

The Financial Services Commission, Mauritius (FSC), was created in 2001 to regulate the nonbanking financial services sector. The FSC ensures that every company offering financial and corporate services in Mauritius observes best practices and meets standards of efficiency, fairness and transparency. The

“Legislation has been put in place for Mauritius to become a center for international commercial and investment arbitration in the African region.”

Dr. Rama Sithanen,  
Chairman, International Financial Services Ltd.

organization also promotes legislative changes that facilitate doing business in the jurisdiction.

“We are usually very business friendly,” FSC Chief Executive Clairette Ah-Hen says. “Sometimes you have to take a bigger role because, as a regulator, you say, how am I going to bring about innovation? We have the legal and regulatory framework to help investors come and invest in Mauritius.”

The FSC oversees a world-class roster of private-sector providers, such as International Financial Services Limited (IFS), which employs 160 professionals and offers value-added tax, corporate and business advisory services. IFS Chairman Dr. Rama Sithanen concurs with Ah-Hen: “Legislation has been put in place for Mauritius to become a center for international commercial and investment arbitration in the African region.”

CIM Group, one of Mauritius’ leading

## DOING BUSINESS IN MAURITIUS

*A conversation with Sivakumaren Mardemootoo, Mardemootoo Solicitors*

### Why is Mauritius a strategic hub for investment into Africa?

Mauritius ranks 1st in Africa in all credible international ratings on economic freedom, democracy and ease of doing business. While most African countries contain vast mineral resources and represent huge markets for development in all sectors of the economy, they often remain politically and socially unstable. As Mauritius is a founding signatory of the treaties creating the African Union and various other economic zones and markets, if your company enters Africa with a Mauritian Special Purpose Vehicle (SPV), it benefits from all the protections the treaties extend.

### Can you identify a few of the practical advantages or protections Mauritius offers?

Treaty protection against nationalism or discrimination, no custom tariffs or duties, concessionary tax rates, the UK House of Lords as the last court of appeal, great modern work and living environment, daily air access to several African hubs and the very influential role of Mauritius in COMESA and SADC, two leading African economic unions. Last but not least, Mauritius is perfectly bilingual, with English and French as the main languages on the island. Most professionals are trained in the UK, France, Australia or the U.S. A Mauritian staff will enable your company to deal with French- and English-speaking African countries without any problem.

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financial services groups, was created in 2005 to serve all kinds of clients—domestic consumers, corporations and global blue-chip conglomerates. CIM’s wide range of offerings includes retail credit; specialized fund administration; and trust, insurance and tax services. Chief Executive Vaughan Heberden notes that although CIM has focused traditionally on Asian markets such as India, the attention of the company and its clients is shifting increasingly toward Mauritius’ African neighbors.

“[It] is regarded as the new, exciting frontier,” Heberden says. “Not all of our clients have expanded into Africa, so the opportunity is there to help them in their expansion plans. We see Mauritius as a potential fulcrum for investment between Africa and Asia.”

Intercontinental Trust Limited, another successful international management and tax service provider, is leveraging the experience it has acquired channeling investment into India to service the

African continent. Founded in 1992, it currently has over \$60 billion in client assets under administration and offers a comprehensive range of financial and fiduciary services to global businesses.

“Everybody is talking about Africa,” its CEO, Ben Lim, says. “In Mauritius, we do not need the World Bank report to tell us where investments are going; we are seeing it live. We make sure the money going into Africa goes through Mauritius first.”

A raft of ancillary service providers—like Mardemootoo Solicitors, one of the country’s premier law firms—also ensures that those who set up a company in Mauritius to do business with Africa or Asia have excellent legal advice. A family firm established in 1971, Mardemootoo is a multidisciplinary practice, with experience in the banking, commercial, corporate, maritime, property and infrastructure sectors.

“One of our specialties is to help large corporations set up regional or African

headquarters,” explains Sivakumaren Mardemootoo, the son of the firm’s founder, Manon. “[It is] much safer to set up here and then go to Africa. Our immediate aim is to be all over Africa.”

Another major attraction for foreign investment is the Stock Exchange of Mauritius (SEM), established in 1989. It comprises two markets: the Official Market, with 42 listings and a market capitalization of close to \$6 billion; and the Development and Enterprise Market, which lists 47 companies and has a market cap of almost \$1.5 billion.

