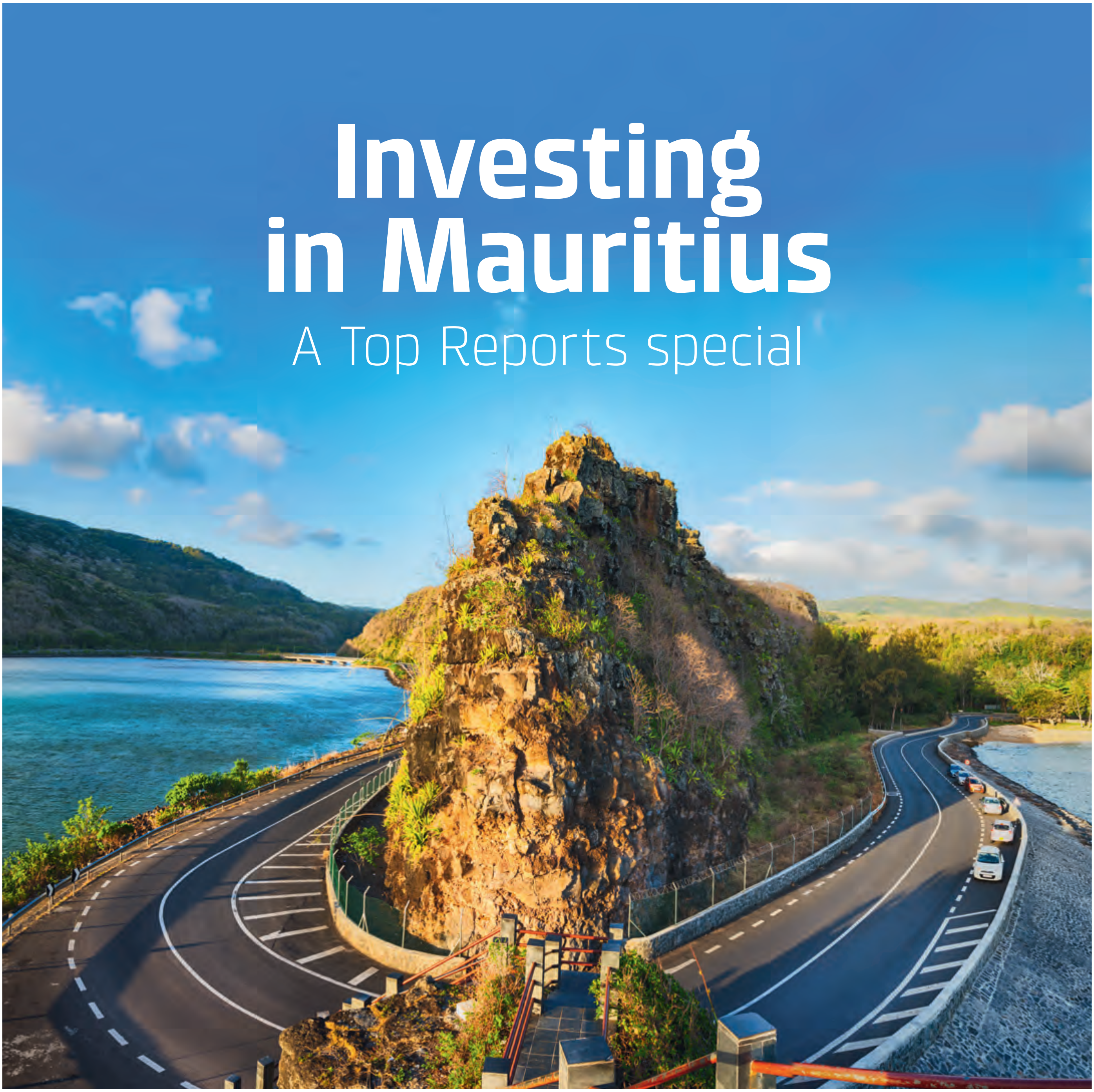
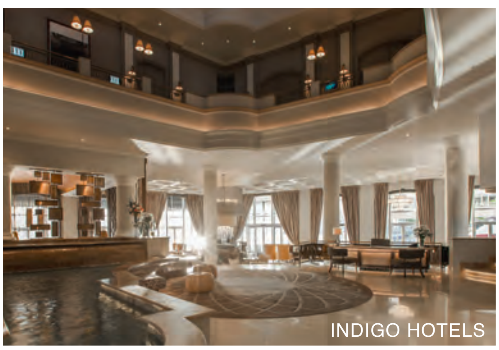
Top Reports
International Communications Agency

