

COMMISSION OF THE EUROPEAN COMMUNITIES

***CONDITIONS FOR THE SETTING UP OF
INDUSTRIAL UNDERTAKINGS***

Mauritius

JUNE 1974

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL OF DEVELOPMENT AND COOPERATION
Trade and Development Division

**CONDITIONS FOR THE SETTING UP OF
INDUSTRIAL UNDERTAKINGS**

**in the
Associated African States and Madagascar**

General informations on EDC invitation to tender

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The survey of Mauritius was done by Mr Masse (SEDES, Paris) in cooperation with Mr Paquier (SEDES), who is in charge of coordination for the 19 AASM.

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CHAPTER I

GENERAL REMARKS AND INDUSTRIAL POLICY

The aim of this chapter is briefly to provide a certain number of data on the country. The data chosen for the present study give an outline of the country's industry and relate to its endeavour to set up industries. They concern :

- geography, political and administrative structures, population and agro-climatic zones ;
- economy : currency, gross domestic product, foreign trade and production, commercial structures, budgeting, education and health ;
- features considered demonstrative of the country's industrialization potential ;
- industrial sector : description and trends ;
- useful addresses for anyone interested in the problems of the country's industry.

1 - GEOGRAPHY AND STRUCTURES

1.1 - Geographical situation

Mauritius is one of the Mascarene islands located in the middle of the Indian Ocean.

Latitude	from 19° 58' to 20° 32' South
Longitude	from 57° 18' to 57° 49' East
Surface area	1,865 km ² , <u>i.e.</u> less than the Grand Duchy of Luxemburg (2,600 km ²).

The island is about 65 km long and 50 km wide and has 280 km of coastline. Located below the Tropic of Capricorn at 2,000 km from the coast of East Africa, 800 km from Madagascar and 250 km from Reunion, Mauritius has a varied relief consisting of a central plateau at an altitude of 580 m, surrounded by 800 to 900 m-high basaltic mountains. Its coastline fringed with a coral reef and bordered with beaches of white sand, its tropical vegetation and the strange shapes of its mountains have made it a choice resort of regional and international tourism.

1.2 - Political structures

An independent state since 12 March 1968, Mauritius has a parliamentary system. The executive authority consists of a governor, who represents Her Majesty the Queen of England, and a cabinet headed by a prime minister. Since Independence, this post has been filled by Sir Seewoosagur Ramgoolam. In accordance with British tradition, the legislative authority consists of Her Majesty and a Parliament of seventy members.

The main political parties are : the Labour Party, the Mauritius Social Democratic Party, the Independent Forward Block, the Muslim Action Committee and the Mauritius Militant Movement.

Mauritius has been a member of the Commonwealth since Independence, is a member of the United Nations, the OAU and the OCAM and acceded to the Yaoundé II Convention on 7 March 1972.

1.3 - Administrative structures

Except for Port Louis, raised the status of a "city", and four other urban centres : Curepipe, Beau-Bassin-Rose-Hill, Quatre-Bornes and Vacoas-Phoenix, which are administered by a municipal council, the island is divided up into districts administered by a district council. Local administration as a whole is under the jurisdiction of a Minister of Regional Administration.

Table 1

POPULATION DISTRIBUTION PER GEOGRAPHIC DISTRICT on 31.12.1973

Geographic District	Men	Women	Total
Port Louis	67,645	68,977	136,622
Pamplemousses	35,738	34,821	70,559
Rivière du Rempart	34,860	33,926	68,786
Flacq	46,277	45,343	91,620
Grand Port	41,453	40,945	82,398
Savanne	27,170	26,792	53,962
Plaine Wilhems (1)	130,241	132,851	263,092
Moka	24,888	24,689	49,577
Black River	13,525	13,281	26,806
Whole island	421,797	421,625	843,422

Source : Central Statistical Office

(1) The Plaine Wilhems District includes Curepipe, Beau-Bassin-Rose-Hill, Quatre-Bornes and Vacoas-Phoenix.

1.4 - Population

The total population at the end of 1973 was 843,422 inhabitants, i.e. a high population density of about 450 inhabitants per km² and, in relation to the arable land, 812 inhabitants per km². As the 1971 statistics on each ethnic group show, the population is extremely varied.

General population (of European, African, Malagasy and half-caste origin)	230,487	27.75 %
Hindus	437,365 137,758	52.65 % 16.60 %
Muslims		
Chinese (Sino-Mauritians)	24,996	3.00 %
Total 1971	830,606	100.00 %

Source : Central Statistical Office estimation based on a census of 1962.

In 1969, there were 195,000 jobs, including 73,300 in the primary sector and 25,000 in the manufacturing and sugar industry and cottage industry. The 1971-75 Plan provides for a population of working age of 325,000 persons.

The urban population represents 44 % of the total population and is divided up as follows :

Towns	Population at the end of 1973
Port Louis (capital)	136,622
Beau-Bassin-Rose-Hill	81,155
Quatre-Bornes	51,674
Vacoas-Phoenix	48,866
Curepipe	52,939

Source : Central Statistical Office

Port Louis is the centre of the country's commercial and administrative activity, the other towns are mainly residential.

The population's natural growth rate, which had reached 3.6 % in the fifties, was reduced to 1.7 % in 1971 due to a successful family planning policy. The rate is expected to drop to 1.2 % by 1980.

The principal languages spoken are English (the official language), French, Creole, Hindustani, Tamil and Chinese.

1.5 - Agro-climatic zones

Mauritius enjoys a sub-tropical climate.

The variations in temperature and rainfall due to the mountains are very wide for so small an island.

Winter (August)	Central Plateau	13°C at dawn	19°C during the day
	Coast	18°C at dawn	25°C during the day
Summer (February)	Central Plateau	19°C at dawn	23°C during the day
	Coast	24°C at dawn	30°C during the day

The clouds blown in by the trade-winds hit the mountains and give rise to a humid zone in the highlands, which have an annual rainfall of 5.080 mm as opposed to 1.016 mm in the low-lying regions.

2.2 - Gross Domestic Product (GDP)

The gross domestic product at factor cost has developed as follows :

	in millions of Rs		
	1968	1972	1973
1. Agriculture, Forests, Hunting and Fishing	193	332	407
2. Mines and quarries	1	2	2
3. Manufacturing industries	124	211	248
4. Construction	49	73	114
5. Electricity, Water and Gas	30	39	43
6. Transport and Telecommunications	102	129	161
7. Trade	92	127	172
8. Banks, Insurance Companies, Real Estate Agencies	16	22	31
9. Assigned accomodation	66	74	77
10. Administration, Defence	44	61	76
11. Services	110	166	203
GDP at factor cost	827	1,236	1,534
GDP per capita	1,049Rs/h	1,482Rs/h	1,821Rs/h
<u>i.e.</u> primary sector	23.4 %	27 %	26.7 %
secondary sector (1)	24.5 %	26.1 %	26.4 %
tertiary sector	52.1 %	46.9 %	46.9 %

Source : Central Statistical Office

(1) Including : manufacturing industries, construction and electricity, water and gas.

Over the period 1968-73, the growth rate of the GDP remained at 13.15 % per year ; during 1973, it rose to 24.11 % in comparison with 1972, at current prices.

2.3 - Foreign trade and production

2.3.1 - Exports

Sugar products (sugar and molasses) still constitute the principal exports of Mauritius : over 91 % in 1970 and 1972 and 86.7 % in 1973. Due to the development of the export industries of the free zone, 1973 marked the start of a new distribution of export products : 6 % in 1973 in comparison with 2 % in 1972.

In 1972, tourism, which does not figure in Table 2, represented 52 million Rs worth of gross inflow of foreign currency.