Opened to foreign investors in 1994, SEM offers various incentives for overseas capital, such as no tax on profits or capital gains. In 2008, SEM became a public company, and it has revised its operating and regulatory framework to align with global standards. Led by Chief Executive Sunil Benimadhu, SEM scooped awards for Most Innovative African Stock Exchange of the Year in 2011 and 2012 from Africa Investor. ❖

**The Financial Services Commission, Mauritius (FSC)**—the regulator for financial services other than banking and global business—has emerged as a strong partner for investments in Africa.

The FSC ensures the orderly administration and the sound conduct of business in the nonbanking financial services sector. The FSC takes appropriate measures to suppress illegal, dishonorable and improper practices, market abuse and financial fraud in relation to any activity in the financial services and global business sectors.

Compliance with norms prescribed by the IOSCO, IAIS and IOPS remains a priority of the FSC, which favors effective cooperation between regulators and has signed several bilateral memoranda of understanding, 13 with African regulators. As a signatory to the IOSCO Multilateral Memorandum of Understanding (MMoU) on Cooperation and the Exchange of Information, the FSC reinforces its position as an internationally recognized financial supervisor.

Mauritius has a strong framework for the prevention of money laundering and terrorist financing recognized by the IMF. In view of enhancing its position as an international financial center, Mauritius has further capitalized on its national strategy to diversify its economy into global financial services by leveraging on its links with both African and the larger Asian economies.

Recognition by international organizations reinforces the commitment of the FSC as a gateway for servicing investments into Africa. The OECD confirms Mauritius as a trusted, transparent and well-established international financial center. As the current vice chairperson of the SADC’s committee of insurance, securities and nonbanking financial authorities, the FSC chief executive reinforces the commission’s commitment to regional cooperation.

In September 2012, the FSC was awarded, for the second time, the “Most Innovative Capital Market Regulator of the Year Award” at a summit organized by Africa Investor, in collaboration with New York Stock Exchange Euronext. This reflects the FSC’s policy of listening to stakeholders and working with them to best meet the need of investors.

*“The Financial Services Commission, as a forward-looking regulator, is committed to offering a regulatory framework that inspires the trust and confidence of our African neighbors and international investors.”*

Clairette Ah-Hen,  
Chief Executive, FSC Mauritius



Financial Services Commission  
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# Connections to Move the Nation

For centuries, a boat was the only way to get to and from Mauritius and, with the nearest port over 100 nautical miles away, favorable winds helped matters considerably. Today, the country is far better connected by air, sea and telecommunications, effectively reducing the time required to bridge the distance between Mauritius and the rest of the world to hours or even milliseconds.

Improving connectivity is key for Mauritius, with a land area of 800 square miles in 460,000 square miles of Indian Ocean, 1,200 miles from the African continent. Not only do its 1.3 million people need to move within, to and from the nation's territory, but the country must also stay ahead of the competition for global business, as Mauritius positions itself as a



Mauritius Ports Authority operates three cargo terminals, a fishing port, an oil jetty and a cruise terminal.

premier investment gateway for Africa.

For the government, the long-term goal is to put in place the infrastructure required to ensure that Mauritius continues to prosper and develop sustainably as a tourist destination and an international financial center.

In the information and communications technology (ICT) arena, Mauritius Telecom provides its over 1.2 million subscribers with voice and data services via

fixed-line, cellular and Internet connections; a multiplay-IPTV service; fiber to the home (FTTH); and 4G connectivity. Various submarine fiber-optic cables and satellite links guarantee state-of-the-art connections, with total investments of \$200 million scheduled by 2015.

Meanwhile, at Port Louis, the nation's capital, Mauritius Ports Authority (MPA) operates three cargo terminals, a fishing port, an oil jetty and a cruise terminal.

## Abax: Focused on Africa

For over 20 years, Abax has been providing world-class advisory and corporate services to investors in Africa and Asia. It has become one of the nation's leading management companies, looking after some \$14 billion in client assets.

Abax has developed an innovative, integrated approach to doing business that brings the company into closer contact with its clients: "We add to the substance and value the client has," says CEO Richard Arlove. "We are not [just] a service provider anymore, we're part of the client and are finding clients for our client."