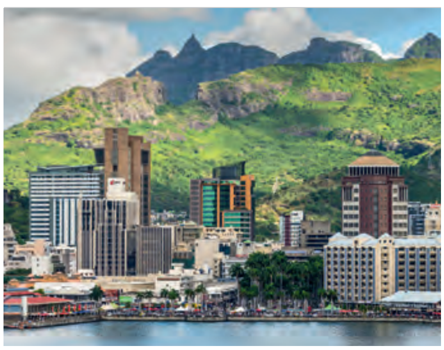
Investing in Mauritius

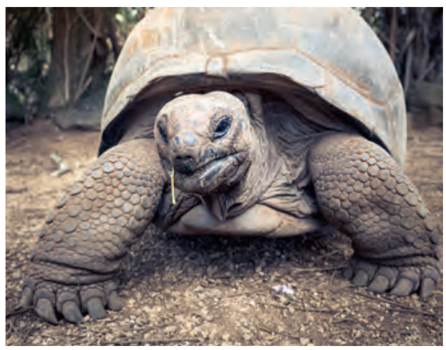
A Top Reports special



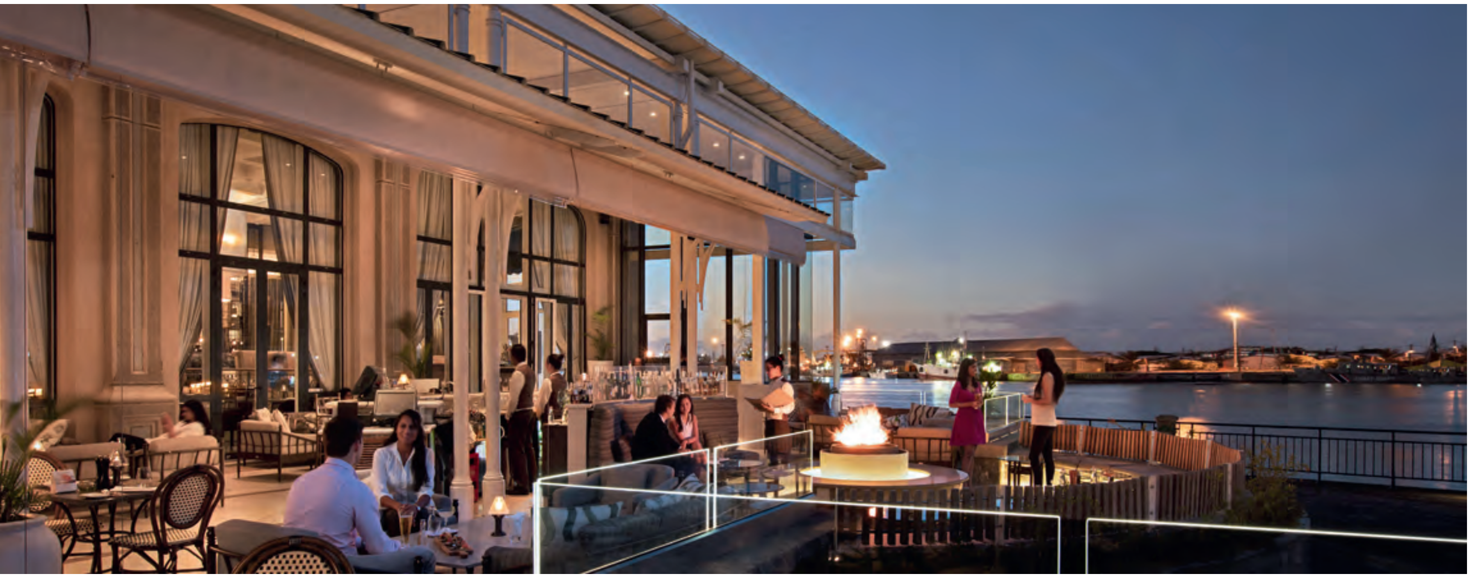


INDIGO HOTELS





More than business hotels, your lifestyle



With more than 19 years' experience, Indigo has firmly established itself as the leader in business hospitality in Mauritius. With five excellent hotels, Indigo offers the modern day traveller visiting Mauritius distinctive lifestyle experiences in each hotel; crisp efficiency coupled with outstanding service and attention to detail.

Indigo's flagship, the Labourdonnais, has undergone an extensive designer refurbishment. Classically elegant and professional features are evident throughout the new, private Executive Floor, the stylish restaurants and bars and modernised conference facilities.

Five venues, five distinct personalities

The grand 5-star luxury Labourdonnais, Mauritius' renowned business hotel, offers a traditional sense of elegance and excellence in the heart of the Caudan Waterfront; Le Suffren Hotel & Marina has it all, combining business and leisure in a contemporary 4-star city environment right on the waterfront; Le Suffren Apart'hotel offers Mauritius' first serviced duplex apartments, where guests enjoy the comforts of home with 4-star hotel service. Hennessy Park Hotel is a 4-star venue with unique, artistic flair in Ebene Cybercity, while the warm and convivial The Address Boutique Hotel is in Port Chambly, 10 minutes away from the capital.

Each Indigo hotel offers visitors unique business interactions with confident professionalism and excellence in service and care.

Ready for business

All the modern technology expected by business travellers is readily available in all five hotels. A highly professional and dedicated banqueting team is standing by to turn your ideas into impactful events. Excellent banqueting and conference facilities will cater for any function, from the most intimate to highly distinguished events, with the same meticulous thought and application.

Wine and dine around the world

Indigo's eight delightful restaurants serve cuisine to tempt every palate, from the best of Mauritian fare to the pick of international dishes, including Japanese specialities.