The principal recipient countries are the United Kingdom, which imported 60 % of the exports in 1972, Canada 19 %, the U.S.A. and South Africa.

Table 2
CONTROLLED EXPORTS

Units : Quantity in millions of tons
Value in millions of Rs

Products	1970		1972		1973		Corresponding production in quantities
	Q	V	Q	V	Q	V	
Sugar	575	341.2	670	507.6	699.1	608.1	718 (1)
Molasses	100.4	10.6	142.4	14.2	185.1	40.4	
Tea	2.6	14.1	3.9	20.8	3.7	19	4.65 (1972)
Others (including free zone industries)	-	10.4	-	23.5 (10.5)	-	69.2 (46.0)	(46)
Reexports	-	8.2	-	7.7	-	11.6	
		384.5		573.8		748.3	

Source : Central Statistical Office

(1) Prosi : Public Relations Office of the Sugar Industry.

2.3.2 - Imports

Table 3
VALUE OF CONTROLLED IMPORTS

in millions of Rs

Category of products	1970	1972	1973
Capital goods and transport equipment	55.7	111.3	225.1
Manufactured products	95.3	153.4	222.4
Food products	124.3	159	217.8
Chemical products	47.6	70.3	81.4
Hydrocarbon compounds, lubricants	29.7	50.8	63.6
Various manufactured products	30.5	46.8	58.5
Fats, animal and vegetable oils	21	25	23.1
Raw materials	10.3	11.1	14.3
Beverages and tobaccos	5.2	7.9	9.2
Various goods and services	0.2	0.1	0.4
	419.8	635.7	915.8

Source : Central Statistical Office

The import statistics point up two basic aspects of Mauritius' economy :

- firstly, its dependence on the outside world for its food supplies and particularly meat and rice (24 % of the imports)
- secondly, the investments that have been made over the last few years (over 24 % in 1973).

2.3.3 - Balance of trade

Table 4

BALANCE OF TRADE

in millions of Rs			
	1970	1972	1973
Exports	384.5	573.8	748.3
Imports	419.9	635.7	915.7
Earnings cover	91.56 %	90.26 %	81.72 %

If one includes tourism, the balance is virtually even.

2.4 - Commercial structures

Commerce is entirely private on Mauritius. The State intervenes only in respect of essential products such as rice and flour. These products are subsidized and constitute a very heavy load on the budget : 107 on a budget of 605 million Rs in 1973. The State supervises their import and distribution and rationing cards are being issued in 1974.

Most of the consumer and capital goods are imported and marketed by two companies and their branches.

Sugar is marketed by the Sugar Syndicate, which collects the production and apportions the proceeds of its sale.

2.5 - budget

in millions of Rs		
Operating budget	1972/1973	1973/1974
Incomings (including customs receipts)	376.7 (52.2 %)	409.9 (53.4 %)
Outgoings	326.4	405.8
Active balance	50.3	4.1

The following table shows the importance of the investment budget, which reflects the country's efforts to equip itself.

in millions of Rs		
Investment budget	1972/1973	1973/1974
Incomings	156.4	151.6
Outgoings	127.4	219.5
Balance	+ 29.0	- 67.9

Source : Central Statistical Office

National debt in the second quarter of 1973 :

- national loans	383.1 million Rs
- foreign loans	177.6 million Rs
Total	<u>560.7 million Rs</u>

2.6 - Education

The official language is English, but French remains in general use. In 1973/1974, the education budget represented almost 13 % of the State's normal expenditure. Investments in education during the same period represented 3.5 % of the capital outlays.

Eighty six % of the children attended primary and secondary schools in 1969. The teaching of French and English is compulsory, while the Indian languages are optional.

- Primary education :

In 1972, 353 schools took 151,600 pupils. Primary education is paid for by the State and each pupil is entitled to a free meal daily.

- Secondary education :

In 1972, 128 schools took 52,000 pupils.

- Vocational training is given by
 - . vocational training colleges which prepare pupils for the technical and commercial professional aptitude certificates
 - . the Industrial Trade Training Center which trains technicians (Beau-Bassin)
 - . a hotel school
- Higher education (University of Mauritius) comprises (Le Reduit) :
 - . an agricultural school
 - . a technological school
 - . a school of administration (public and business administration and accountancy).

2.7 - Health

In 1972, the medical infrastructure consisted of :

Hospitals

general	6
specialized (mental illnesses, leprosy, tuberculosis)	4
private (on the sugar plantations)	23

Dispensaries

public and hospitals' outpatient departments	58
private (on the sugar plantations)	23
mobile	5

Clinics

private	7
prenatal mobile	1
dental mobile	4

Maternity hospitals

43

Doctors

specialiste	46
doctors	94
general practioners	85
dentists	28

2.8 - Development plan

Mauritius' plans have been drawn up in reference to three periods :

- the second development decade (1970-80), whose primary aim is to create employment for the entire work force which is expected to number 325,000 persons by 1980. Since the active population increases at a rate of 4.7 % per year, 130,000 jobs will have to be created. The corresponding growth rate of the GDP has been estimated at 7.3 % per

year in real money terms.

- the development plan (1971-75), during which the foundations must be laid for achieving the aims defined in the ten-year plan, i.e. :
 - . development of sugar production
 - . diversification of agriculture
 - . expansion of breeding
 - . development of export industries.
- the immediate action programme with its "work for all" campaign, which should make it possible to eliminate most of the underemployment and create such economic and social conditions as will further the execution of the development plan.

The results for these first two years have been extremely good. Due in particular to excellent harvests of sugar cane, an increase in world sugar prices and growing industrialization, the aims with respect to increasing production and employment have been surpassed.

3 - CHARACTERISTICS OF THE COUNTRY

One of the small Mascarene islands situated in the middle of the Indian Ocean, Mauritius arouses curiosity by :

- its extreme ethnic and cultural diversity. Its people of all races (Indians, Chinese, Africans, Europeans) live together in complete harmony ;
- the persistence of French and English culture superimposed on the customs peculiar to each racial group ;
- the great beauty of its mountains and seaboard, its attractive vegetation and pleasant climate.

Mauritius' economy is characterized above all by :

- the predominance of the cultivation of sugar cane, which represents over 90 % of its foreign trade and takes up 56 % of its arable land ;
- extreme population density : 450 inhabitants per km² (812 per km² if one counts only the cultivated areas).

In recent years, efforts have been made to undertake family planning. The population growth rate has been reduced from 3.6 % in 1950 to 1.5 % recently.

However, underemployment is still the Government's main problem. In 1969, almost 20 % of the active population was totally or partially unemployed.

Thus the principal aim of the Government's economic policy is to secure full employment. The development plan provides for the achievement of this aim by about 1980.

Industrial development is one of the principal means the Government has chosen to achieve its aim of full employment.

In 1970, industrial free zones were established and, since then, 7,000 new jobs have been created. The free zones comprise industries of all kinds using the maximum amount of manpower in their production process. Tourism has also advanced by leaps and bounds (50,000 arrivals in 1971) and made it possible to even the balance of trade.

4 - INDUSTRIAL POLICY

4.1 - Industrial sector

4.1.1 - General position in 1971

The Central Statistics Office does two types of industrial surveys:

- a complete census of the industrial enterprises

The last census, based on data of 1967, was published in 1970 ;
the next one will be carried out in 1974.

- a bi-annual study of employment and incomes.

This survey concerns enterprises whose minimum size is 10 hectares for sugar plantations, 2 hectares for tea plantations and 10 employees for other establishments.