With offices in Australia, Kenya, Singapore, South Africa and the UAE, Abax is now focusing its expansion efforts on Africa. "Today, Africa is number one in terms of incoming and outgoing investments," Arlove notes.

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MPA has invested \$80 million in upgrading its facilities to date, and plans to spend another \$185 million to develop infrastructure over the next five years.

Airports of Mauritius Limited (AML) is about to open a new \$315 million terminal at Sir Seewoosagur Ramgoolam International Airport (SSR), which will ramp up capacity to 4.5 million passengers a year. For its part, Air Mauritius, the national flag carrier, operates a fleet of 12 aircraft to 19 destinations worldwide. It recently won a World Travel Awards nomination as the Indian Ocean's Leading Airline for the ninth time.

This March, Air Mauritius and its code-sharing partner, Emirates, became the first airlines to use the new runway and parking facilities at SSR. And later this year, SSR's Terminal 2, designed by France's Aéroports de Paris Ingénierie and constructed by China's CSCSC, will commence operation, marking a major milestone in Mauritius' aviation history.



Created in 1998, AML, SSR's owner and operator, is a public company majority owned by the government. It has three subsidiaries: Airport Logistics Limited, which provides ICT and data services; Mauritius Duty Free Paradise Limited (MDFP), which manages the duty-free retail marketplace; and Airport Terminal Operations Limited. The latter is a private company set up in 2009 to build and operate the new terminal at SSR, which it is delivering in record time.

"Our objective was to complete it in three years," explains Serge Petit, AML's CEO. "We have already reached maximum capacity. We have an hourly rate of 750 passengers, and in the morning there's probably 1,500. There's a need to get that terminal finished. We are delivering it as scheduled, within budget. It's a big challenge."

The terminal's architecture evokes the ravenala palm, a plant indigenous to Mauritius that is fittingly known as the "traveler's tree." The naturally inspired design features light-filled walkways, water walls and a vertical garden designed by local horticulturist Cédric Affouye. It's also eco-friendly, with a thermo-insulated facade, photovoltaic cells that capture solar energy, and rain-water systems that keep indoor gardens green.

With its hub in SSR, Air Mauritius is aiming for new heights, and it embarked on a five-year recovery plan last February. Established in 1967, Air Mauritius began operating regional flights in the early 1970s and started its own long-haul operations in 1977. After posting losses of \$39 million in 2012, it is now aiming to run a cleaner, leaner operation that will propel it back into the black.

"At the end of the day, Air Mauritius is not subsidized," notes CEO André Viljoen. "We have to be profitable and it has to be sustained profitability, which then enables us to fulfill our national obligation. We have a five-year network development plan in [which] we will grow all our routes to daily operations."

Air Mauritius' Airbus and ATR fleet currently services a reduced network, which required cutting unprofitable routes such as Milan while strengthening its presence in destinations such as London, Paris and Perth, thanks to code-sharing agreements with partner airlines.

At the same time, the airline is working hard to become a bridge between Africa and Asia. This year, it has launched direct flights to Beijing and Shanghai, in addition to services to Hong Kong and, via Kuala Lumpur, Singapore. It also serves Mumbai, Delhi and Bengaluru in India. Meanwhile, almost half of its traffic goes to southern Africa, including routes to Cape Town, Durban, Johannesburg, Nairobi and Madagascar's capital, Antananarivo.

Looking to capitalize on the burgeoning development of aviation infrastructure and services, Mauritius Tourism Promotion Authority (MTPA) is getting ready to welcome a new wave of visitors. Last year Mauritius received over 965,000 tourists, and in the first quarter of 2013 it





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posted a 1.5% increase in arrivals. Tourism accounts for around 11% of GDP, and the sector employs 40,000 people, making it big business for the country.