Business and pleasure in equal measure

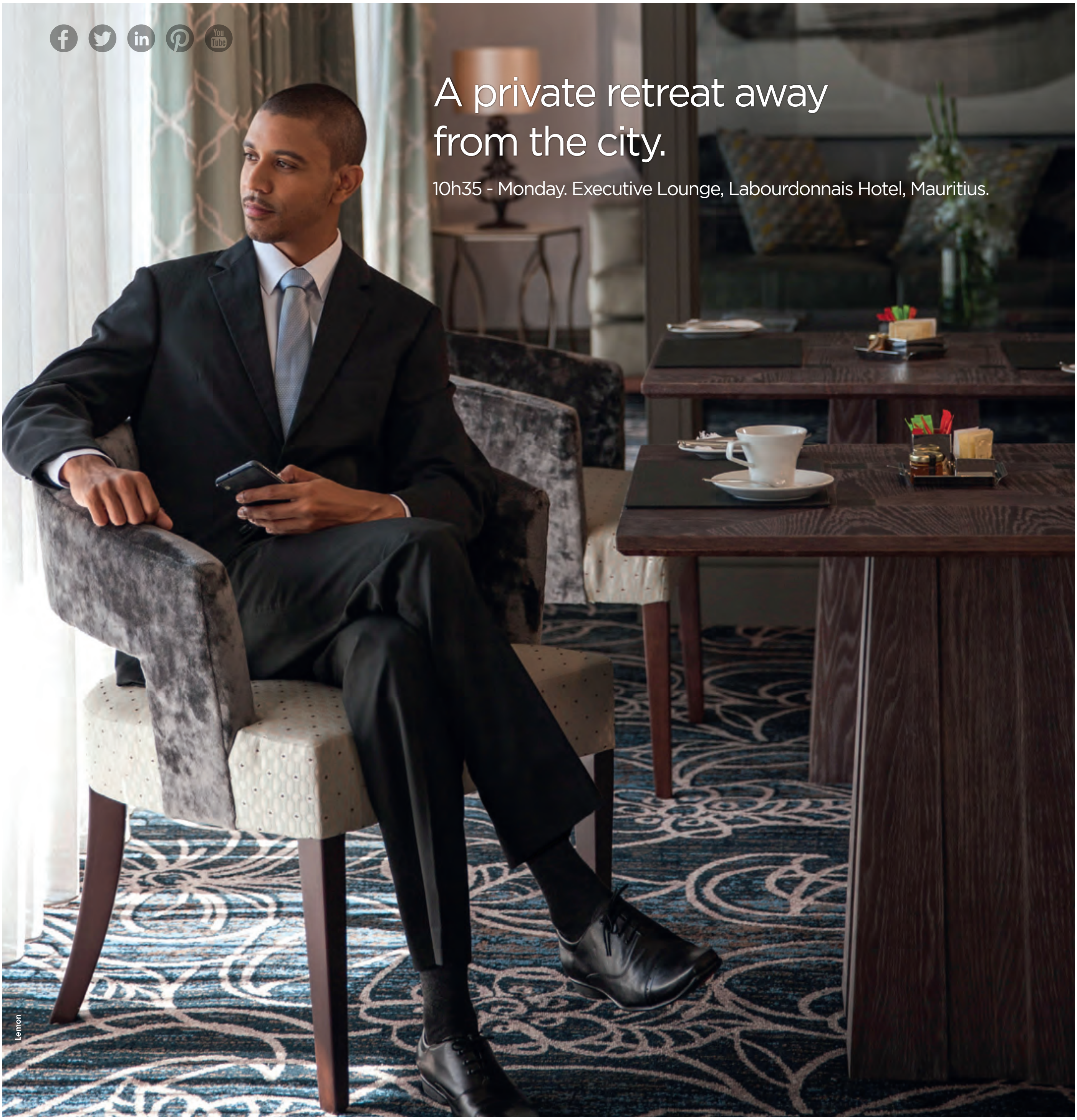
Each Indigo venue offers just the right balance of work and play, with a superb range of facilities and activities, including swimming pools, catamaran cruises, peaceful spas, fully equipped fitness clubs, a hydropool, squash and tennis court, convivial bar lounges and much more.

Indigo at a glance

5-star Labourdonnais Waterfront Hotel
4-star Le Suffren Hotel & Marina
4-star Hennessy Park Hotel
4-star The Address Boutique Hotel
Le Suffren Apart'hotel

Offering a total of:

338 spacious rooms
18 elegant suites
1 penthouse
10 hotel apartments
8 delightful restaurants
4 trendy bars
3 fitness clubs
13 fully equipped conference rooms



The Labourdonnais opens its doors after renovations.

The brand new Executive Lounge at the Labourdonnais is where business becomes pleasure in a private, relaxing ambience with complimentary Internet and refreshments. The rejuvenation of the Labourdonnais was inspired by the essence of this 5-star business hotel in both refinement and exclusivity. Innovative restaurants and stylish bar, impressive new conference facilities and metamorphosed public areas, coupled with outstanding service, complete the picture; guests can expect the ultimate in distinctive lifestyle experiences.

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Indigo MORE THAN BUSINESS HOTELS

Labourdonnais Waterfront Hotel | Le Suffren Hotel & Marina | Hennessy Park Hotel | Le Suffren Apart'hotel | The Address Boutique Hotel

Investing in Mauritius
Engine of growth

With its stable social and political environment, strong institutions, robust financial services sector, sound macroeconomic policies and general openness to business, Mauritius looks set to remain among the world's top destinations for investment.

When in December 2014, the Alliance Lepep (Alliance of the People), comprising the Mouvement Socialiste Militant, the Parti Mauricien Social Démocrate, and the Muvman Liberater returned to power in the island nation of Mauritius with 49.8% of the vote, it was only seen as further proof of the resilience of the African nation's democratic culture and stability. After independence from Great Britain in 1968, Mauritius got off to a shaky start, its prospects written off by many at the time, given its lack of resources beyond sugar. However, since 1975, it has steadily embarked on reforms that have raised it to the top spot in current many economic, political and social indices on the continent.

In a little over a generation, Mauritius has managed to diversify its economy from a reliance on sugar to one built on five main pillars – financial services, export processing zones (EPZ), tourism, information and communications technology and of course sugar, which now plays a diminished role in the economy. Uniquely, on the continent at least, Mauritius has been able to achieve this without massive amounts of foreign direct investment, relying instead on a sound and robust domestic banking system which has underwritten the investments required for its economic success. Indeed, the country has not required a financial facility from the IMF since the mid-1980s, suggesting a period of relative economic and financial stability.

