7

Mauritius

Mauritius is a middle-income African island state located in the Indian Ocean. In 2005, it had a real per capita GDP (PPP-adjusted) of US$11,141 and a population of about 1.2 million. Its average annual GDP growth rate during the 1990s was over 5 per cent, but this dropped to 4 per cent during 2000–05 (Chart 7.1).

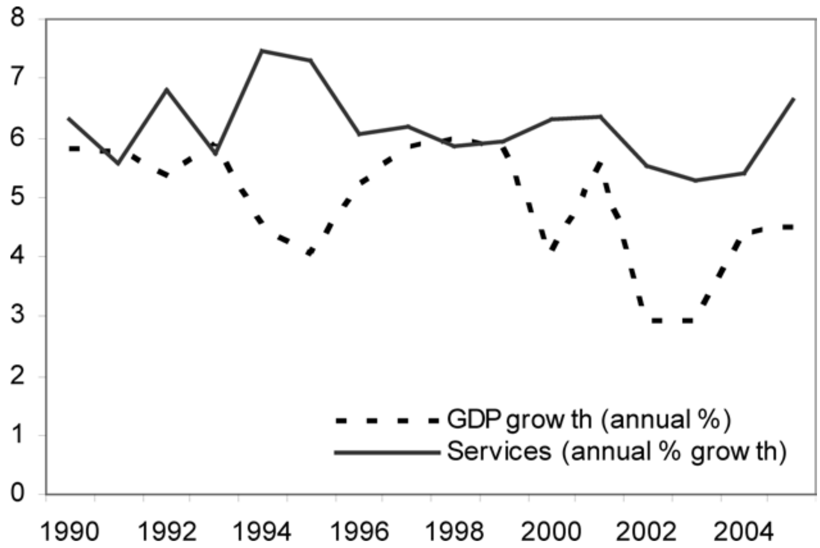

Chart 7.1: Annual growth of GDP and services in Mauritius (%)
Source: Based on World Bank (2006)

There has been a shift in the structure of GDP in Mauritius. The contribution of agriculture and manufacturing (the Export Processing Zone [EPZ] sector) to GDP has been declining, especially over the past five years, while the share of services has been growing rapidly, including in retail trade, financial services, hotels and restaurants, and telecommunications. Similar shifts are noticeable in the employment structure of the economy. For example, employment in agriculture and manufacturing declined by 10,000 and 20,000 people respectively during 2000–2004, while employment increased in *all* services.

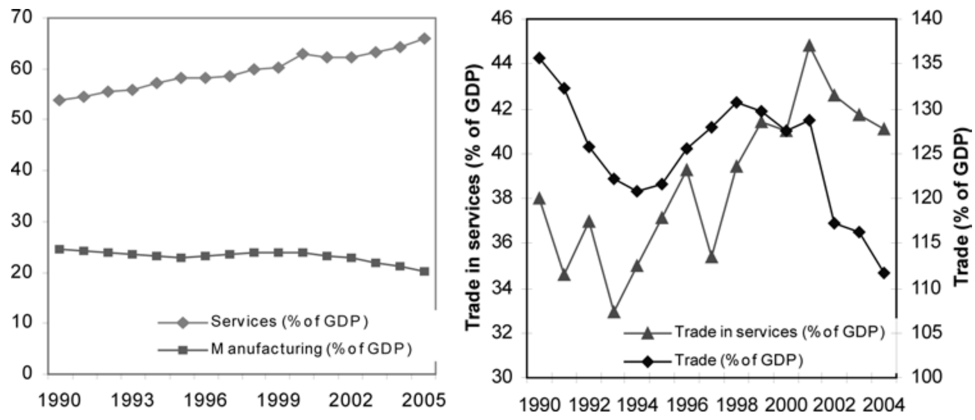

Chart 7.2: Contribution of services and trade in services to GDP in Mauritius
Source: Based on World Bank (2006)

The services sector plays a very important role in the economy, contributing about 60 per cent to GDP (Chart 7.2). Interestingly, whereas the average annual GDP growth rate has declined over the years, growth in the services sector has stayed fairly constant at about 6 per cent over the last decade. The contribution of services to total employment is also substantial and 57 per cent of total employment was provided by the services sector in 2005.[1]

There has also been a significant increase in trade in services. Chart 7.2 shows that the ratio of trade in services to GDP has increased steadily since the 1980s, while that of total trade to GDP exhibits a downward trend. Both exports and imports of services have risen since mid-1980s; however, the rise in exports is particularly impressive and Mauritius has been a net exporter of services since then (Chart 7.3).

Table 7.1 presents the contribution of different services to GDP in 2000 and 2005. The five largest sub-sectors in services in terms of their contribution to GDP in 2005 were: transport, storage and communications (11 per cent); wholesale and retail trade, repair of motor vehicles and motorcycles, and personal and household goods (10.5 per cent); financial intermediation (9 per cent); real estate, renting and business activities (9 per cent); and hotels and restaurants (6.7 per cent). Of these, the sub-sectors that experienced the highest growth from 2000 to 2005 were hotels and restaurants, real estate, renting and business activities, and financial intermediation.