On the basis of the data from the most recent survey (March 1973), the manufacturing industry (aside from the sugar works : 21 enterprises and 6,175 employees) comprises :

Manufacturing industries on Mauritius
(including the free zone industries but excluding the sugar works)

Type of industry	Number of establishments	Jobs
Food industries (excluding sugar works and tea processing)		
. foodstuffs	49	1,528
. beverages and tobacco	19	1,557
Sisal and manufacture of sackcloth	5	626
Clothing industry	30	3,355
Woodworking industries	20	667
Printing works	23	849
Rubber and leather industries	8	202
Chemical industries	15	473
Non-metallic mineral product industries	22	755
Metal industries	20	711
Repairs workshops	13	990
Manufacture of transport equipment	7	897
Other manufacturing industries	14	698
	245	13,308

Source : Central Statistical Office

4.1.2 - The industrial free zone

In 1970, The Government established the free zone (Export Processing Zones Act no 51 of 1970). The few statistics available in March 1974 show that it comprises 32 enterprises and has thus created 7,146 jobs.

During the year 1973, it had a turnover of nearly 46 million Rs. The turn-over for the first three months of 1974 amounts to 21 million Rs.

Free zone industries

Type of industry	Number
Food industries	5
Clothing industries	13
Electronic industries	3
Miscellaneous (furniture, toys, diamond cutting...)	11
Total	32

Source : Ministry of Trade and Industry

The export industry has developed extremely rapidly. Thirty new enterprises, including 22 clothing and textile firms, have already been approved, thus creating 10,000 new jobs.

Table 5

PRINCIPAL INDUSTRIAL PRODUCTS IN QUANTITIES

Sectors, products	Unit	1969	1971	1972
Food industries, beverages, tobacco				
Sugar	t	668,553	621,087	686,366
Molasses	t	166,332	140,158	176,489
Tea		3,197	4,089	4,678
Rum	hl	13,361	14,916	17,996
Beer	hl	36,799	53,793	66,831
Local liqueur	hl	33,362	43,215	50,449
Non-alcoholic beverages	hl	92,000	110,900	137,300
Cigarettes	thousand t	586	634	674
Textile industries				
Sisal	thousand t	1,294	1,976	1,556
Sacks	thousands	2,338	2,599	1,761
Chemical industries				
Denatured alcohol	hl	5,072	5,368	5,802
matches	boxes	103,064	109,466	117,505

Source : Central Statistical Office

4.2 - Industrial content of the plan

4.2.1 - Industrial plan

To develop the industrial sector is one of the Government's prime options for achieving the basic aim of the Plan : to ensure full employment of the work force by 1980.

By that year, the industrial sector will have created 42,000 of the 130,000 new jobs to be created for the whole economy. The number of wage earners in industry will thus rise from 25,000 (including 6,600 in the sugar and tea industry) to 67,000, i.e. 21 % of the active population.

Industry will become the foremost contributor to the Gross Domestic Product. Its production, which amounted to 132 million Rs in 1969 (15.53 % of the GDP) will rise to 430 million Rs in 1980 (23.43 % of the GDP). The corresponding growth rates are 3.5 % for agricultural export production and 17.4 % for the manufacturing industry, i.e. a total growth rate of 11.3 % per year.

The development programme is as follows :

	in millions of Rs					
	1969		1975		1980	
	Production	Jobs	Production	Jobs	Production	Jobs
Agricultural export industries	78	6,600	96	6,600	114	6,600
Manufacturing industries	54	18,400	142	28,400	316	60,400
Total industries	132	25,000	238	35,000	430	67,000
Corresponding GDP	850	195,000	1,263	247,900	1,835	325,000

Source : Ministry of Economic Planning and Development.

At the end of 1972, the Planning Directorate did a survey of the results of the first two years of the 1971-75 Plan, which was published in "Mauritius Economic Survey 70-72". It shows that the programmed objectives were achieved but that there was a marked predominance of the textile industry and female employment (80 % of the manpower of the export industry). The Government will therefore strive for greater diversification of industrial activity.

4.2.2 - Industrial policy

The industrial plan was drawn up on the basis of a complete analysis of Mauritius' possibilities in this sector. As a result of this analysis, a realistic industrial policy was defined.

The possibilities of establishing import-substitute industries are now limited. The existing industries satisfy a part of the need ; the local market is in any case too small for profitable development of new enterprises, unless the latter are able to export part of their production to the regional markets (Reunion, Madagascar...).

Moreover, in view of the difficulty of capturing the markets of developed countries with new products, and particularly new brands, the Government intends to promote the establishment on Mauritius of foreign enterprises which already have a market for their goods.

The industries sought must meet the following conditions :

- be labour intensive projects
- have a high level of technology which will create maximum added value
- their production must have a high value/weight-volume coefficient because of Mauritius' remoteness from the markets supplying raw materials and the markets distributing finished products.

Electronic, precision machine, watch, camera, optical instrument, light electrical appliance, toy and wig industries are among those likely to be welcomed on Mauritius... and this list is by no means exhaustive.

The Government puts forward a certain number of arguments to promote the development of this type of industries. These arguments are based mainly on :

- the existence of a cheap, capable, extremely skilful and highly adaptive labour force
- an advantageous investment code (free zone)
- effective cooperation of the public authorities, who set up industrial zones and take part in international manifestations to promote the country's industry.

Table 6

PRINCIPAL INDUSTRIAL PROJECTS

Projects per sector	Localization	Jobs	Destination of sales	State of advancement	Remarks(1)
<u>Food industries</u>					
. Production of milk, butter and cheese		101	local	project	D.C.
<u>Textile industries</u>					
. Clothing (15 enterprises)	free zone	4,000	mainly Europe	approved	E.E.C.
. Spinning mill and cloth works (5 enterprises)	free zone	3,900		approved	E.E.C.
<u>Woodworking industries</u>					
. Paper pulp	Curepipe	1,382	-	approved	E.E.C.
<u>Engineering industries</u>					
. Watchmaking (2 enterprises)		100	-	approved	E.E.C.
. Electronics (3 enterprises)	free zone	300	-	project	E.E.C.
. Toys (2 enterprises)	free zone	1,000	-	project	E.E.C.

(1) D.C. = Development Certificate : production destined for the local market
 E.E.C. = Export Enterprise Certificate : production destined for export

4.3 - Administrative structures likely to be of help to industrialists

The Ministry of Trade and Industry is responsible for industrial development.

Two departments in this Ministry are of particular help to investors :

- the Industrial Development Promotion Group, which deals with entrepreneurs and assists in drawing up files on projects with a view to their approval
- the Foreign Trade and Marketing Services Group, which finds markets for Mauritius' export products.

In addition, the Development Bank of Mauritius (DBM) :

- assists investors financially (long-term loans, participations)
- sets up and administers the industrial zones.

The Government of Mauritius has appointed an organization in PARIS (SOPROGI, 26, rue du Cotentin, 75007 Paris - Tel 567.26.68) to promote the establishment of European industrialists.