Post-independence, Mauritius began to diversify away from its mono-crop sugar, building a strong textile industry which quickly flourished. It also developed its tourism sector, capitalising on its island status and the almost complete absence of conflict or tension that has persisted to date. Financial services also became a strong pillar in its services drive and in the 1990s, it took advantage of the nascent interest in new technologies and built up its ICT sector, further boosting its position as a services powerhouse.

The country is firmly committed to free markets and both leading political parties that have wielded power since independence espouse equal opportunities for all market participants, free trade and competition. The World Trade Organisation describes its investment regime as "free and transparent" and in its 2016 report, the World Bank Doing Business Guide places it atop its tables in Africa and 28th globally. This can be credited to, among others, the high quality of its institutions and extensive investment in human resources. The government has also pursued largely sound macroeconomic policies and it is only recently, with changing global economic conditions that its debt profile has caused mild concerns among market watchers.

Given this, it is no surprise that Mauritius has caught the eye of investors and over the last decade particularly, has been very successful in attracting high levels of investment and foreign capital.

Owing to its low taxes and offshore financial services, there is a mistaken assumption among some that it is a tax haven. This is contrary to the findings of the Organisation for Economic Cooperation and Development (OECD), which puts Mauritius firmly among the group of countries with "jurisdictions that have substantially implemented the internationally agreed tax standard." It has a strong regulatory framework and is recognised as having implemented the highest internationally agreed standards. It occupies pride of place as one of the first jurisdictions to be included in the OECD White List. Indeed, banking and financial transactions are remarkably transparent and anyone opening an account has to submit to full disclosure. The country has also declared itself fully ready to exchange tax information with all its international partners.

A haven of opportunity

Investors in Mauritius have several options available to them. A member of several regional economic bodies, including the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), and the African Union (AU) and until recently, a beneficiary of the Africa Growth and Opportunity Act (AGOA) trade regime, it offers an ideal staging post for gaining tariff free access to several important markets. The country has also ratified an Interim Economic Partnership Agreement with the European Union, ensuring that exports to the European Economic Area are tariff free.

In furtherance of these opportunities, the government has identified areas of economic activity through which it intends to pursue its goals of enhancing exports, innovation and competitiveness while boosting employment. These areas include agro processing, jewellery, medical and scientific devices and software development. Others are financial services, cultural tourism, aquaculture and fish processing. This strategy will be undergirded by SME internationalisation, skills development, innovation, and branding and institutional alignment, to ensure that the focus on the seven sectors delivers optimum results.

Front and centre of the Mauritius success story is its robust financial services sector.

Mauritius ranked 3rd in Africa and 34th globally in the Global Competitiveness Report 2015–16 index. The latest FinScope Survey found a high level of financial inclusion with only 10% of Mauritius adults 18 years or over classified as financially excluded, the lowest in the SADC region.

The banking sector is among the most sophisticated in the world, regulated by the Mauritian Central Bank, which is modelled on and was guided in its establishment by officials from the Bank of England. The Bank is independent and has been known to clash with the finance ministry in the assertion of its powers over monetary policy and management of public debt. The banking system is solid and oriented toward international standards with functional banking supervision. There are 22 banks operating in Mauritius including several foreign banks such as Barclays, Deutsche Bank, HSBC and Standard Bank. Mauritius is among the first countries to have implemented the BASEL III guidelines in July 2014.

A Financial Services Promotion Agency (FSPA) was set up in 2007, specifically to develop and promote Mauritius as an International Financial Centre (IFC) of excellence. The law mandates that the FSPA promotes Mauritius as International Financial Centre of repute and substance by, among other things, acting as a think-tank, developing the concepts and implementing strategies that will establish the country more firmly as a reliable financial sector of integrity. One of the aims is to enhance the product offerings of the Mauritius IFC and lead the establishment of a Financial Services Institute to provide specialised training and courses dedicated to the financial services industry in the country and beyond. The FSPA can be said to be well on its way, as evidenced by the increased interest in the Mauritius IFC.

The banking sector is among the most sophisticated in the world, regulated by the Mauritian Central Bank, which is modeled on the Bank of England

According to Harvesh Seegolam, Chief Executive of the FSPA, "Mauritius is open to global companies looking at establishing their operations locally to target emerging markets. At the level of the FSPA, our focus is on promoting and attracting activities which are substance-based, meet and adhere to international standards and lead to high value job creation for our professionals."

With its array of sophisticated and bespoke products, the Mauritius IFC is inarguably the ideal risk-mitigating and efficiency platform for cross-border investments. The FSPA works closely with all the local and international stakeholders to be the first point of contact for the international business community using the Mauritius IFC. As a reputable IFC, the country also adheres to best norms as set by organisations like the International Organisation of Securities Commissions (IOSCO), International Organisation of Insurance Supervisors (IAIS), Financial Action Task Force (FATF) and the IFSB. In addition to its ecosystem and proven track record in global investments, the Mauritius IFC has a number of bilateral treaties for double taxation and investment protection in place across Africa and the Rest of the World; and is currently growing to include firms delivering a range of bespoke financial products for Africa.

Under its industrialisation programme, Mauritius has moved from a sole crop producing nation to a multi-agro hub that is mainly geared at export markets. Today, the agri-business sector encompasses cane, seafood, spirits and beverages, fresh produce and processed foods. Domestic exports amounted to R20.1bn ($567m) in 2015, with the seafood sector accounting for 4%, followed by sugar and confectioneries which contributed 39%. Main products of export include preserved tuna (canned, pouch and jar), frozen tuna, fresh fish, refined sugar, special raw sugar, animal feed, fresh fruits (pineapple, lychee), cut flowers, instant noodle, tropical jams & honey, pickles, cake decorations and spirits (rum, wine).