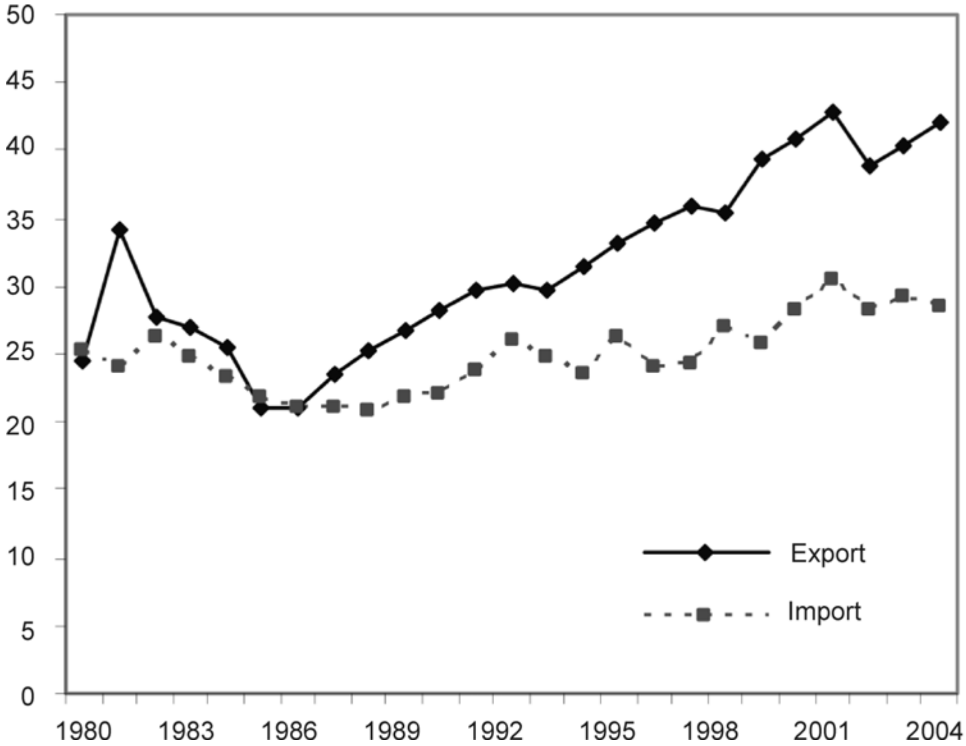

Chart 7.3: Exports and imports of services as a % of total trade in Mauritius
Source: Based on UNCTAD (2005)

Table 7.1: Share of services sector in GDP (at market prices) in Mauritius (%)

	2000	*2005*
Services sector	59.23	62.94
Wholesale & retail trade, repair of motor vehicles and motorcycles, personal & household goods	10.65	10.53
Hotels and restaurants	5.71	6.71
Transport, storage and communications	11.36	11.04
Financial intermediation	8.44	9.05
Real estate, renting and business activities	7.77	8.97
Public administration and defence; compulsory social security	5.86	6.19
Education	3.96	4.20
Health and social services	2.58	3.01
Other services	2.91	3.24

Source: Central Statistics Office (2006)

Performance of selected services

Financial services

Mauritius has a well developed financial system, which comprises commercial and investment banks, insurance companies, stockbrokers, venture capital companies, fund managers, foreign exchange dealers, leasing companies, credit institutions, asset managers and bond dealers. It is one of the few developing economies where domestic bank assets are approximately 100 per cent of GDP, and contractual savings exceed 40 per cent of GDP (World Bank, 2003).

The contribution of financial services to GDP increased from about 8 per cent in 2000 to 9 per cent in 2005, and it accounted for 6 per cent of total employment in 2005.[2] The sector has been growing at a fast pace and the average annual growth rate during 2002–2005 was over 7 per cent (insurance services had an average growth rate of 5 per cent whereas other services, mainly banking, had an average annual growth rate of 8 per cent). Exports of financial services picked up sharply in the late 1990s, but constitute a lower share of overall service exports as compared to other middle-income and SSA countries since 2002 (Chart 7.4).

Banks form the largest component of the financial services sector, with domestic banks constituting two-thirds of the domestic financial system. The domestic banking sector had an average annual growth rate of 13 per cent during 1998–2003. However, the

Chart 7.4: Financial services exports by Mauritius (% of commercial service exports)
Source: Based on World Bank (2006)

banking sector is highly concentrated with few dominant players: they include two large domestic banks, Mauritius Commercial Bank and the State Bank of Mauritius (SBM), which have a 70 per cent market share, and two foreign banks, HSBC and Barclays, which have a 22 per cent market share.[3]

In contrast to the banking sector, foreign exchange, treasury bills and bond markets are underdeveloped in Mauritius. The domestic insurance sector is efficient and well established, as indicated by the insurance penetration (premiums/GDP) value of 4.1 per cent in 2001, while insurance company assets constituted 18 per cent of GDP (Vittas, 2003). Exports of insurance services remained insignificant during the 1980s and 1990s, but have picked up since the late 1990s (Chart 7.5).

Mauritius attracts considerable foreign direct investment (FDI) in financial services due to multiple factors, such as a low tax environment, friendly investment climate, good ICT infrastructure and location. In 2002, the offshore financial sector included 14 banks, 15 insurers, 221 global funds and approximately 20,000 global business licence companies engaged in the non-financial services of personal/family trusts (World Bank, 2003).