5 - USEFUL ADDRESSES (in Port Louis unless otherwise stated)

- Administrations

Ministry of Agriculture, Natural Resources and Cooperative Development Government House	Tel 2.12.61
Ministry of Trade and Industry Anglo-Mauritius House	Tel 2.12.61
Ministry of Communications Baroda Building Sir Newton Street	Tel 2.08.55
Ministry of Economic Planning and Development Anglo-Mauritius House	Tel 2.12.61
Ministry of Education and Cultural Affairs	Tel 2.18.21
Ministry of Foreign Affairs, Tourism and Emigration Government House	Tel 2.12.61
Ministry of Finance Government House	Tel 2.12.61
Ministry of Housing, Lands and Towns and Country Planning Edith Cavell Street	Tel 2.32.11
Ministry of Labour Government House	Tel 2.12.61
Ministry of Social Security Government House	Tel 2.12.61
Ministry of Public Works Government House	Tel 2.12.61
Central Statistical Office Route Royale - <u>Rose-Hill</u>	Tel 4.20.88
Customs Service Port	Tel 2.02.51
Tax Department La Chaussée	Tel 2.18.91
Labour Inspection Immigration Square	Tel 2.18.51

- Foreign missions

Belgium (Consulate) New Quay Street	B.P. 56	Tel 2.12.41
United Kingdom (High Commission) Cerné House La Chaussée		Tel 2.02.01
Denmark (Consulate) 1, Corderie Street	B.P. 51	Tel 2.32.91
France (Embassy) Saint-Georges Street		Tel 2.37.55
Germany (Consulate) 60, Desforges Street		Tel 2.06.66
Netherlands (Consulate) New Quay Street	B.P. 56	Tel 2.12.41
U.S.A. (Embassy) Anglo-Mauritius House		Tel 2.32.10

- Other missions

- Austria, Finland, Norway, Sweden, Switzerland, Portugal, U.S.S.R.
- China, India, Japan, Pakistan
- Madagascar, Central African Republic

- Miscellaneous

EDF Sir Newton Street, Habib Bank Building	B.P. 144	Tel 2.48.86
UNDP Anglo-Mauritius House	B.P. 253	Tel 2.37.26

. Public and para-public bodies

Development Works Corporation Arabian dak Building		Tel 2.41.27
Central Electricity Board Royal Road - <u>Curepipe</u>		Tel 6.20.26
Central Water Authority Jules Koenig Street		Tel 2.28.24

. Banks

Bank of Mauritius Sir Newton Street	B.P. 29	Tel 2.41.64
Development Bank of Mauritius La Chaussée	B.P. 157	Tel 2.02.41
Bank of Baroda Sir Newton Street	B.P. 553	Tel 2.15.05
BNCI OI 11, Avenue Duc d'Edimbourg		Tel 2.41.47
Mauritius Commercial Bank Sir Newton Street		Tel 2.28.01
Mercantile Bank La Chaussée		Tel 2.18.01
State Commercial Bank		
First National City Bank		
Habib Bank Sir Newton Street		
Barclays Bank Sir Newton Street		Tel 2.18.16

. Insurance companies

British-American Insurances Jumnah Mosqué Street		Tel 2.41.21
Anglo-Mauritius Insurances Anglo-Mauritius House		Tel 2.12.54
Swan Insurances Co Insurances Building - Intendance Street		Tel 2.20.71
La Préservatrice Dumat Street		Tel 2.13.52

. Professional organizations

Mauritius Employers Federation Cerné House		Tel 2.15.99
Chamber of Commerce and Industry Anglo-Mauritius Building		Tel 2.04.74
Joint Economic Committee Place d'Armes		Tel 2.33.02

. Principal forwarding agents

Blyth Brothers and Co New Quay Street	B.P. 56	Tel 2.12.41
Mauritius Travel and Tourist Bureau Royal Street		Tel 2.20.41
SOMATRANS ?, rue Dr Ferrière		Tel 2.48.11

. Principal building and building material companies

Building and Engineering Co Main Road - <u>Phoenix</u>		Tel 4.20.52
General Construction Co Plaine Lauzon	B.P. 503	Tel 2.20.70
Mauritius Building Co Plaine Lauzon	B.P. 628	Tel 2.20.76
Entreprises E. Bathfield Candos Road - <u>Quatre-Bornes</u>		Tel 4.23.03
Patels Constructions Plaine Lauzon		Tel 2.03.18
Longtill Plaine Lauzon	B.P. 550	Tel 2.18.34
Randabell Royal Road - <u>Beau-Bassin</u>		Tel 4.15.92
Noel Construction <u>Les Pailles</u>		Tel 2.13.10

. Transport agents

- Airlines

Air France, Air India, Air Mauritius, B.O.A.C., East African Airways c/o Rogers and Co Sir Newton Street		Tel 2.12.86
Quantas Airways, South African Airways	B.P. 60	
Alitalia		
Lufthansa 18 Edith Cavell Street		Tel 2.08.61
- Shipping companies		
SEAL Scott and Co - 1 Corderie Street		Tel 2.32.91

NHCP
Société Malgache des Transports Maritimes
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CHAPTER II

REGULATIONS

This chapter sums up the main points of the regulations concerning industrial activities in respect of :

- customs tariffs
- taxation
- investments
- labour laws.

References are made to the texts in force, but the texts themselves are not reproduced in their entirety, for most of them figure in voluminous and repeatedly modified documents which have no place in this report. However, as far as the investment codes are concerned, the texts in force on 1 March 1974 have been collected together in a special volume edited by the Commission of the European Communities in 1974 (Document VIII/17/74-F)

1 - CUSTOMS ADMINISTRATION

1.1 - General remarks

Customs regulations are based on a text of 1947 (Customs Ordinance 1947) which has been amended and modified over the years, in particular by an act of 1954 (Customs Tariff Ordinance 1954) stipulating the rules applicable to preferential systems (documents, products, places of origin) and an act of 1969 (Customs Tariff Act 1969) stipulating the rules applying to and the duties on imports and exports.

1.2 - Imports

Products imported into Mauritius are subject to various imposts :

- fiscal duty, which is applicable to all products at a rate of 0 to 40 %
- customs duty, of which there are two systems of application :
 - . the general system, which is applied at a rate ranging from 0 to 50 %
 - . the preferential system, which applies to products from particular countries (Commonwealth, EEC, United States and South Africa)
- in certain cases, a surtax designed to protect local products.

In the case of ad valorem tax, which is the most frequently applied, duty is fixed at the price considered to be the selling price the buyer would have to pay in the Mauritius free market. The value on which duty is assessed thus includes the price of the commodity, the cost of transport and insurance and the expenses incurred in its sale.

The documents required by the customs are :

- as regards the general system : the seller's bill indicating the breakdown of the selling price
- as regards the preferential system : the seller's bill as above, a certificate of value and a certificate of origin indicating the amount of added value created at the time of manufacture in the country of origin ; for the source of goods is considered to be guaranteed if the added value created in a country is more than 25, 50 or 75 % of the price of the commodity, according to the product.

The following Table gives a few examples of customs tariffs applied to certain products imported into Mauritius.

Table 7

IMPORT DUTIES AND TAXES
(on certain products)

BTN	Products	Fiscal duty	Customs duty		Total duties (in % on c.i.f.)	
			preferential	general	origin EEC and (1)	origin other countries
25.22	01 Quicklime	0	25	25	25	25
25.23	11 Hydraulic cements, Clinkers		Rs	Rs	Rs	Rs
	13.14 Portland cement	0	70/100kg	150/100kg	70/100kg	150/100kg
27.10	10 Petroleum oils, crude or partially refined	0	0	0	0	0
		Rs	Rs	Rs	Rs	Rs
	20 Petrol	20/hl	11.90/hl	11.90/hl	31.90/hl	31.90/hl
		Rs	Rs	Rs	Rs	Rs
	50 Diesel oil	5/hl	4.40/hl	4.40/hl	9.40/hl	9.40/hl
		Rs	Rs	Rs	Rs	Rs
	60 Fuel oil	5/hl	4.40/hl	4.40/hl	9.40/hl	9.40/hl
28.08	03 Sulphuric acid	0	5	5	5	5
32.09	57 Varnishes and lacquers, oxide of zinc	10	10	20	20	30
	61 Cellulose lacquers	0	10	10	10	10
36.02	03 Prepared explosives, dynamite	0	5	5	5	5
39.02	32 Polymerisation products, polystyrene tubes	0	5	5	5	5
40.11	13 Rubber tyres, inner tubes for motor vehicles					
	14 Inner tubes for delivery vans, trucks and buses	15	10	40	25	55
	34 New rubber tyres for motor vehicles					
	35 New rubber tyres for delivery vans, trucks and buses					
44.05	14 Wood sawn lengthwise, sliced or peeled but not further prepared	10	5	5	15	15
44.23	Builders' carpentry and joinery	10	35	35	45	45
	21.22 Casing for concrete work					
48.01	33 Paper and paperboard of 35 g or more per m ² , of a kind used for packaging	0	10	30	10	30
48.05	71 Printing and writing paper					
	01 Paper and paperboard, corrugated					