Closely aligned is the textile industry, the success of which is now a model for other countries in the region. With a diverse manufacturing base that caters to various price and volume variations, it now plays host to several global brands such as Calvin Klein, Tommy Hilfiger, Adidas, Levi's, Puma, and Adidas, a testament of the entrepreneurial energy, efficiency and relatively low costs available to the sector.

The jewellery sector in Mauritius employs more than 3,000 people working for about 50 companies with clients in 35 countries around the world. In 2015, it exported Rs 5.52bn worth of jewellery products. Among these were cut and polished diamonds, pendants, necklaces and bracelets, high-end fashion jewellery with Swarovski crystals, electroform products, hollow chains, mechanical chains and high-end clasps and findings. The sector has benefited from targeted policies such as the removal of all duties on the importation of jewellery plants, equipment, raw materials and components, the establishment of a School of Jewellery, an assay office and a conducive tax regime, all backed by the Jewellery Act, 2007.

Managing success

Mauritius has consistently been one of the star economic performers in Africa. Its GDP per capita has grown steadily over the past decades, reaching $17,200 in 2013. Growth rates have remained above 3% over the last decade, reaching as high as 5.9%. Foreign direct investment is increasing and tax receipts are also edging up.

However, its reliance on its Western markets for its exports has exposed it to the vulnerabilities in those markets. Despite coming out of the 2007 crisis barely scathed, it remains exposed to the changing tides of events in the West. Britain's exit from the EU, along with the turmoil it portends, is likely to have some effect. Its increasing prosperity also means that it is no longer eligible for concessionary programmes such as AGOA. To deal with this, Mauritius' nimble leadership are turning their sights to African and Asian markets to minimise their vulnerability. The economy itself is quite diversified and has proven to fairly resilient to shocks in the past. The central bank has also offered a line of credit to struggling exporters.

Government programmes over the last few years have been more expansive than planned and there are concerns about the rising public debt. It however still remains largely manageable and a plan to divest itself of government run businesses and seek more private sector participation through PPPs should see it achieve its aim of a debt-to-GDP ratio of sub-50% by 2018.

Thus, Mauritius remains on course to achieve its medium term aims, which are to translate export-led success into sustainable and inclusive growth; transform to a knowledge-based economy thriving on innovation and value addition, especially in the financial services sector; and become the reference country and trade-partner of choice in the region and beyond.

Advantage Mauritius

Mauritius is one of the world's most attractive investment destinations. It has the most accommodative business environment in Africa and high levels of economic freedom and low tax rates. It has consistently pursued sound macroeconomic policies that are transparent and market oriented. The state of its public services and infrastructure has seen rising investment into emerging areas such as medical tourism and information and communication technology (ICT). A well developed, profitable and stable financial sector is boosting growth, including services, which will continue to play an outsized role in the country's economy.

Again, a large concentration of middle- and high-income earners presents opportunities for consumer-oriented industries, meaning that Mauritius is not only an excellent base for companies looking to expand into Africa and Asia, but also offers a primary market for various goods and services.

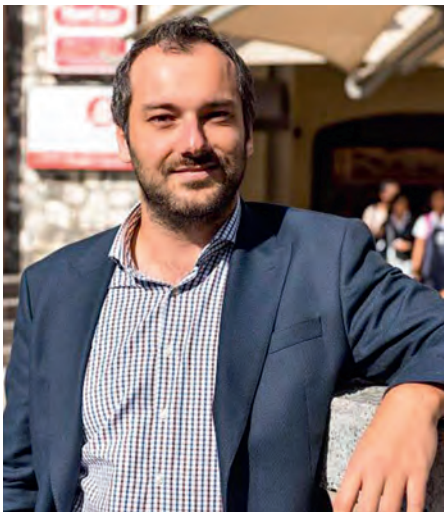
Anchoring all this is a stable political environment with very low risk, as well as a political leadership that has shown its capacity to manage change and challenges in the past. Mauritius thus looks set to remain among the top destinations for investment and an easy choice for investors looking to be part of an exciting, successful transformational story that delivers for all parties. ■

Turkish Airlines sees strong growth in region

Fatih Mehmet Kursun, General Manager of Turkish Airlines for Mauritius, Madagascar and Seychelles, talks about the development of his company's services to the region and his vision for the future.

Turkish Airlines has been present in the Indian Ocean for more than a year now. What were the expectations of the company and what is your observation after a year and a half of presence in Madagascar and Mauritius?
We started operations to Mauritius and Madagascar with three flights and due to increasing demand we have increased our capacity to five flights per week. The idea of serving Mauritius was motivated by the great potential of this destination. Madagascar is also growing and I am sure will continue its growth as it is a country with great potential. When we started our flights to Mauritius and Madagascar, we did not expect to see such strong growth in such a short time.

Our first approach was to connect the islands with new markets. We serve markets that are entirely new for the islands, like Ukraine, Hungary, Bulgaria, Romania and Turkey. The increase in arrivals from Eastern Europe is certainly due in part to our presence but we have also started to place more emphasis on the development of the outbound market.



The increase in arrivals from Eastern Europe is certainly due in part to our presence

How are you contributing to creating more growth in these destinations?
We organised several events and roadshows to promote the Vanilla Islands in Central and Eastern Europe.

Our first event was in May 2016 in Istanbul, where we held a roadshow with around 20 professionals from the tourism sector to promote Mauritius. The mission was a good opportunity for Turkish tourism professionals and their Mauritian counterparts to better understand each other's products and services.

