

Foreword

Small businesses are the mainstay of the economies of most small states. Mauritius, a typical Commonwealth small island state with a population of just over 1 million, has a vibrant small business sector, with more than 5,700 small and medium enterprise (SMEs). This is a reflection of the market-friendly trade and investment policies Mauritius has pursued since the 1970s, as well as its skilled and literate workforce, relatively good infrastructure and pro-business government policy environment.

Recently the Government of Mauritius has looked increasingly to the small business sector to generate new exports and employment. Although some Mauritian SMEs have successfully broken into export markets, many others lacked the requisite technological and marketing capabilities to compete overseas. Moreover, the authorities had just begun some initiatives to encourage small firm exports and were actively seeking a new policy framework for SME export development.

In 1998, Mauritius approached the Commonwealth Secretariat for assistance for a strategy to boost the competitiveness of its SMEs. In response, a team from the Secretariat's Export and Industrial Development Division (EIDD) conducted this baseline study of SME exports and public policies in Mauritius. The study maps out the export record of Mauritian SMEs, assesses their technological and marketing capabilities, evaluates the progress of economic reform and deregulation policies, and examines the adequacy of services provided by SME support institutions. Drawing on best practice, the study also formulates a three-year strategy to increase SME exports from Mauritius. Among the key suggestions the report recommends are further import liberalisation, reductions in red tape (particularly business start-up regulations), setting up an export development fund for SMEs, commercialisation of the Development Bank of Mauritius, a re-organisation of SME institutions to create a Business Link, and business service delivery by SME associations. The Commonwealth Secretariat hopes to undertake similar baseline studies on small firms and public policies in other Commonwealth countries.

This study was undertaken for the Ministry of Industry and Commerce of Mauritius and executed with the assistance of the Small and Medium Industrial Development Organisation (SMIDO). It was financed by the Commonwealth Fund for Technical Co-operation, the Mauritian Ministry of Industry and Commerce and SMIDO. It is based on the findings of a Commonwealth mission to Mauritius between 20 July -7 August 1998 and subsequent desk research in London. The mission interviewed small firms, business organisations, consultancy firms, ministries and individuals. Following the mission, SMIDO helped with a postal questionnaire survey of SMEs in textiles, printing and information technology. Ganesh Wignaraja drafted chapters 1, 2 and 4 and Sue O'Neil 3 and 5. They jointly drafted chapter 6. The first draft of this report was

discussed at a roundtable in Mauritius on 18 February 1999 involving the government, the private sector, labour organisations and the Commonwealth Secretariat. The comments of roundtable participants and the Ministry of Industry and Commerce were used to revise the report. On behalf of the Commonwealth Secretariat, I would like to thank the Government of Mauritius, business associations and small firms for their support for this study.

R.N. Gold

Director

Export and Industrial Development Division