

## Agro Sector Measures and Analysis

The policy measures announced for the agricultural sector in the budget speech 2017-2018, consolidates the vision of the Government as stipulated in the Government Programme 2015-2019, for both the sugar and non-sugar sector.

One of the salient aim for the production of bio-products relates to the setting up of the Bio-Technology Institute. This organ will be instrumental in product developments and speed up awareness on the production of bio products as well as its consumption. Given the global increase in demand for bio products, Mauritius stand a chance to seek exportation of these products in the long-term.

The budgetary measures also turn a new page towards adapting and modernizing the agro industry. The existing sugar sector is being revamped through these fiscal and non-fiscal measures:

1. Encouraging planters to return to cane cultivation where a provision has been made for Rs.50 million supporting re-plantation of 500 hectares
2. Use of drone technology to manage crop performance
3. Consolidating the cane industry – through use of cane wood chips by Independent Power Producers.
4. Waiving of registration duty for leasing of agricultural land of up to 10 hectares
5. VAT refund for cane contractors who is willing to replace their existing old lorries used in harvesting. Over and above, waiving of VAT, financing facilities are also being made under Leasing and Equipment Modernisation Scheme for purchase of such vehicle.

Presently, the export of sugar stood at Rs.8.15bn representing 15% of domestic export share. The above measures surely lead toward consolidating the sector and also support its diversification into a cane industry. Production of alcohol is of paramount importance to this sector as alcohol and its by-products such as rums, ethanol and other spirits brings lot of export potential. Moreover, this budget also encourages the importation of raw sugar from the region to add more value through further processing and export of a large varieties of special sugars.



Enterprise Mauritius has been supporting to greater extent export diversification of sugar and rum products to traditional as well as new emerging markets.

Furthermore, the budgetary measures provide for the emergence of a strong non-sugar sector. The measures for the non-sugar sector builds of the Agro Sector Strategic Plan 2016-2020. Some of the measures also aimed at having a non-sugar sector oriented towards export. Measures announced which goes in line of this philosophy are:

- Widening the scope of Speed to Market Scheme with 40% air freight subsidy on export of fresh fruits and vegetables.
- Food Processing Development Certification for sourcing of raw materials not grown in large volume in Mauritius such as maize, coconut, coffee and vanilla for further processing.
- Introduction of new plant variety such macadamia, targeting value addition and export.
- Revival of the tea industry by encouraging more production of tea. Tea planters will be given an additional 6% price increase on green leaves supply to tea manufacturers. Support is also being extended for the purchase of equipment and tools used in tea cultivation and harvesting. Value added tea is a growing premium product for emerging market such as China. The recent investment by Mauristea Investment Ltd is an example where demand for value added tea is growing looking at the perspective for export.
- Increasing livestock production through rehabilitation and upgrading of existing farms and better surveillance of animal diseases.
- Other measures that boost this sector includes:
  - Exemption from having Building & Land Use Permit for the setting up of greenhouses for crop production on agricultural land.
  - Better surveillance of crops
  - Financial support from banks at concessionary interest rates including crop damages from adverse climatic conditions

The above measures definitely chart out the non-sugar sector as being pivotal in food processing and export. This also goes in line with the prescription of the Mauritius National Export Strategy (NES) 2017-2021.

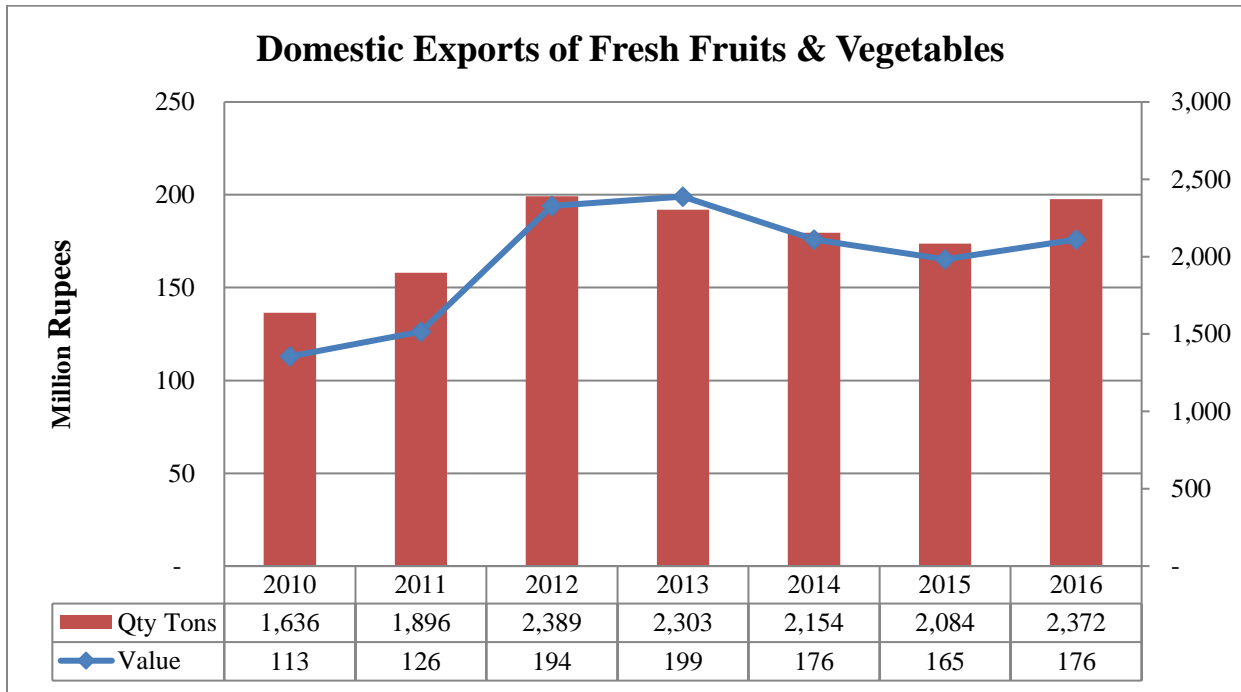
Enterprise Mauritius has been supporting the non-sugar sector through these actions:

1. Yearly participation in Fruit Logistica in Berlin Germany, where this fair serves as a platform for launching of newly start-up companies in fresh produce sector.



2. Go-export Programme to give planters the incite for export.
3. Coaching of individual willing to embark on fruits and vegetables export.
4. Market information dissemination in seminars and talks organized by FAREI.

Actually, the export trends of fruits and vegetables during the period 2012-2016 looks promising.



From the budget measures and existing government strategies, the domestic export of fruits and vegetables should confidently take an increasing trend for the next three years.