From this came the idea of collaborating with the Vanilla Islands to promote these destinations in Central and Eastern Europe. A first joint action was conducted in Hungary, Romania and the Czech Republic, with the participation of Mauritius, Réunion, Madagascar and the Seychelles. Later on we organised a second series of events in Bulgaria, Serbia and Slovenia due to an increase in the number of passengers from these countries to the Vanilla Islands. Nearly 160 tour operators and travel agencies have been connected with hotels, travel agencies and other tourism professionals to showcase their strengths.

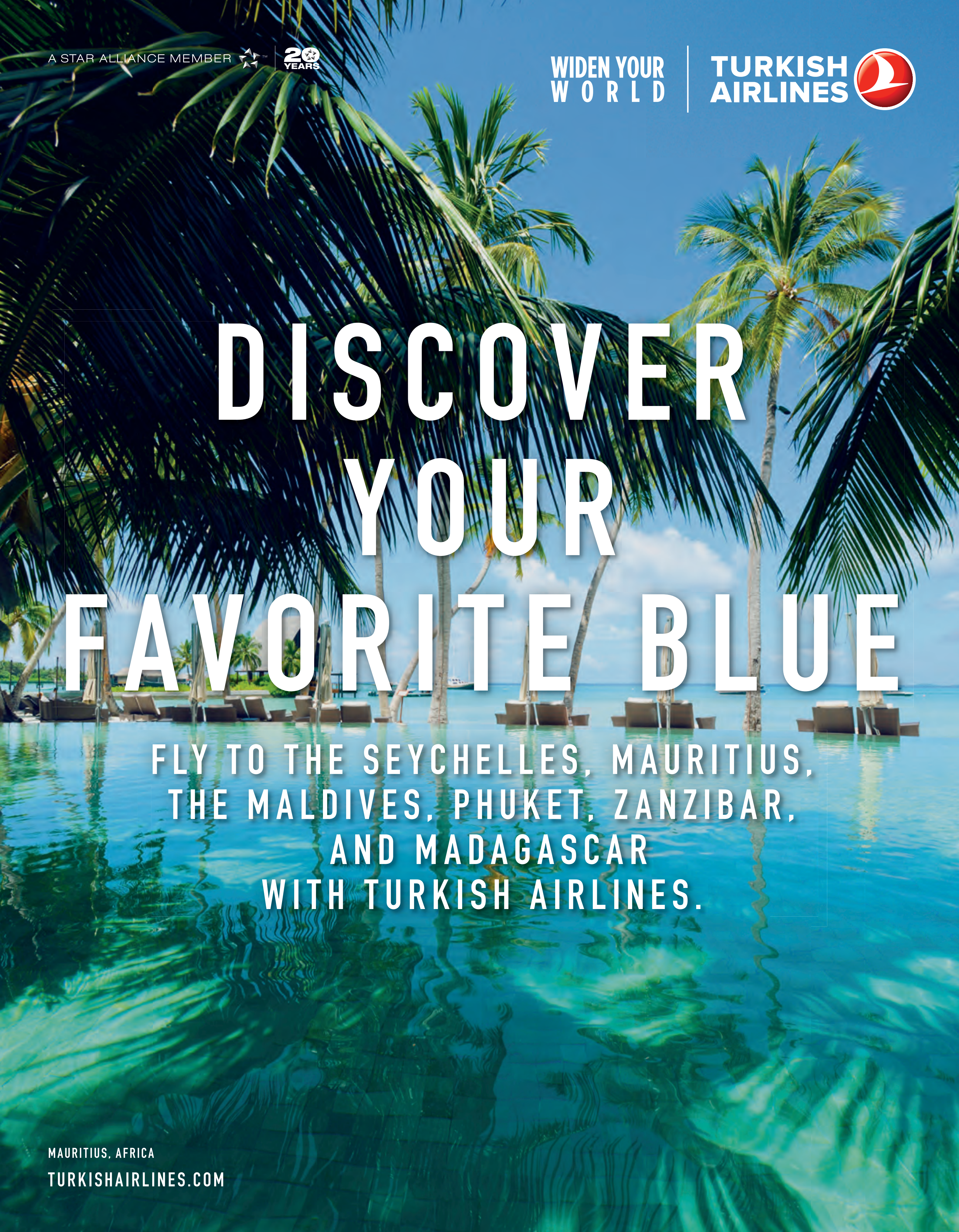
The results are already positive, not only in terms of growth rates since the arrival of Turkish Airlines, but also in terms of bookings in the coming months.

In my opinion, these islands should not be considered as only incoming countries, as there is great potential to develop the outgoing traffic. In Mauritius, Madagascar and Seychelles, we have developed a different strategy and opened new destinations where Mauritians can fly at very competitive rates.

You just mentioned that you are placing more emphasis on the local market. What are the projects that you intending to do here for the Mauritians?
We have noticed that this market has very good potential and thanks to our large network, we have brought more choice. We have created lots of emphasis for destinations like Tel Aviv, Morocco, and Lisbon. As our main hub is Istanbul, we have proposed very competitive fares and I am sure Mauritians will be charmed by this destination. Not only Istanbul, but also the whole of Turkey has so much to offer and is just waiting to be discovered.

We have also developed some great fares for *umrah* to Jeddah/Medina, to Fatima in Portugal for its 100th anniversary, and for Tel Aviv. We have also created lots of interest in the cruise segment, and we will continue to develop new routes to help Mauritians discover more countries.

Do you have any new projects coming in the region?
In this region, our commitment is long term and we will do our best to make our presence permanent in all these three countries. We want to contribute to the growth of these destinations, not only in terms of passenger traffic but also in terms of the local economic growth. We look forward to strengthening our presence in the islands and connecting them to the rest of the world.