(1) Preferential tariff, including products from the Commonwealth, the USA and South Africa

Table 7 (continued)

IMPORT DUTIES AND TAXES
(on certain products)

BTN	Products	Fiscal duty	Customs duty		Total duties (in % on c.i.f.)	
			preferential	general	origin EEC and (1)	origin other countries
62.03	12.13.19 Sacks and bags, of a kind used for the packaging of goods	0	5	5	5	5
68.12	02 Articles of asbestos-cement, plaques, corrugated	0	10	10	10	10
	08 Tubes and tubing accessories					
69.07	35 Unglazed setts, flags and paving, hearth and wall tiles	0	10	10	10	10
69.10	34 Sanitary fittings of porcelain or china	0	10	30	10	30
70.07	Blown glass	5	10	30		
73.10	02 Bars and rods of iron or steel, hot-rolled - Wire rod					
	07 Reinforcing bars used for concrete work	0	2.5	5	2.5	5
73.11	01 Angles, shapes and sections of iron or steel, hot-rolled, of less than 80 mm thickness	0	2.5	5	2.5	5
	07 Angles, shapes and sections of 80 mm thickness or more					
73.13	22 Sheets and plates of iron or steel, hot-rolled	0	2.5	5	2.5	5
73.18	09 Tubes and pipes of iron or steel, circular and seamless	0	2.5	5	2.5	5
73.25	11 Cables of iron or steel wire	0	2.5	5	2.5	5
73.32	14 Bolts and nuts, rivets, of iron or steel	0	2.5	5	2.5	5
74.03	03 Copper wire	0	2.5	5	2.5	5
76.03	23 Wrought plates of aluminium, corrugated, of a thickness of 0.35 mm	0	2.5	5	2.5	5
83.01	14 Locks and padlocks	0	10	30	10	30
84.10	14 Pumps and motor pumps for liquids	0	0	5	0	5
	10 Parts and accessories for pumps					
84.06	90 Internal combustion piston engines (2), of an engine capacity of 250 cm ³ for motor vehicles - Parts and accessories of propulsion engines for vehicles	0	5	10	5	10

(1) Preferential tariff, including products from the Commonwealth, the USA and South Africa

(2) Industrial use

Table 7 (continued)

IMPORT DUTIES AND TAXES
(on certain products)

BTN		Products	Fiscal duty	Customs duty		Total duties (in % on c.i.f.)	
				preferential	general	origin EEC and (1)	origin other countries
84.45	11	Machine tools for working metal - slide lathe	0	5	10	5	10
84.48		Accessories and parts for machine tools	0	5	10	5	10
85.01	06	Electrical machinery and equipment	0	0	5	0	5
	09	Generating sets					
	92	Parts and accessories					
85.05	21	Tools for working in the hand, with self-contained electric motor	0	5	10	5	10
87.02		Wheeled motor vehicles for the transport of persons, goods or materials	5 or	50 or	80 or	55 or	85 or
	31	Passenger cars of 1,500 cm ³ or less	Rs 400	Rs 3,400	Rs 7,000	Rs 3,800	Rs 7,400
87.06		Parts and accessories of motor vehicles	10	10	30		

(1) Preferential tariff, including products from the Commonwealth, the USA and South Africa

(2) Industrial use

1.3 - Exports

Only the export of sugar products is taxed, at a rate of :

- 5 % for sugar
- 1.20 Rs per ton of molasses

Merchandise in transit to other foreign ports is also subject to a tax of 1 R per ton. AY 1 certificates of origin for products bound for the EEC are issued by the Chamber of Commerce and Industry.

1.4 - Temporary admission

Aside from special provisions for the export industries of the free zone, temporary admission of goods may be authorized on bank guarantee of payment of the import duties to which such goods might be subject in case of non-reexportation.

1.5 - Sundry systems

1.5.1 - Quotas

A certain number of products are subject to the application of quotas. Importers must have an import licence issued by the Ministry of Trade and Industry (Government Notice no 43 of 1957).

Apart from gold, flour and rice, the import of such products as are also produced locally is subject to a quota.

1.5.2 - Industrial free zone

With a view to promoting the establishment of export industries, the Government has set up a free zone on Mauritius (the Export Processing Zones Act no 51 of December 1970).

The free zone is not a defined geographic locality, but a legal status which any export company may acquire regardless of its physical localization within the confines of Mauritius and irrespective of whether or not it is part of an Industrial Estate.

Within the free zone, raw materials, semi-finished products or material and equipment needed for the manufacture of export products are totally exempt from customs duties and taxes (with the exception of petroleum products).

The customs authorities guarantee to inspect all imports to and exports from the free zone within a maximum of 24 hours.

2 - FISCAL SYSTEM

2.1 - General remarks

Mauritius' fiscal system consists of two categories of taxes :

- direct taxes which include :
 - . income tax to which enterprises and persons are subject (Income Tax Ordinance no 84 of 1950)
 - . local taxes such as :
 - . land tax on the rental value of property, whether built upon or not
 - . rates
 - . a tax on establishments likely to affect public health
 - . operating licence taxes
- stamp duty

2.2 - Taxation of enterprises

2.2.1 - Tax on industrial and commercial profit

The Income Tax Ordinance no 84 of 1950, which is the basic regulation revised and rectified by various subsequent texts, provides for the taxation of industrial and commercial profits.

All gains and profits deriving from the activity of an enterprise constitute taxable income.

Income tax is payable yearly in an amount fixed on the basis of the declared profits of the preceding year (fiscal year of 12 months).

The following elements may be deducted from the operating profits in so far as they have actually contributed towards the realization of the taxable profit :

- interest on contracted loans
- rental costs
- repairs costs
- provision for doubtful debts (subject to the Tax Inspector's judgement)
- land or rental tax paid for the fiscal year
- insurance premiums
- contributions to companies providing supplementary insurance for the employees
- 1/4 of the entertainment expenses
- expenses incurred as a result of establishing or expanding an enterprise on Mauritius
- gifts to the University
- losses of previous fiscal years
- dividends distributed, except in the case of foreign companies
- amortizements.

Depreciation rules

Assets	Initial rate (first year)	Annual rate	Remarks
Industrial premises			
. purchased by the enterprise	20 %	2 %	linear
. built by the enterprise	-	2 %	linear
Equipment			
. furniture	40 %	5 %	accelerated
. vehicles	-	20 to 25 %	accelerated
. electrical equipment	40 %	10 %	accelerated
. non-electrical equipment	40 %	7.5 %	accelerated
. refrigeration plant	40 %	15 %	accelerated

At present, industrial and commercial companies' profits are taxed at 45 %. For the fiscal year 1973/74, a surtax (Special Levy) of 10 % is levied. This surtax does not apply to the enterprises approved under the Development Certificate and Export Processing Zone systems during the period of their exemption (see Investment Code).

Capital gains are not taxable if they are reinvested in Mauritius; in case of repatriation, they are subject to a tax of 34 %.

2.2.2 - There is no turnover tax.