Educational services

Mauritius has one of the highest total literacy rates in the African region. In 2005, its gross enrolment ratio for secondary and tertiary education stood at 88 and 17 per cent, respectively.[4] Total tertiary education enrolment expanded by 10.7 per cent in 2005 as compared to 1.5 per cent in 2004. The gross tertiary enrolment rate also increased from 24.2 per cent in 2004 to 28.4 per cent in 2005 (Tertiary Education Commission, 2006).[5]

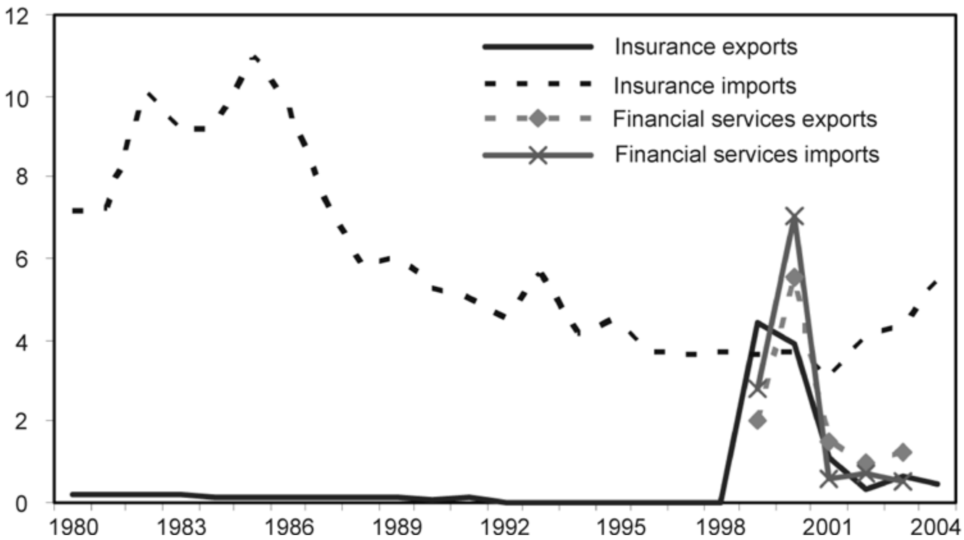

Chart 7.5: Exports and imports of financial services for Mauritius (as % of total trade)
Source: Based on UNCTAD (2005)

The education sector has been growing at an average annual growth rate of about 6 per cent during 2002–2005, and its contribution to GDP was about 5 per cent in 2005.

Mauritius has a fairly high outbound mobility ratio (defined as: 'mobile students coming from a country as a percentage of all tertiary students in that country') and a relatively high gross outbound enrolment ratio (defined as: 'mobile students coming from a country as a percentage of the population of tertiary student age in their home country') as compared to some other African countries such as South Africa and Kenya (see Table 7.2). In 2005, about 2,330 students left the country for higher studies making the total number of Mauritian students studying abroad 7,357.[6] This represents an increase of 34.5 per cent in the number of overseas students when compared to 2003. About 87 per cent of these students are based in four countries, namely France, India, Australia and the UK. Overall, Mauritius is a net importer of educational services with a net mobility rate, defined as 'the difference between inbound and outbound students as a percentage of total tertiary enrolment in the country', of 40.2 per cent.

Table 7.2: Student mobility in selected African countries

Country	*Outbound mobility ratio (%)* [a]	*Gross outbound enrolment ratio (%)* [b]	*Main destinations*	*Net mobility rate (%)* [c]
Botswana	71.6	4.5	South Africa, Australia , UK, USA , Malaysia	...
Kenya	13.0	0.4	USA, UK, Australia, India, Canada	...
Lesotho	74.3	2.0	South Africa, UK, USA, Australia	72.4
Madagascar	9.5	0.2	France, USA , Germany , Switzerland , Canada	6.6
Mauritius	40.6	7.0	France, South Africa, UK, Australia, India	40.2
Mozambique	10.6	0.1	Portugal, South Africa, USA, UK, Australia	...
Namibia	58.1	3.5	South Africa, USA, UK, Australia, Germany	49.4
Rwanda	7.6	0.2	France, Belgium, USA, Burundi, UK, Germany	7.3
Seychelles	...	6.3	UK, Australia, France, New Zealand, Mauritius	...
South Africa	0.8	0.1	USA, UK, Australia, Cuba, Germany	–6.2
Swaziland	31.9	1.7	South Africa, USA, UK, Lesotho, Australia	30.0
Uganda	2.8	0.1	UK, USA, Germany, India, Tanzania	...
Tanzania	9.1	0.1	USA, UK, South Africa, Australia, Germany	8.5
Zambia	14.7	0.3	South Africa, USA, UK, Australia, Namibia	...

Notes: a) Outbound mobility ratio is the percentage of mobile students coming from a country/region to all tertiary students in that country/region; b) Gross outbound enrolment ratio is the percentage of mobile students from a country/region to the population of tertiary student age in their home country. This indicator expresses the volume of studies abroad on the same scale as the volume of studies at home as measured by tertiary gross enrolment ratios; c) Net mobility rate is the net inflow of mobile students to a country minus its number of students abroad as a percentage of the total tertiary enrolment in the country/region.

Source: te Velde and Cali (2007)

Although Mauritius is relatively well-endowed in human resources as compared to other small states, it still lacks certain technical skills required to move into high skill activities such as financial services. It aspires to become the regional and international hub of education, and is therefore undertaking intensive efforts to improve FDI in education services and attract foreign students. In 2005, almost 50 institutions in Mauritius were foreign owned by countries including Australia, France, India, the UK and South Africa.