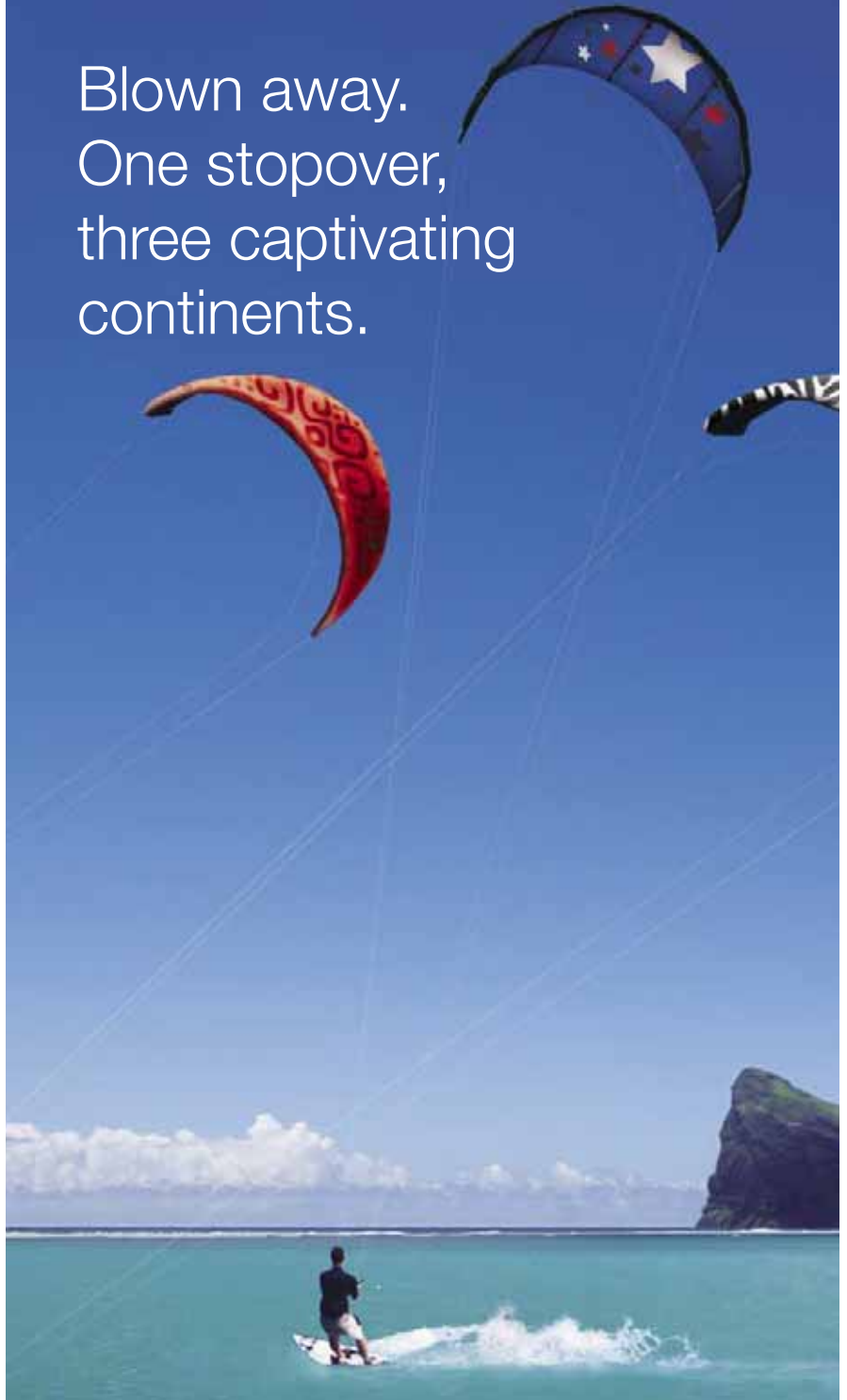
“In line with the refurbishing of the airport, there are going to be major developments,” says MPTA’s director Dr. A. Karl Mootoosamy. “First is room capacity, then what we call ‘the attractiveness of Mauritius.’ There is a global plan to make Mauritius more trendy, adaptable and flexible. It is [already] fashionable, a place to be.”

Rather than rely on the depressed European markets, which have traditionally been tourism’s bedrock, the local industry is turning its attention elsewhere. In the first quarter of 2013, arrivals from Asia were up 37%, while the number of travelers from Africa rose 16%. At the same time, the government and MPTA are aiming to diversify the country’s offerings into new sectors and segments, such as business travel and medical tourism at hospitals like the Apollo Bramwell.