2.2.3 - Licences and taxes thereon

The Licences Ordinance of 1945 provides that these shall apply to all persons running a business or plying a trade from a fixed address. The taxes on companies are as follows :

Capital of the Company	Licence tax per quarter
5,000 to 20,000 Rs	110
20,000 to 30,000 Rs	130
30,000 to 40,000 Rs	150
40,000 to 50,000 Rs	180
over 50,000 Rs	250

In addition, a municipal licence tax is levied on firms and industries affecting public health (food industries, production of beverages, chemical and petroleum industries).

2.3 - Tax on personal income

The application of this tax is also laid down in the Income Tax Ordinance of 1950 and is consequently subject to the same rules as the tax on companies (deduction of insurance premiums and supplementary pension contributions).

The following are deductible from income :

- a basic deduction of 3,500 Rs
- a deduction for a wife of 2,500 Rs
- a deduction for each of the first three children of 1,000 Rs

Rate of taxation

Taxable income brackets	Rate of taxation
on the first 15,000 Rs	20 %
from 15,000 to 35,000 Rs	35 %
from 35,000 to 45,000 Rs	50 %
from 45,000 to 55,000 Rs	65 %
over 55,000 Rs	80 %

For the fiscal year 1973/74, a surtax of 15 % on the assessment is applied.

As regards the shareholders of the companies approved under the Development Certificate and Export Processing Zone systems, the dividends they receive during the first five years following the first day of production are not taxable.

2.4 - Sundry duties and taxes

2.4.1 - Land taxes (Income Tax Ordinance of 1950)

This tax applies to the rental value of property, whether built upon or not. It is payable to the municipality.

Annual rental value	Rate (Port Louis)
150 to 500 Rs	8 %
501 to 1,000 Rs	10 %
1,001 to 1,500 Rs	12 %
1,501 to 2,000 Rs	14 %
2,001 to 3,000 Rs	17 %
3,001 to 5,000 Rs	20 %
5,001 to 8,000 Rs	23 %
8,001 Rs and over	25 %

2.4.2 - Rental tax (Income Tax Ordinance of 1950)

This applies to the amount of rent paid :

Rent of 50 to 60 Rs	4 %
Rent of over 60 Rs	6 %

2.4.3 - Stamp duty (Stamp Ordinance of 1927)

Stamp duties are of three kinds :

- . stamp duty payable in proportion to the size of the paper used
- . fixed stamp duty
- . ad valorem stamp duty

These apply to documents produced in a court of civil law, contracts, official deeds, business and insurance documents.

3 - INVESTMENT CODE

3.1 - Background

There are two systems for encouraging investments in Mauritius :

- . the Development Certificate system introduced in the sixties in order to encourage import-substitution industries, i.e. producing for local consumption
- . the Export Processing Zone system introduced in 1970 to promote the establishment of export industries.

3.2 - Provisions

3.2.1 - Development Certificate system

The facilities granted to the industrial enterprises (and hotels and restaurants) approved under this system are :

- income tax exemption for 5 to 8 years according to whether the industrialist does or does not choose a system of amortizement providing for a high initial deduction
- exemption from income tax on the dividends distributed during the first five years
- a deduction on two-thirds of the land tax for the first five years
- possibility of a reduction of or exemption from import duties and taxes on equipment, raw materials and semi-finished products
- possibility of renting sites in the industrial zones set up by the Development Bank
- possibility of obtaining loans from the Development Bank
- customs protection of production (tariff measures or quotas)

3.2.2 - Export Processing Zone system (free zone)

Under the Export Processing Zone Act no 51 of 1970, the status of Export Processing Enterprise affords industries a number of substantial advantages :

- total exemption from import duties on goods constituting capital (i.e. machines, sundry items of equipment and spare parts)
- total exemption from payment of import duties on raw materials and semi-finished products (with the exception of alcohols, tobacco and petroleum products)

- exemption from corporate income tax for a minimum of 10 and a maximum of 20 years, according to the merits of each case
- exemption from tax on dividends for a period of 5 years
- freedom for the approved companies to repatriate their capital and remit profits and dividends
- electric power at preferential rates
- loans at preferential rates from the commercial banks to finance the import of raw materials
- possibility of renting premises for industrial use
- loans of over 50 % of the total cost of the premises for a period of 10 years
- favourable labour laws to help export industries achieve their objectives
- reduction of crane charges and handling costs of imports for export enterprises
- exemption from payment of stamp duty on the land and premises occupied by new factories
- leases at preferential rates for plots in the vicinity of certain localities which have manpower to spare
- granting of permanent residence permits to entrepreneurs and shareholders according to the importance of their investment
- customs inspection within 24 hours of imports and exports
- priority, in so far as is possible, in investment capital loans from the Bank of Mauritius
- the services of the Foreign Trade Section are at the disposal of exporters to help them to find markets
- aid to trade missions, fairs and market research approved by the Government
- the Government directly negotiates favourable freight terms with the shipping and airline companies
- exemption from tax on income derived from foreign investments in Mauritius
- immediate issue of licences for the import of machines, raw materials or semi-finished products and the export of finished products
- guarantee against nationalization

3.3 - Approval procedure

Applicants' files must be submitted to the Ministry of Trade and Industry.

This Ministry provides a special form (Application for an Export Enterprise Certificate), which the entrepreneur must fill in. This document contains a certain amount of information on the entrepreneur, the proposed production, the estimated trading accounts, the markets, the manner and composition of financing, the planned staffing requirements (Mauritians and expatriates), etc.

The file is examined by the Industrial Development Committee, which meets under the chairmanship of the Minister of Trade and Industry.

At the proposal of the Committee, the Cabinet approves the application.

Generally speaking, the applicant has to wait only a short time for the Government's reply (an average of 3 months).

4 - LABOUR LAWS

4.1 - General remarks on the labour laws

The labour laws in force on Mauritius are based on the following fundamental texts :

- The Employment and Labour Ordinance
- The Termination of Contracts of Service Ordinance : Ordinances no 33 of 1963, no 42 of 1965, no 40 of 1966 and Act no 33 of 1971
- Female Factory Workers Order and Regulation of Wages and Conditions of Employment of Female Factory Workers. Government Notices 180 and 181 of 1968
- The Export Processing Zones Act of 1970, which limits certain provisions of the preceding texts.

At the end of 1973, the Government decided to modify and clarify these texts and set up three bodies to replace the former Wages Council. These are :

- The National Remuneration Board, which is responsible for examining the terms and conditions of labour. It comprises representatives (9) of the Administration, the Employers and the Unions. The Board has only just begun its work and the new stipulations concerning terms of employment in the free zone will not be announced before the end of 1974
- The Industrial Relations Commission, which is responsible for settling disputes
- The Permanent Arbitration Tribunal.

4.2 - Collective wage agreements

At present, collective wage agreements do not exist on Mauritius. However, special arrangements have been made concerning the sugar industry.

4.3 - Working hours

4.3.1 - Outside the free zone

Legal working hours in factories are 45 hours per week, divided up into 5 days of 8 hours and 1 day of 5 hours. Sunday is a holiday unless the contract of service provides otherwise.

- Overtime :

- . working days 1.5 times the standard hourly rate
- . Sundays and holidays
 - . first 8 hours 2 times the standard hourly rate
 - . beyond 8 hours 3 times the standard hourly rate

Women and children between the ages of 15 and 18 may not be employed at night (from 10 pm to 5 am).

4.3.2 - Free zone

Here too, legal working hours in factories are 45 hours per week, but the daily hours are not fixed. The work is divided over a maximum of 6 days.

The terms for overtime are the same, but overtime is limited to 10 hours. Work on holidays is paid either at the normal rate but with an extra day off or at double the normal rate.