Tourism

Tourism plays a crucial role in the Mauritian economy. Its contribution to GDP averaged around 7 per cent during 2002–05 and its annual growth rate during 2002–2005 was about 4 per cent. Tourism contributes substantially to the economy's total employment and accounted for 21 per cent of the total employment in 2005.

Table 7.3 confirms the importance of tourism for Mauritius. Tourism accounts for more than 50 per cent of the total trade in services. Its share has stayed fairly constant throughout the 1990s, but has increased to 59 per cent in recent years.

Table 7.3: Share of travel in total trade of services in Mauritius (%)

Year	*Travel*	
	Exports	*Imports*
1990	50.47	22.22
1991	47.65	24.53
1992	51.80	27.16
1993	53.66	24.45
1994	56.45	26.15
1995	55.26	24.79
1996	52.48	26.57
1997	53.50	26.38
1998	54.05	25.72
1999	52.40	25.69
2000	50.65	23.82
2001	50.97	24.39
2002	53.26	25.72
2003	54.43	23.84
2004	58.81	24.90
Average	**53.06**	**25.09**

Notes: Travel services covers goods and services acquired from an economy by travellers in that economy for their own use during visits of less than one year for business or personal purposes.
Source: UNCTAD (2005)

The performance of Mauritius in tourism over the years is very impressive. The arrival of visitors and expenditures incurred by them has quadrupled since 1990 (Table 7.4). In 2005, an estimated 781,600 people visited Mauritius. Over 50 per cent of these were from European countries including France, Germany, Italy and the UK, followed by Reunion (13 per cent) and South Africa (8 per cent). The government announced its aim to attract 2 million visitors by 2015. Chart 7.6 shows that achieving this target would require a radical increase from past growth rates until 2015.

Table 7.4: Selected indicators of tourism for Mauritius, 1990-2004

	Arrivals of visitors (thousands)	*Average length of stay (days)*	*Total expenditures of visitors (millions of $)*	*Visitors' expenditures excluding transport (millions of $)*
1990	292	12.2	N/A	244
1991	301	12.3	N/A	252
1992	335	12.3	N/A	299
1993	375	12.3	N/A	304
1994	401	11.4	N/A	357
1995	422	10.7	616	430
1996	487	10.6	705	504
1997	536	10.5	666	478
1998	558	10.3	672	496
1999	578	10.4	718	543
2000	656	10.4	732	542
2001	660	10.4	821	624
2002	682	10.5	829	612
2003	702	10.4	959	696
2004	719	10.6	1,153	853

Source: UNCTAD (2005)

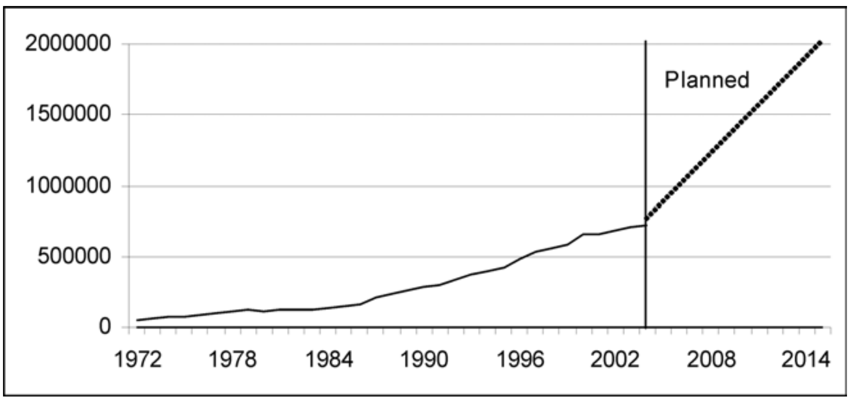

Chart 7.6: Number of tourist arrivals: past and future

Transport, communications and information technology

In Mauritius, the contribution of the transport, storage and communications sector to GDP and total employment was 13.5 and 7.1 per cent respectively in 2005. The sector has been growing at a very fast pace and grew at a rate of over 8 per cent in 2004 and 2005.

The share of transport in the total trade of services in Mauritius has decreased slightly in importance since 1990, primarily due to the growth of the tourism and financial services sectors (see Table 7.5).

Trade in communications and computer and information services constitutes a small part of total trade in services of Mauritius. As is evident from Table 7.6, the average annual share of exports of communications services during 2000–04 was about 2 per cent only. The share of exports of computer and information services is even smaller and came to less than 1 per cent during the same time period. However, this share is rising and, interestingly, Mauritius became a net exporter of computer and information services in 2003 (Chart 7.7).

Table 7.5: Share of transport in total trade of services in Mauritius (%)

	Transport	
	Exports	*Imports*
1990	32.54	49.85
1991	32.85	46.56
1992	32.43	44.74
1993	27.51	45.40
1994	26.97	42.74
1995	25.68	39.25
1996	22.65	37.12
1997	23.51	37.40
1998	21.84	34.05
1999	19.67	34.48
2000	20.85	34.24
2001	19.24	32.19
2002	23.95	38.77
2003	26.18	44.17
2004	25.62	45.84
Average	**25.43**	**40.45**

Notes: Transport services covers all transport services performed by residents of one economy for those of another and involving the carriage of passengers, movement of goods (freight), rental of carriers with crew and related support and auxiliary services.

