

# EDITORIAL – BUDGET 2017/18

## An export development perspective

This editorial highlights the main measures pertaining to Export Development in the 2017-18 Budget presented by the **Honourable Pravind Jugnauth, Prime Minister and Minister of Finance and Economic Development.**

Government is motivated to attain an economic growth rate of 4.1% for 2017-18; the aim is to position Mauritius as a high-income country by 2023, with an income per capita of around USD 13,600 against the current level of USD 9,740. To sustain this vision and with the implementation of the Export Development Plan to boost domestic exports excluding sugar by 3% for the period 2017/18 a series of pertinent measures have been announced to drive the Manufacturing and SME sectors as the important engines for growth. The main measures for export development can be classified into 5 main axes namely: (1) Product Development Strategy, (2) Incentives to encourage SMEs towards exports, (3) Africa Export Strategy, (4) Market Access Strategy, (5) Capacity Building.

### **Product Development Strategy**

In line with government vision to create new priority sectors and sustain economic growth, emphasis is put on development of the pharmaceutical, the medical devices and the high-tech products manufacturing sectors. To further sustain the development plan, The Mauritius National Export Strategy (NES) released in March 2017, provides a blueprint that aims at reinvigorating growth and trade in a socially inclusive manner. It provides a way forward that seeks to encapsulate a series of specific sector strategies namely agro-processed foods, fisheries and aquaculture, jewellery, medical devices, cultural tourism, software development and financial services and cross-sector strategies. Other important initiatives on new sectors mentioned in 2017-18 budget are:

- The introduction of new plant varieties such as Macadamia which can be promoted for exports.
- Coral farming - a new production activity that will supply the tourist markets and jewellery manufacturers.
- Revival of tea production and exportation to tap potential international markets.



- Sugar exports will be boosted through additional land under cultivation and by encouraging the importation of raw sugar for further processing and refining from Africa that will help increase export of special sugars to European markets.
- Rum production capacity will also increase as a result of increase in sugar cane production.
- The implementation of the Food Processing Development Certificate will promote the importation of products such as maize, vanilla, cocoa, coconut and medicinal plants to be used as raw materials for processing and re-exports.
- The restructuring of the Mauritius Research Council to Mauritius Research and Innovation Council (MRIC) will create a momentum on embarking in priority research areas which can lead to a wider range of new products for export.

### **Incentives to encourage SMEs towards exports**

The measures taken to encourage SMEs are:

- Tax reform– profits from exports of goods will be taxed at the lower rate of 3% instead of 15%. This incentive will allow SMEs to have more funds to invest in its operations and product development.
- Reduction in electricity cost is seen as great relieve specially to SMEs; no doubt this measure will help in reducing the cost of production.
- The Speed to Market Scheme will now benefit exporters of jewellery, medical devices, fruits, flowers, vegetables and chilled fish.

### **Africa Strategy**

The “Make Across Africa” initiative goes in line with Enterprise Mauritius’ Africa strategy to diversify into new markets in Africa. The following measures will help position Mauritius as the preferred sourcing destination in Africa:

- Consolidating diplomatic footprint in Africa for export sector and cross-border investments.
- A number of joint commissions will be held with countries such as Ivory Coast, Ethiopia, Ghana, Kenya, Madagascar and Zambia to further enhance bilateral cooperation.



## **Market Access**

New Trade Agreements will help to promote exports. The following Trade agreements are mentioned: (i)The Free Trade Agreements (FTA) with China, (ii)the European Free Trade Association and (iii)Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India.

## **Capacity Building**

The following measures will impact on enhancing operations capacity of enterprises to export:

- Realignment of institutions such as the Jewellery School from MITD to the Fashion Design Institute will address the skills mismatch vis-a-vis industry needs.
- The upgrading of Mauritas into an international accreditation agency will ensure products manufactured meet international norms.

More details on 2017-18 budgetary measures related to export development can be found in our Highlight section.