The general rule notwithstanding, employers may be authorized to employ women at night, provided they give them a minimum of 12 hours off between each shift.

Workers are employed and paid by the week at minimum.

4.4 - Paid leave, legal holidays

The regulations provide for paid leave, 14 working days per year, only for the employees of the free zone. Twenty three legal public holidays with pay for all workers must be added to this, making a total of 37 working days of paid leave per year.

The laws concerning female employment provide for 28 days of sick leave, including 14 paid at the full rate and 14 at half rate. Three months of additional sick leave may be granted without prejudice to the worker's security of tenure, but also without even partial payment of wages.

In the free zone, these provisions have been extended to the male workers.

Maternity leave is fixed at 1 month before and 1 month after confinement. It is paid at half rate. An allowance of 15 Rs is granted for each confinement. As regards the free zone, these provisions cease to apply after the third confinement.

4.5 - Transport of the workers

The law makes no provision for the transport of workers. However, certain enterprises of the free zone do provide transport for their employees, for instance, those which have instituted a rotation system that obliges workers to arrive at the factory in the early hours of the morning or leave it late at night.

4.6 - Benefits in kind

Although the labour laws do not oblige them to do so, most of the enterprises of the free zone provide their workers with tea and a meal.

4.7 - Vocational training - p.m.

4.8 - Union law, staff representation

The labour laws make no provision for staff representation. All employees are free to join a union.

4.9.- Formalities to be observed by employers

4.9.1 - Establishment of a company

As far as their normal activities are concerned, limited liability companies are subject to French law. However, as far as anything to do with their constitution, organization and registration is concerned, they are subject to a text based on English law.

In order to register a new company set up on Mauritius, entrepreneurs must apply to the Companies Registrar and submit :

- a deed executed and authenticated by a notary, setting forth the statutes and the list and consent of the directors
- the address of the head office
- the permission of the Exchange Control for the company's financial operations if its shareholders are non-residents.

4.9.2 - Staff recruitment

Enterprises employing over 10 people must keep a staff register.

In the free zone, employment terms must be notified in writing.

The Termination of Contracts of Service Ordinance lays down the terms of dismissal of staff. Compensation for dismissal is fixed as follows :

- Outside the free zone :

- | | |
|------------------------------------------|-------------------------------------------------|
| . employee having worked for 1 year | 15 days of wages |
| . employee having worked for over 1 year | 15 days of wages for each complete year worked. |

- Free zone :

- . for 1 to 3 years worked 2 weeks of wages
- . for over 3 years worked 15 days of wages for each
complete year worked.

In case of unjustified dismissal, compensation may be 6 times higher. Prior notice must be given to the Termination of Contracts of Service Board of any collective dismissal.

There is no limit to the employment of expatriate managerial staff in the free zone, but prior application must be made to the Immigration Services for residence and work permits.



CHAPTER III

AVAILABILITY AND COSTS OF PRODUCTION AND ESTABLISHMENT FACTORS

This chapter gives information on such things as entrepreneurs need to know about in respect of establishing and operating an industrial enterprise on Mauritius, i.e. :

- manpower
- fuel and power (electricity, water, hydrocarbons)
- industrial sites and premises
- building
- transport, telecommunications and credit.

The facts concerning the possibilities and costs of establishing and operating an industrial enterprise were gleaned in the country by making direct inquiries of administrative services and local enterprises.

The costs and tariffs indicated are presented in such a way as to be of use to possible investors. According to the nature of the information obtained, they are set forth in the form of a range, an average or examples of actual cases. They are nevertheless merely indicative and general and those concerned will be obliged to seek fuller particulars for specific cases.

As far as the real cost of staff to enterprises is concerned, we thought it would be interesting to provide "standards of calculation" based on various sources of available information. However, these standards are to be regarded merely as "indicative" because of the margins of uncertainty noted and the differences encountered depending on the industrial sector, the type and size of the enterprise and its localization in the country.

1 - MANPOWER

1.1 - General remarks

The availability of manpower is so great on Mauritius that the Government's main problem is to reduce underemployment. Except in the building sector, which is beginning to be short of labour, finding workers is no problem. The efforts which both the ITTC (Industrial Trade Training Center) and higher education establishments have made to train people will shortly make it possible to get hold of Mauritian technicians and trained personnel.

After a period of training, unskilled workers reach levels of productivity close to international standards. The dexterity of the female workers is also noteworthy and their aptitude for meticulous work (such as perforating rubies and assembling electronic components) is already being abundantly used by established industries.

1.2 - Job classification

The law makes no provision for job classification in industry. Classification has been introduced in certain sectors such as the sugar and building industries and the commercial sector. Since the National Remuneration Board is presently reexamining employment terms, classification may well be instituted.

1.3 - Wage rates

There are no wage rates laid down on Mauritius. In the free zone, however, the wages paid by western enterprises are higher than those allotted in the rest of the country.

1.4 - Official and/or actual wages

1.4.1 - Official wages

Minimum wages have been fixed for certain sectors. Act no 22 of 1972, whose purpose was to lay down a general increase of 12 %, constitutes a good summary of wage rates in various sectors (sugar, commerce, hotel and restaurant, printing...).

In the manufacturing industry, which is concentrated in the free zone, a minimum wage has been indicated for women's wages only (Government Notice 180 of 1968. Women constitute 80 % of the manpower employed).

Another general increase of 20 % was laid down in 1973 (Act no 45 of 1973)

Because of the rise in the cost of living, the Government has instituted a system of automatic allowance based on the price index calculated by the Central Statistical Office. This cost of living allowance (COLA) has also been extended to the private sector.

At present, this system is proving difficult to apply and it is to be expected that the minimum wage rates will be revised only sector by sector, in conjunction with the National Remuneration Board's reexamination of employment terms.

Official female wages (1973) in enterprises employing over 15 female workers
in Rs

Industries	Period of employment	Daily wage	Monthly wage
Clothing	1st year	3.00	70.00
	2nd year	3.40	87.00
	following years	4.00	105.00
Shoemaking	1st month	3.00	70.00
	2nd month	3.40	87.00
	following months	4.00	105.00
Other industries	1st month	3.00	78.60
	following months	4.00	105.00

1.4.2 - Actual wages

Generally speaking, several elements enter into the determination of wages in industry :

- the standard rate
- an output bonus (25 to 40 % of the standard wage)
- an attendance bonus
- the COLA.

After making inquiries of enterprises in different branches of industry, we were able to work out the following wage standards. They indicate the wages actually paid by the enterprises of the free zone. It must be noted, however, that certain, in particular textile, industries pay their staff only at the minimum rate laid down by the Government. We considered it preferable, in this table, to indicate only the wages paid by enterprises which, because they wish to maintain first-rate staff, apply a more advantageous wage and social policy than the minimum prescribed.

It is inevitable that, at the insistence of the unions, all wages and employment terms will be raised to the level of those already applied by the latter enterprises.

Level of wages paid in industry

Qualification	Men		Women	
	daily wage (1)	monthly wage (2)	daily wage (1)	monthly wage (2)
<u>Technical jobs</u>				
Unskilled labourer Debutant unskilled worker	8	200	3.50	91
Specialized worker	10 to 15	240 to 390	5 to 8	130 to 200
Skilled worker	15 to 25	390 to 650	8 to 10	200 to 260
Electrical mechanic		400 to 500		
Foreman		600 to 700		
<u>Office jobs (3)</u>				
Bookkeeping assistant		400		
Typist				300 to 400
Accountant		800 to 1000		
Executive secretary				800 to 1200
<u>National élite staff</u>				
Qualified staff		1000 to 2000		
Managerial staff		2000 to 3000		

- (1) Wage earners in the free zone are employed and paid for a minimum of 2 weeks.
- (2) 1 month = 26 days
The widest variations are to be found at the élite staff and highly skilled worker levels ; in this case, the wage depends to a large extent on the rarity of the speciality and the merits of the persons concerned.
- (3) Hours of office work are not fixed. They vary from 33 hours per week in agencies and public utilities to 36 per week in certain industries.