Source: UNCTAD (2005)

Table 7.6: Trade in communications, computer and information services (% of total trade)

		2000	*2001*	*2002*	*2003*	*2004*
Communications	Exports	1.49	2.60	2.68	1.60	1.37
	Imports	2.12	1.56	4.60	2.48	1.95
Computer and information services	Exports	0.26	0.50	0.54	0.72	0.85
	Imports	0.70	1.09	1.04	0.89	0.82

Source: UNCTAD (2005)

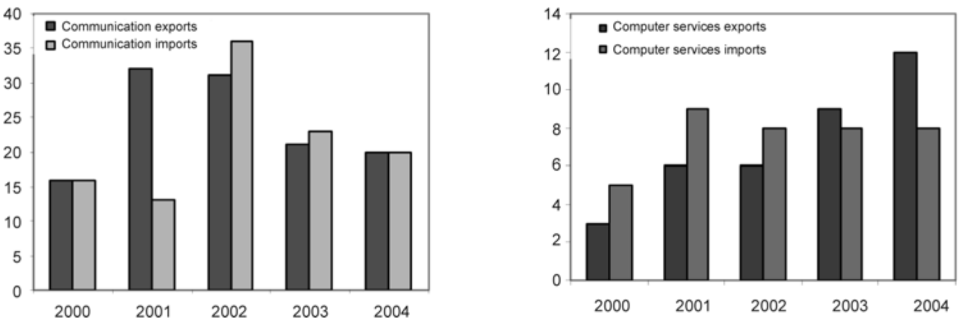

Chart 7.7: Exports and imports of communications and computer services for Mauritius
Source: Based on UNCTAD (2005)

Professional business services

Real estate, renting and other business activities constitutes another important services sub-sector for Mauritius. Their combined contribution to GDP was 9.3 per cent in 2002 and increased to 10.2 per cent in 2005. According to estimates of the Central Statistics Office, the average annual growth rate of this sub–sector sector during 2002–2005 was 6.6 per cent.

Trade in business services, which includes merchanting and other trade-related services, operational leasing services, and miscellaneous business, professional and technical services, increased steadily until 2001, but has declined in more recent years (Chart 7.8). Throughout the 1980s, Mauritius was a net exporter of business services, but became a net importer during the 1990s. The trend reversed in 2001 and it became a net exporter again. However, the share of business services exports in total trade of services continues to exhibit a declining trend and has almost halved from 25 per cent in 1980 to 11 per cent in 2004.

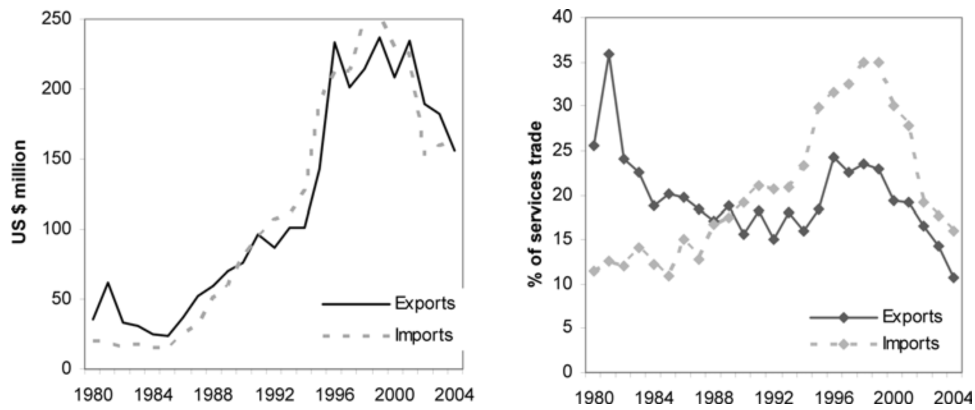

Chart 7.8: Trade in other business services in Mauritius, 1980-2004
Source: UNCTAD (2005)

Supporting factors

Domestic capacity and skills

Mauritius has a well-developed basic infrastructure relative to other African and upper-middle income group countries. The road network of the country has expanded steadily over the years, with 2,020 km of roads by 2005. Air transport and sea transport facilities are also well established and the main harbour, Port Louis, has been modernised and expanded recently (OECD, 2005).

The telecommunications and information technology network of Mauritius is also well established in comparison to other SSA countries, as well as to the average of the upper-middle income group (Table 7.7). However, Mauritius Telecom is the *de facto* monopoly for most telecommunication services and was a *de jure* monopoly until January 2003. A second network operator, Mahaganar Telecom (Mauritius) Ltd., has since been licensed but has not yet started its operations.

The telephone density of Mauritius in 2004 was 287 main lines per thousand inhabitants, which is far greater than the average telephone density for SSA (17 main lines per thousand inhabitants). Similarly, Mauritius enjoys an advantage in information technology in terms of access, quality and price. The number of internet users (per thousand people) in Mauritius was 146 whereas the average for SSA and the upper-middle income group was 15 and 133 respectively.

