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Manufacturing: Made in **Mauritius**

By Jana Marais in Port Louis

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A FRIENDLY TAX ENVIRONMENT AND GOVERNMENT SUPPORT IS HELPING BROADEN THE ECONOMIC BASE IN MAURITIUS. PHOTO©PATRICK MAVROS

No longer satisfied with merely canning tuna and spinning yarn, entrepreneurs are producing high-end goods ranging from watch parts to complex medical devices.

As the textile industry moved up the value chain, the Mauritian manufacturing sector has recorded significant growth in output of high-value-added products.

Exports of jewellery and related goods increased by an annualised rate of nearly 12% between 2008 and 2013, according to MCB Group data.

...for us Mauritius was the Switzerland of **Africa**

Shipments of manufactured goods, excluding agro-products, textiles and garments, were up 36% from 2009 to Rs8.3bn (\$270m) in 2013.

Luxury jewellery brand Patrick Mavros, with a home base in Zimbabwe, established a workshop and design studio in Mauritius in 2006 after considering a number of countries in the region.

Forbes Mavros, who is in charge of the brand's Mauritian operations, explains: "We've decided to come here because it is a user-friendly environment for investors. Particularly coming from Zimbabwe, where we were going through significant economic turmoil at the time with hyperinflation, for us Mauritius was the Switzerland of Africa."

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The country already had some skilled labour in the jewellery sector thanks to its history as a diamond polishing centre, and the Mavros family knew the country as a holiday destination.

"It is quite dynamic and flexible enough to operate a global luxury brand. We never came here for tax reasons. There are some sensible policies in place to encourage investment, and the political and economic environment is relatively stable," Mavros explains.

It also helps that the company can import a lot of its raw materials duty free and hire craftsmen from Zimbabwe.

"We don't design everyday wedding bands, so we require highly skilled craftsmen we've trained ourselves. It's relatively easy to get work permits if you follow the process and ensure skills transfer takes place to a local craftsman," Mavros tells The Africa Report.

In addition to jewellery manufacturing and diamond polishing, producers have found competitive niches in areas such as medical devices, high-end tools and watch parts for international brands. Natec Medical established operations in Mauritius in 2000 after also considering Mexico, India and China.

"The country offers a lot of opportunities for entrepreneurs," says Miroslav Secerov, vice-president of marketing and sales at Natec. Low taxes, a stable and business-friendly environment, and its geographic location near fast-growing India counted in its favour, says Secerov.

However, challenges remain. Lack of access to sufficiently skilled labour, limited research and development, and infrastructure gaps are some of the factors contributing to the cost of production.

"Getting the right skills can be a bit more complicated. It is easier to get people in textiles, information technology and banking. But people are educated, and it is not difficult to train them to follow processes and systems and so on. The challenge is when you're looking at creating or designing new products," argues Secerov.

State support

The government is trying to address such problems and launched a \$3.4m fund this year to finance research and innovation. All Mauritian companies are eligible to apply for a grant of up to \$170,000 per project.

Mauritius has also made much progress in protecting intellectual property, patents and brands, which is crucial for companies investing in research and innovation, Secerov says.

Other support measures that are in place include an investment tax credit scheme for high-tech manufacturing.

The LEMS Forex programme also provides interest rate relief, government funding for export promotion and a fast-track system for work permits for export- oriented enterprises.

Nonetheless, connectivity remains a challenge for exporters.

This year, Mauritius will invest Rs3.2bn to improve the port at Port Louis by deepening the navigation channel, extending the quay and upgrading the multipurpose terminal. •

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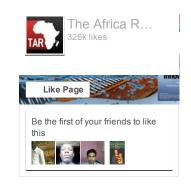
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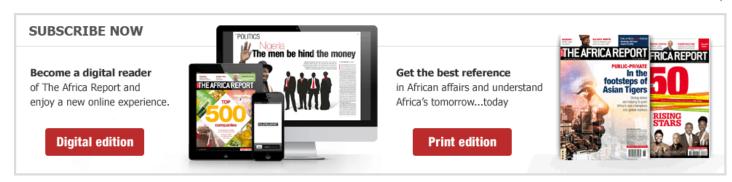
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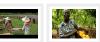
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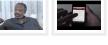


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