“We are looking for new markets every year,” says Michael Yeung Sik Yeun, the country’s minister of Tourism and Leisure. “Mauritius offers a unique destination for businesspeople, with an enviable work-life balance and, of course, our exceptional golf courses. Our product is unique.”

Exclusive business hotels, like Le Sufren Hotel and Marina in Port Louis, and top-of-the-line golf facilities, such as the championship courses at Constance Hotels and Resorts, are big draws for travelers who indulge in the occasional pleasure while doing business. And those who love to shop will also enjoy Mauritius; its reputation as a duty-free island makes it the perfect place to get a gift for someone at home—or even for yourself. ❖

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## An Ideal Platform

**W**ith a population of just 1.3 million, Mauritius may be small, but it thinks big. The country's leading companies, rather than relying on its limited domestic market, are focusing on reaching hundreds of millions of people across Africa as Mauritius consolidates its position as an investor-friendly, open and secure springboard for the continent.

The 2013 *Doing Business* report, published by the World Bank and the International Finance Corporation, ranked Mauritius 19th worldwide in ease of doing business, ahead of Germany, Japan and Switzerland. This ranking places Mauritius first in Africa, 20 places ahead of South Africa, whose economy is worth 29 times more.

Mauritius is the Southern African Development Community's (SADC)

second smallest member. Its SADC peers, such as the Democratic Republic of Congo, Tanzania and South Africa, dwarf it in size. However, that smaller size offers one huge advantage—agility. Mauritian companies are moving fast to keep ahead of the competition.

This May, public- and private-sector players came together in Port Louis for a Trade Policy and Negotiations workshop, organized by the Ministry of Foreign Affairs, Regional Integration and International Trade and the SADC Secretariat. The workshop aimed to educate stakeholders about opportunities the SADC Trade Protocol and other regional integration initiatives offer, helping them provide enhanced services to their clients.

Through its membership in the Common Market for Eastern and Southern Africa (COMESA), Mauritius participates in that organization's free-trade area, which provides preferential access to a market of 390 million consumers in 19

states, with annual imports and exports worth \$114 billion. The chance to sell, via COMESA, to some of the continent's biggest economies, such as those of Egypt, Kenya and Libya, makes Mauritius an ideal platform for anyone wanting to do business with Africa.

Numerous innovative homegrown businesses are already benefiting from Mauritius' COMESA and SADC memberships to make the most of these connections with some of Africa's fastest-growing economies. Several companies in Mauritius' original industry, sugarcane, have adapted their tried-and-tested business model to expand beyond the nation's borders to Africa and India.

One of the country's oldest companies, 175-year-old Terra Mauricia, helmed by Managing Director Cyril Mayer, has branched out into a diversified portfolio of interests, including property, construction and leisure, with interests in the Ivory Coast and South Africa. Meanwhile, CEO Jacques M. d'Unienville is taking Omnicane, another century-and-a-half-old company that rebranded in 2009, into new fields like ethanol, thermal and wind energy.

For its part, Hyvec Partners has grown to become one of Mauritius' leading construction companies in a little over two decades, and it is now exploring opportunities in Mozambique, Dubai and, in the longer term, Madagascar. It holds grade-A approval as a government contractor and has delivered more than 35 major development projects, including public buildings, office complexes and residential units.

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Ebène's Cyber City, the new business district of Mauritius, located a few miles outside the capital of Port Louis

"I started with a \$300 business," recalls Eshan Chady, Hyvec's owner and managing director. "This year, we reached \$70 million turnover, and we are trying to achieve \$100 million. The people driving Mauritius give you the opportunity to invest. Trust is the most important thing. We started something, they liked it, and now it is easier."

Hyvec also has earned the confidence of a Chinese partner, Beijing Uni-Construction Group, with which it set up a joint venture to build the ten-story Ebène Tower in the city's Central Business District, a five-story office building in Ebène's Cyber City, and the \$60 million Melrose High Security Prison. Hyvec retains the majority share in the partnership: "We have 51%, they have 49%," Chady notes. "That is very rare. They trust us [too]."