Regulations have led to the development of an efficient financial services infrastructure, such as payment, securities trading and settlement systems, which has stimulated the growth of the financial services sector. Financial services are easily accessible by

Table 7.7: ICT indicators for Mauritius (2004)

	Mauritius	*SSA*	*Upper-middle income group*
Access			
Tel. main lines per 1,000 people	287	17	220
International voice traffic (min. per person)	83		39
Mobile subscribers per 1,000 people	505	86	490
Population covered by mobile telephony (%)	99		84
Internet users (per 1,000 people)	146	15	133
Personal computers (per 1,000 people)	176	12	99
Quality			
International Internet bandwidth (bits per person)	146	4	176
Affordability			
Price basket for fixed line (US$ per month, residential)	7.4	8.5	13.9
Price basket for mobile (US$ per month)	4.8	13.5	11.1
Price basket for Internet (US$ per month)	15	54.8	20.8
Price of call to United States (US$ per 3 minutes)	1.67	2.43	1.03

Source: World Bank (2006b) Information and Communications for Development 2006: Global Trends and Policies. *Washington DC: World Bank*

the businesses as well as households, with the result that there is more than one bank account per capita (World Bank, 2003).

In terms of skills availability, Mauritius has a very high rate of secondary enrolment. However, the rate of tertiary enrolment, although high relative to SSA, is still fairly low (Table 7.8). Hence, the country lacks the skills required for further development of highly skill-intensive sectors such as the financial services and information and communications technology sectors. The government is, however, actively pursuing a development strategy to improve tertiary education and make Mauritius the hub of regional and international educational excellence. It aims to achieve a target of 45 per cent for gross tertiary enrolment ratio by 2015.

Domestic policy and institutional framework

Mauritius is considered to have a stable political system underpinned by strong institutions and the rule of law by international organisations such as the World Bank and the International Monetary Fund (IMF). Subramanian and Roy (2001) highlight the importance of efficient and well-functioning institutions in explaining the strong growth performance of Mauritius. It enjoys a clear comparative advantage over other South African countries in terms of governance. This is evident from Table 7.9, which gives a comparison of various World Bank indicators ranging from political stability to the enforcement of the rule of law for selected African countries, and the average for the upper-middle income group and all small states. Mauritius has the highest value for

Table 7.8: Gross enrolment rates (%) in Southern Africa (2004)

	Primary	*Secondary*	*Tertiary*
Botswana	82.1	60.9	6.2
Lesotho	85.9	23.1	2.8*
Mauritius	95.1	79.6	17.2
Namibia	73.7*	37.4*	6.1*
South Africa	88.8*	61.7**	15.3*
Swaziland	76.7*	29.0*	5.0
Zimbabwe	81.9*	33.9*	3.7*

Notes: * data refers to 2003; ** data refers to 2000

Source: UNESCO (2006)

political stability and rule of law indicators across the selected Southern African countries. It fares better than an average upper-middle income state in political stability, government effectiveness and rule of law, and an average small state in all governance aspects covered here.

Following prudent economic management and a long-term development strategy, the country has successfully diversified its exports and production structure over the years moving from a sugar-based economy into one based on four pillars of development: sugar, textiles, tourism and financial services. However, despite its impressive economic performance, unemployment has been rising since the 1990s due to labour market

Table 7.9: Governance indicators, selected Southern African countries (2004)

	Political stability	*Government effectiveness*	*Regulatory quality*	*Rule of law*	*Control of corruption*
Botswana	0.70	0.83	0.96	0.73	0.86
Lesotho	0.27	–0.33	–0.26	–0.03	–0.05
Namibia	0.46	0.29	0.45	0.22	0.18
South Africa	–0.24	0.74	0.44	0.32	0.48
Swaziland	0.23	–0.60	–0.36	–0.95	–0.95
Mauritius	0.91	0.60	0.33	0.84	0.33
Mozambique	–0.15	–0.39	–0.29	–0.60	–0.79
Zambia	–0.16	–0.84	–0.49	–0.54	–0.74
Zimbabwe	–1.86	–1.20	–2.15	–1.53	–1.01
Upper-middle income	0.54	0.42	0.53	0.43	0.39
Small states	0.40	0.25	0.27	0.32	0.30

Note: Units of measures range from about –2.5 to 2.5, with higher values corresponding to better governance outcomes.

Source: World Bank (2006)

rigidities and a mismatch between the labour force and the skills demanded by employers (World Bank, 2003).

In the financial services sector, the Bank of Mauritius (BoM) regulates all banks under the Banking Act of 2004 (which replaced the Banking Act of 1988) and the Financial Services Commission regulates the non-bank financial sector. The BoM has implemented the Basle Capital Accord and endorsed the Basle Committee's Core Principles for effective supervision of banks. The government has also implemented a Companies Act 2001 to improve the quality of auditing and corporate governance. The Act mandates the use of International Accounting Standards (IAS) and International Standards on Auditing (ISA) for all medium and large companies.

The government also appointed a Committee on Corporate Governance in 2001 to provide a framework for improved corporate governance. The Committee published a Code of Corporate Governance in Mauritius in 2003 after consultations with stakeholders.

To promote tertiary education in the country, the government has established a Tertiary Education Commission (TEC) with the aim of promoting and regulating post-secondary education in Mauritius. The TEC has put in place a new regulatory framework, the Strategic Framework 2007–2011, to develop an education sector of international standard in Mauritius and make it a regional and international knowledge hub and centre for learning (Tertiary Education Commission, 2007).

In the tourism sector, the Ministry of Tourism, Leisure and External Communications has devised the National Tourism Policy to ensure high-quality tourism for visitors. A Mauritius Tourism Promotion Authority was created in 1996 to promote Mauritius as a tourist destination in other countries, provide information to tourists and co-operate with tourism agencies overseas. In addition, the Tourism Authority was set up under the Tourism Act 2004, which aims to formulate necessary policy and nationally-integrated planning for the tourism industry, co-ordinate the activities of the various organisations concerned with the tourism industry, and supervise the operations of tourist enterprises.[7] The new tourism plans will require a new approach to tourism.