A STAR ALLIANCE MEMBER
20 YEARS
WIDEN YOUR WORLD
TURKISH AIRLINES
DISCOVER YOUR FAVORITE BLUE
FLY TO THE SEYCHELLES, MAURITIUS, THE MALDIVES, PHUKET, ZANZIBAR, AND MADAGASCAR WITH TURKISH AIRLINES.
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Interview: Alain Law Min, CEO, Mauritius Commercial Bank

Mauritius Commercial Bank: Positioned for the long term

Mauritius Commercial Bank's new CEO speaks to *African Business* about the bank's key areas for medium-term growth and its vision for the longer term.

How is Mauritius Commercial Bank (MCB) leveraging tech to drive innovation in the banking sector?
MCB has been investing in tech since the early 80s. The initial focus was on operational efficiency but since then we have been leveraging on tech to enhance customers' interaction with the bank and improve the customer's experiences. We now offer a multi-channel experience with ATMs, branches, bank kiosks, mobile app, SMS banking, customer contact centre and internet banking. In fact, we've had internet banking now for the past 15 to 20 years and a customer base of 130,000 corporates and individuals.

Recently we introduced our mobile banking app called Juice which has had a phenomenal uptake of more than 100,000 users. It introduces a number of interesting features like cardless ATM withdrawal, connecting with Visa Direct worldwide and the latest feature – the first of its kind in Africa – is to link the account with PayPal.

We've also worked a lot on workflow systems to ensure that we improve on operational efficiency so that customers get a more rapid service. We introduced Instakit which enables someone to open an account with us and instantly be equipped with a debit card, SMS banking, e-statement and mobile app Juice. So you can walk out of the bank and have a fully functioning bank account within half an hour. All these services are enabling us to improve customer experience.

We have a regional network around the Indian Ocean islands and Africa and so we are able to leverage on our capabilities in Mauritius to expand into other countries like Madagascar, Seychelles, Maldives and Mozambique.

What are the main impediments to unlocking the full potential of fintech in Africa and how can they be overcome?
In fact Mauritius is already quite advanced – we are among the top performers in Africa, together with South Africa, in terms of Network Readiness Index (NRI). We have over 1m internet subscribers for a population of 1.3m, which ranks us among the top 15 countries in terms of internet connectivity. Mauritius also fares quite well in terms of electricity access, which is not the case in many parts of Africa. It's basically having reliable access to electricity to even charge your phone, let alone internet access. This will be a challenge in other parts of Africa.

But at the same time we see a high willingness of governments and regulators in some countries to create the right environment and infrastructure in order to improve their financial capabilities and technology. Kenya, Uganda and DRC have gone out of their way to promote mobile banking and payments. So I think we will see a lot of leapfrogging in other countries on the assumption that the governments, regulators and the private sector, work hand in hand trying to promote fintech and digital payments as a means to making banking more accessible.

What are some of the key African markets the bank is hoping to expand into in the coming years?
If you look at our journey from the early 80s we've been extending our reach outside Mauritius so as to achieve an effective diversification of our revenue base. MCB Group has, in addition to Mauritius, established physical presence in nine countries overseas, via its banking subsidiaries and associates in Madagascar, Mozambique, Seychelles, Maldives, Reunion Island, Mayotte and Paris and via its representative offices in Johannesburg and Nairobi. As such we have accompanied many of our customers who had projects in Africa and around the Indian Ocean region. Today, foreign sourced income accounts for more than 40% of MCB Group's net profits.

We also have a very flexible business model of serving customers in Africa from Mauritius. With our representative offices in Johannesburg and Nairobi, we are constantly on the look out for opportunities in other countries, without necessarily setting up shop. We find other ways of collaborating with banks in areas where we have expertise. Obviously if there are opportunities of partnering with banks then we will look into it

on a case by case basis, but there is no rush. We are not into an acquisition mindset.

What are the key elements of MCB's strategy beyond Mauritius?
We have identified four key areas to our medium-term growth strategy, leveraging on our expertise, to extend to new markets in the region and Africa. First in terms of commodities we do quite a lot of structured trade finance for oil and gas, in and round the African continent. Second is project finance and we are looking to expand further into the areas of tourism, infrastructure and agriculture within the African continent.

Third, we run a successful private banking and wealth management activity which is an expertise we are developing. Africa has the highest growth in number of high-net-worth individuals (HNWIs), albeit from a low base and we believe the number of customers seeking investment products or financial centres for wealth management, will rise steadily.

Finally we have our "Bank of Banks" programme where we leverage on our expertise to service other banks. We have a number of initiatives: a consultancy unit that advises on strategy, process and technology implementation, a training unit, a card processing and outsourcing unit, and the capital markets advisory unit that does private equity and corporate finance.

Thanks to these competences we are able to tap into opportunities and offer those services to financial institutions and corporates. In fact we have to date serviced over 120 financial institutions in 41 countries.

We believe the number of African customers seeking investment products or financial centres for wealth management will rise steadily.