The Bhunjun Group is a Mauritian company that for almost half a century has leveraged clients' confidence and its own experience in one field to grow into others, within and beyond the nation's borders. Starting out with civil engineering and infrastructure projects, it has diversified into property development and luxury hospitality; manufacturing and marketing building materials, under its Betonix brand; and, more recently, shipping and logistics.

In 2009, Veeqram Bhunjun, a son of the group's founder and the current CEO, established another subsidiary, Beta-max, to transport petroleum products between Indian Ocean islands in *Red Eagle*, a brand-new tanker. For the past 18 months, Bhunjun has been studying the potential for bunkering, or refueling, vessels, which he feels could be a huge business in the future.

"Shipping will probably become one of

the major pillars of the company," Bhunjun says. "We have been in property and construction for 50 years, but when you see something new, you want to do something different. Everything has to come into Mauritius and, with the right infrastructure, I think we can get it right."

Another family-owned business that has built a homegrown empire, importing and retailing high-quality consumer and commercial goods, is J. Kalachand & Co. Ltd. It sells an extensive range of domestic appliances, furniture and other products from 27 outlets in Mauritius, featuring world-class names like Braun, Casio, Citizen, Daewoo, Nolan and Yamaha, alongside its own Bel Air, KMC and K-Tronics brands. In 2011, the company posted profits of almost \$5.7 million on revenues of \$23.6 million.

Ramesh Kalachand, one of two second-generation brothers who run the company today, recalls how it all began: "In 1962 or 1963, my dad went on a trip to Japan. Pocket radios and electronics were coming out. I remember him coming back. He had a little thing in his pocket and you could hear sound coming out of it. It was like magic. Since 1968, our business has gone from strength to strength, [and] it is still growing."

Ashok Kalachand, Ramesh's brother, believes that his father's entrepreneurial drive made all the difference in the company's early days, and that J. Kalachand & Co. has made a positive impact on living standards in Mauritius during its history: "The economy has opened up [and] people have more purchasing power," he notes. "Nowadays, our customers are buying less and less on credit, which means they have more money. Banks are also more flexible. Things have changed a lot in Mauritius." ❖

## BUILDING THE FUTURE

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# Adding Spokes to Strengthen Hubs

The *Oxford Advanced American Dictionary* defines a hub as “the central and most important part of a particular place or activity.” Mauritius seeks to capitalize on its strategic location between Africa and Asia and the competitive advantages it has developed over the past few decades as it pursues its goal of becoming a hub for trade, finance, logistics and communications.

In his address at Mauritius’ inaugural ICT-BPO (Information and Communications Technology and Business Process Outsourcing) Conference in 2011, Prime Minister Navinchandra Ramgoolam noted, “When I first expressed my vision of transforming Mauritius into an ICT-BPO hub in 1999, many thought this would not be possible. But if you believe in a vision, you must never listen to people who say it can’t be done.”

That belief in Mauritius’ potential, and the commitment the Ministry of Information and Communication Technology has made to putting strategies and incentives in place, appears likely to make the prime minister’s vision a reality in short order. This October, ICT and BPO leaders will meet in Mauritius for the third time to chart progress and set targets for the future.

“Mauritius now has the ambition to make ICT the main pillar of our economy; we are working toward being the first country in the world where that is true,” says ICT Minister Tassarajen Pillay Chedumbrum. “We are marketing Mauritius as a preferred, safe and secure ICT destination, attracting companies to come do business here.”

Both Emtel, southern Africa’s pioneering cellular network and part of the Currimjee Jeewanjee Group, and

Mauritius Telecom, which recently posted record revenues for 2012, will play an instrumental role in delivering on that promise: “We have all the ingredients to make the BPO sector a resounding success,” says Sarat Dutt Lallah, the CEO of Mauritius Telecom.

Human resources are Mauritius’ only “natural resource,” making knowledge another sphere with real potential for development into a hub that can both provide for and benefit from the growth of the ICT and BPO sectors. Education is key, and the Ministry of Tertiary Education, Science, Research and Technology, led by Rajeshwar Jeetah, intends to bring thousands of new foreign students to Mauritius by 2020. This April, the IMF announced plans to open its Africa Training Institute in Mauritius, giving a resounding vote of confidence to the country’s prospects. ❖



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