In terms of information and communications, Mauritius has a fairly advanced broad-based information policy, which is modelled around Singapore's ICT policy.[8] The government intends to make ICT the fifth pillar of the economy in addition to the sugar, textiles, financial services and tourism sectors. Mauritius has a Ministry of Information Technology and Telecommunications, which is responsible for devising the policy and administering programmes to improve telecommunications services. It also has an Information and Communications Technologies Authority, which is the regulator of the telecom sector and ensures the implementation and promotion of the government's policy objectives for the telecommunications sector.[9] The government established a parastatal body, the National Computer Board (NCB), in 1988 to promote the development of ICT. The NCB manages the National IT Strategy Plan that has been devised to accelerate development of the IT sector in Mauritius.

External conditions

Mauritius has been a member of the WTO since 1995. It has also negotiated trade agreements under the SADC and Common Market for Eastern and Southern Africa (COMESA) Protocols to encourage regional trade and under the African Growth and Opportunity Act (AGOA) to enter the US market.

Mauritius has not made specific commitments under GATS mode 1 (cross-border supply) and mode 2 (consumption abroad) for supply of services. It has, however, committed to the horizontal principle of most favoured nation (MFN) treatment concerning commercial presence (mode 3), albeit with certain limitations (Table 7.10).

In terms of the investment barriers to trade, Mauritius adopted legislation in 1993 to regulate and facilitate foreign investment in the country. It has signed nine bilateral FDI treaties, five with developed countries and four with less-developed countries to promote foreign investment. In addition, it has signed double taxation treaties with 28 countries (eight with developed countries and 20 with less-developed countries) to remove the double taxation of investments. Mauritius is a member of several international investment institutions and has ratified international agreements that regulate FDI such as the Multilateral Investment Guarantee Agency, International Centre for Settlement of Investment Disputes, Convention on the Recognition and Enforcement for Foreign Arbitral Awards, and World Intellectual Property Rights Organization (Ndulo et al., 2005).

Mauritius has made commitments in mode 4 (presence of natural persons), but with the limitation that its market is open only to highly-skilled individuals. However, it allows no discrimination for people permitted to enter under the market access commitment.

In the context of particular sectors, Mauritius has made specific GATS commitments in the financial services sector (both in banking as well as insurance), but with certain restrictions (Table 7.11).[10] Mauritius has also made specific commitments in the telecommunications sector. It has not liberalised its fixed telecommunications network, but has committed to a higher level of liberalisation in the sector. In addition, as shown in Table 7.11, it has made commitments in the tourism sector (hotels and restaurants; travel and tour operators; tourist guide services; and other services) with some limitations.[11]

Table 7.10: Commitments to commercial presence in Mauritius

Horizontal commitment to commercial presence	*Limitations to market access*	*Limitations to national treatment*
Yes	Yes	Yes

Source: Ndulo et al. (2005)

Table 7.11: GATS commitments of Mauritius

	Limitations to market access	*Limitations on national treatment*
Financial services		
Banking	1: Bound with restrictions 2: Bound with restrictions 3: Bound with no restrictions 4: Unbound with horizontal commitments	1: Bound with no restrictions 2: Bound with no restrictions 3: Bound with no restrictions 4: Unbound with horizontal commitments
Insurance	1: Unbound 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments	1: Bound with no restrictions 2: Bound with no restrictions 3: Bound with no restrictions 4: Unbound with horizontal commitments
Telecommunications services		
Basic telecommunications	1: Bound with no restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments	1: Bound with no restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments
Tourism services		
Hotels and restaurants	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments
Travel and tour operators	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments
Tourist guide services	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments
Other services (car rentals, yacht chartering and cruising, duty free shops)	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments	1: Bound with restrictions 2: Bound with no restrictions 3: Bound with restrictions 4: Unbound with horizontal commitments

Notes: 1=Cross-border supply; 2=Consumption abroad; 3=Commercial presence; 4=Presence of natural persons

Source: Ndulo et al. (2005)

Institutional support structure

Mauritius has institutions in both the public and private sectors to promote private-sector development. In the public sector, the Board of Investment is the primary organisation to facilitate and promote investment in Mauritius. It has developed a strong partnership with the private sector and its board of directors includes both public- and private-sector representatives. In the private sector, the Mauritian Chamber of Commerce and Industry (MCCI) is the oldest and most important institution for the business community.

In 2005, a collaborative partnership between industry and government was created in the form of a limited liability company, Enterprise Mauritius. The aim of Enterprise Mauritius is to promote exports and support enterprise development at the local level. It provides assessment, advice and consultancy services to businesses, provides them with assistance in accessing regional and international markets, facilitates networking opportunities and helps in the development of sector strategies.

The primary institution for state–business relations in Mauritius since 1970 is the Joint Economic Council (JEC), which was established to ensure a stable macro-economic environment, foster greater fiscal discipline, restore financial health and integrate all sectors of the economy in order to reduce distortions and improve efficiency of investment. It is managed by a council of 18 members, a chair who rotates every two years and a full-time director.