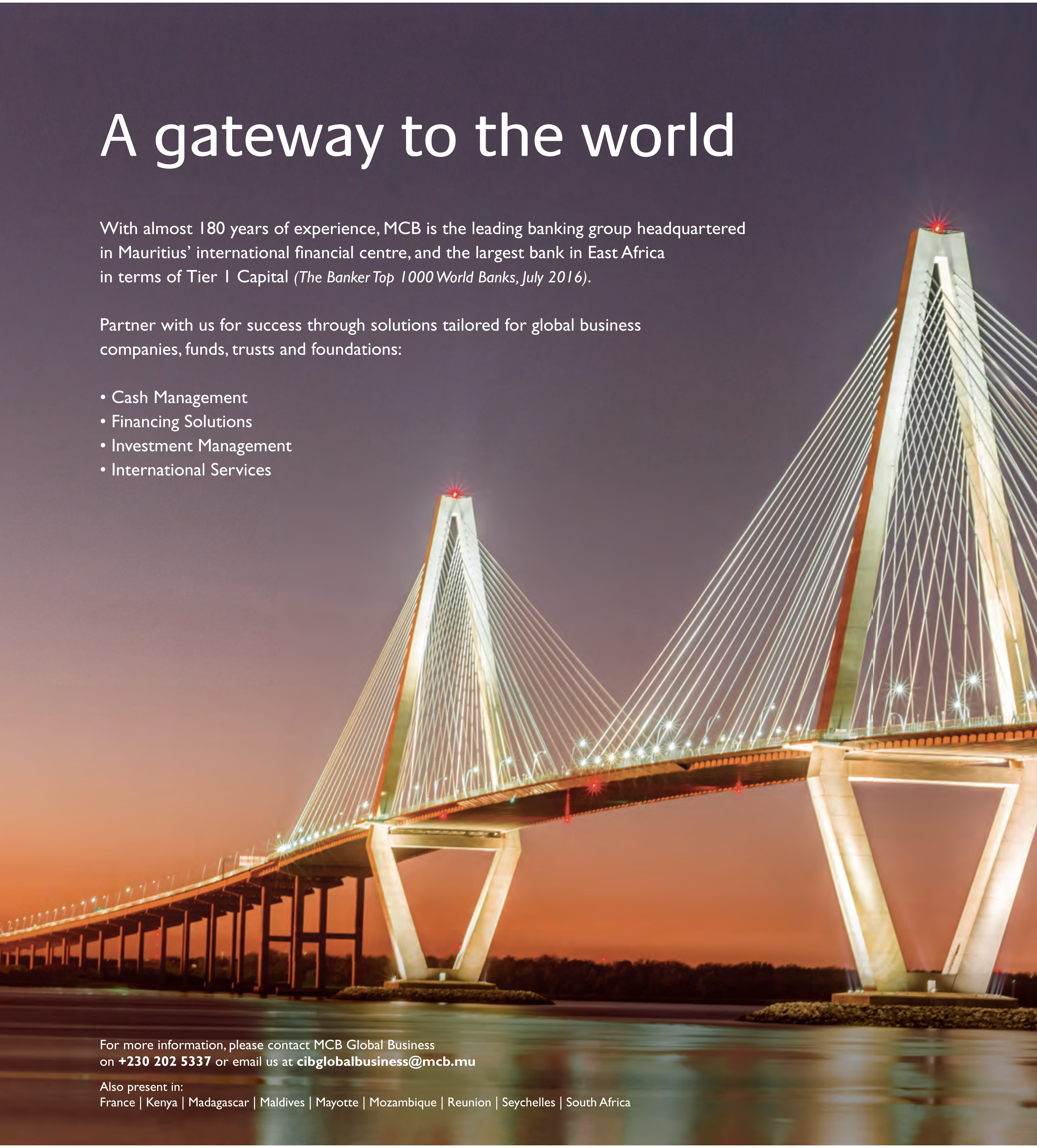
In this case, does Mauritius see itself as Africa's future financial centre?
We have to take a long-term view of the development of Africa. If you look at some of the statistics by 2050 Africa's population will double from 1bn to 2.5bn, representing 20% of the world's population. At the same time we know that China and India as the manufacturing centres of the world are finding it more and more expensive to manufacture at home. There are a lot of products that will seek cheaper and available labour force and they will eventually move into Africa, bringing with them investment flows. This is a great opportunity for Africa.

That's where Mauritius as an international financial centre is well positioned and has the credibility and standing to become a regional financial hub for Africa. It is an attractive and compliant jurisdiction with political stability, a bilingual workforce, strong capabilities and competencies in legal, accountancy, capital market and wealth management services. Of course, it is still challenging to do business in some parts of Africa but over time with better governance and stability, investors will be attracted to Africa in a way which enables the continent to move up from where it is today.

How have Mauritius and MCB managed to so effectively weather the financial crisis?
In my opinion we are lucky to have a diversified economy that includes tourism, agriculture, services, ICT and manufacturing, so we do not depend solely on one source of revenue. Each of the sectors has had their own challenges since the financial crisis, having to adapt to the evolving operating environment of reduced growth in key markets and drop in commodity prices. On the other hand, the financial services sector has been performing quite well, with growth rates of 6% over the last five years. Globally, Mauritius has had an average GDP growth of 3–4%. Obviously, we would like to have higher growth but 3–4% in this climate is quite good.

With a change of management, what do you think your personal impact on MCB will be?
Execution will be my key priority. Together with the board, we have already defined our key strategic focus areas for the short, medium and long term. To make sure we execute better, I want to put everyone to task in terms of making sure we are all aligned with the Bank's vision and we collaborate to achieve our key objectives. This will mean that we invest in terms of talent and training, and we bring everyone together to deliver on our strategies.

We have a very strong franchise and brand sustained by our core values and I believe that we are very well positioned in terms of where we are today and what we want to do to achieve growth, for the benefit of our customers and all our stakeholders. ■


A gateway to the world
With almost 180 years of experience, MCB is the leading banking group headquartered in Mauritius' international financial centre, and the largest bank in East Africa in terms of Tier 1 Capital (The Banker Top 1000 World Banks, July 2016).
Partner with us for success through solutions tailored for global business companies, funds, trusts and foundations:
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