The JEC meets with the prime minister on a regular basis and participates in budget proposals. It is funded entirely by its members, which also include the main services associations: the Mauritius Chamber of Commerce and Industry, Mauritius Chamber of Agriculture, Mauritius Employers' Federation, Mauritius Sugar Producers' Association, Mauritius Export Processing Zone Association, Mauritius Bankers' Association, Mauritius Insurers' Association, Association des Hôteliers et Restaurateurs de l'île Maurice, and the Association of Mauritian Manufacturers.

Conclusions

The government of Mauritius has made intensive efforts to develop the services sector, especially in tourism, finance and ICT. An important initiative in this regard was the establishment in 2001 of Business Parks of Mauritius Ltd, a government-owned company created for the purpose of infrastructure development, to develop buildings and business parks in Mauritius that would, among other things, promote financial, ICT and education services. Other key steps taken by the government include the Integrated Resort Scheme (IRS) in the tourism sector, which aims to encourage the purchase of luxury villas by foreigners, the Scheme to Attract Professionals for Emerging Sectors (SAPES), which aims to attract skilled professionals in the finance and ICT sectors, and development of the Ebène Cyber City Project to make Mauritius the regional and international hub of ICT outsourcing (see Box 7.1 for details).

Box 7.1: Promoting services in Mauritius: some examples

The Integrated Resort Scheme (IRS)

The Integrated Resort Scheme (IRS) is a government initiative to promote tourism and construction services in the economy, besides foreign investment, through the construction and sale of luxury villas for residential purposes only to foreigners in Mauritius. The villas are required to be of international standards, offering high-class facilities such as golf courses, swimming pools, health and sports facilities, nautical activities and marinas to the buyers. The investors are offered various incentives, such as the issuance of a residence status for self, the spouse and dependents as soon as they acquire the luxury property on the island. Under the IRS scheme, 4,200 luxury villas are expected to be developed by 2010. However, the scheme has already started attracting foreigners and a large number of high-net-worth individuals have purchased the villas, boosting the demand for other goods and services.

Scheme to Attract Professionals for Emerging Sectors (SAPES)

The aim of the Scheme to Attract Professionals for Emerging Sectors (SAPES) is to promote the financial and ICT sectors by attracting skilled and professional foreign workers to work in the emerging sectors and live in Mauritius. SAPES offers various incentives to the workers in the form of a three-year contract for work; permission for setting up an office or practice; a three-year work and residence permit to the professional and spouse; exemption from payment of duties and taxes on imported household and personal items; and permission to purchase immovable property for personal use.

The Ebène Cyber City

Mauritius aims to become a regional hub for IT services. Development of a cyber city at Ebène, near the capital city of Port Louis, began in 2001 is one of the strategic initiatives in this regard. The Cyber City will consist of two cyber towers, a knowledge complex, a multi-media complex, a government administrative complex, common facilities and residential units. The City will have direct international connectivity made possible through the installation of a satellite reception station. The purpose is to attract international firms to set up their back-office operations, call centres and programming centres in Mauritius. Investing firms are being offered various incentives such as low corporate tax, free repatriation of profits and exemption of custom duties on equipment and raw materials.

Sources: Ackbarally, N (2002) 'Mauritius: A Cyber-Island in the Making.' *Contemporary Review*, September edition. Available at: http://findarticles.com/p/articles/mi_m2242 [accessed 28 May 2008]

Business Parks of Mauritius Ltd. http://www.e-cybercity.mu/index.html [accessed 28 May 2008]

As part of the Ebène Cyber City project, Cybertower One, an impressive 12-storey commercial building has been constructed. It includes companies such as Infosys, an Indian information technology group, and Accenture, a technology-outsourcer that employs about 600 people. It is now being augmented by Cybertower Two. The US$60 million development is a visible sign of Mauritius's government-led drive to make the island a hub for IT and business process outsourcing (BPO). Contributing to this, the 2005 publication *Investing in the ICT sector* by the Board of Investors clearly spells out that the government now aims to make the ICT sector the fifth pillar of the Mauritian economy in addition to sugar, EPZs, tourism and financial and business services. In order to create a favourable environment to develop ICT, and to promote the emergence of an information society in line with the Government Programme 2005–2010, the cabinet has agreed to the elaboration of a National Information and Communication Technologies Strategic Plan (NICTSP) with the aim of recommending a strategy and a detailed Action Plan for the period 2006–2010.

Notes

1. Source: Central Statistics Office (2006).
2. Source: Central Statistics Office (2006).
3. Source: World Bank (2003).
4. Source: UNESCO (2006).
5. This increase in enrolment rate is partly due to a smaller base compared to 2004. From 2005, the gross tertiary enrolment ratio is computed based on the age group 20–24 years instead of 19–24 years.
6. A majority of the overseas students, about 44 percent, are enrolled in a science and technology-related field (Tertiary Education Commission, 2006).
7. Source: Ministry of Information Technology and Telecommunications, Government of Mauritius.
8. Source: United Nations Economic Commission for Africa *National Information and Communication Infrastructure: Policies and Plans (e-strategies)*. Available online at http://www.uneca.org/aisi/nici/Mauritius/mauritius.htm [accessed 28 May 2008]
9. Source: Ministry of Information Technology and Telecommunication, Government of Mauritius.
10. It is worth noting that Mauritius also does not have any exchange controls in place.
11. In the tourism sector, Mauritius has also ratified a Protocol for the Development of Tourism, which aims to promote intra-regional travel in the SADC region to promote tourism.