1.5 - Contributions paid by employers

No social insurance contributions are paid by employers on Mauritius. Medical and hospitalization expenses are paid by the Government. The introduction of a pension scheme is presently being considered, but it is not yet possible to determine how it will affect company costs.

However, the Mauritius Employers Federation (MEF) recommends that the following indirect costs be expected :

- labour accidents	1 % of the wage
- overalls and other benefits (meals, transport and medicines provided by the enterprise)	2 % of the wage
- provision for dismissal or retirement compensations	4 % of the wage
	<hr/> 7 % of the wage

1.6 - Cost to the enterprise "indicative standards of calculation"

Qualification	in Rs per month	
	Men	Women
Labourer, debutant worker (unskilled)	214	100
Specialized worker (semi-skilled)	280 to 420	140 to 210
Worker (skilled)	420 to 700	215 to 280
Electrical mechanic	430 to 530	
Foreman	640 to 750	
Bookkeeping assistant	430	
Typist		320 to 430
Executive secretary		850 to 1,280
Accountant	850 to 1,600	
Qualified staff	1,070 to 2,140	
Managerial staff	2,140 to 3,210	

The salaries paid to foreign managerial staff are extremely variable and generally never less than 4,500 Rs per month. The enterprise also contributes to insurance policies and pension schemes, the cost of which can represent 20 to 25 % of the standard wage ; nor does this list include travel and accomodation expenses and other benefits.

1.7 - Development and forecasts

In expectation of the measures the National Remuneration Board will take, it is possible that wages will follow the rise in the cost of living (there have been sharp rises in 1973 and 1974).

As a guide, the following table reproduces the recommendations concerning the COLA.

Scale of the allowances to compensate the rise in the cost of living

in Rs				
Consumer price index	143-149.4	149.5-155.9	156-162.4	162.5-169
Monthly wage brackets	Obligatory monthly allowance			
Up to 250	20	30	40	50
251 to 310	25	37.50	50	62.50
311 to 370	30	45	60	75
371 to 430	35	52.50	70	87.50
431 to 490	40	60	80	100
491 to 550	45	67.50	90	112.50
551 to 625	50	75	100	125
626 to 750	60	90	120	150
751 to 875	70	105	140	175
876 to 1,000	80	120	160	200
1,001 to 1,150	90	135	180	225
1,151 to 1,300	100	150	200	250
1,301 to 1,500	110	165	220	275
1,501 to 1,700	120	180	240	300
1,701 to 2,000	140	210	280	350
2,001 to 2,400	160	240	320	400
2,401 to 2,750	180	270	360	450
2,751 and over	200	300	400	500

2 - FUEL AND POWER

2.1 - Electricity

2.1.1 - Availability

A state-owned company, the Central Electricity Board (CEB) ensures the (thermal and hydraulic) production and distribution of electricity.

The CEB buys the surplus electricity produced by the sugar factories, which have their own (thermal) plants ; this additional production represented 16.60 % of the total production in 1972.

Installed capacity, production and consumption in 1972

Origin	Actual output in kW	Production in thousands of kWh	Consumption in thousands of kWh
Hydraulic (7 power stations)	25,090	68,115	67,950
Thermal (3 power stations) (1)	25,500	72,748	70,381
Bought from sugar factories (15 factories)	14,030	23,396	23,396
Total	64,620	164,259	161,727

Source : CEB

(1) In 1973 and 1974, the installed thermal capacity was increased by 12 Megawatts.

Because of the rise in the cost of petroleum products, future plants will, in so far as is possible, produce electricity of hydraulic origin. A new hydro-electric power station with a production capacity of 50 to 60 kWh is being built in the south-eastern part of the country and a new thermal power station will be completed in 1976.

2.1.2 - Cost

Mauritius has several categories of industrial tariffs. Among these, the tariffs applying to the new industrial establishments are :

- 310 for industrial consumers whose total installed capacity is less than 30 kW
- 311 for industrial consumers whose total installed capacity is over 15 kW
- between 15 and 30 kW, either of the two tariffs can be chosen :

Tariff	Fixed charges (1)	Variable charges	Guarantee deposit
310	8.50 Rs/month/kW	0.39 Rs/kWh	4 times the amount of the monthly fixed charges 30 Rs/kW
311(2)	15.00 Rs/month/KVA	0.195 Rs/kWh	

- (1) Calculated according to the installed capacity for tariff 310 and according to the average capacity for tariff 311.
- (2) Contracts based on tariff 311 are subject to a price revision clause. For each variation of 0.05 Rs in the price the CEB pays for its supplies of heavy fuel, above or below 2.297 per Imperial Gallon (4.546 l), the selling price of electricity will vary by an amount of 0.3933 cents x R ; R being the ratio of the CEB's thermal production measured in kWh to the total production generated and bought (in kWh) by the CEB during the month preceding that of invoicing.

Industries in possession of an Export Processing Certificate are given a reduction of 2.6 cents per kWh.

The price of a kWh of electricity as consumed by three different types of enterprises is as follows :

	Enterprise A	Enterprise B	Enterprise C
Consumption	100,000 kWh/year 8h/d ; 250 d/y	1,000,000 kWh/year 3 x 8h/d ; 250 d/y	10,000,000 kWh/year 3 x 8h/d ; 250 d/y
Average capacity used	50 kW	166 kW	1,660 kW
Installed capacity	88 KVA	220 KVA	2,200 KVA
Fixed charges	11,160	37,440	374,400
Variable charges	19,500	195,000	1,950,000
Total per year	30,660	232,440	2,324,400
Average price for 1 kWh	0.3066 Rs/kWh	0.23244 Rs/kWh	0.23244 Rs/kWh

The CEB pays for the installation of the network as far as the customer's electric meter.

2.2 - Water

2.2.1 - Availability

The Central Water Authority, a company under the Ministry of Fuel and Power, is responsible for the distribution of water.

The Plan provides for a total demand (domestic, industrial, irrigation) of 300,000 m³ per day in 1982. Extensive infrastructural work is planned or already being carried out in order that production (174,000 m³ per day in 1970) will meet the coming need.

2.2.2 - Cost

Since June 1974, water consumption is invoiced according to a progressive system.

Fixed charges :

. Meters

Size in inches	in Rs	
	Initial installation	Monthly rent
1 1/2	1,000	6
2	1,500	10
3	3,000	20
4	5,000	30

. Branching

- in industrial zones contract 50 Rs
- outside industrial zones 120 Rs per month

Variable charges

Monthly consumption	in Rs	
	Variable charges per m ³ (cumulative calculation)	
1 to 10 m ³	0.15	
11 to 25 m ³	0.25	
26 to 100 m ³	0.45	
101 to 250 m ³	0.60	
over 250 m ³	0.75	

Example : 250 m³ per month : 129.00 Rs + rent of meter.

2.3 - Petroleum products

2.3.1 - Availability

Five companies, Shell, BP, Caltex, Total and Esso, import and distribute petroleum products.

There is no refinery on Mauritius ; refined products are imported from the Persian Gulf. The island's storage capacity is 3 to 4 months' consumption for each product.

2.3.2 - Cost

The Government fixes the selling price of petroleum products and the prices are the same all over the island.

Price of products

Products	in Rs per liter (June 1974)		
	Wholesale price	Retail price	Import tax (included)
Regular grade petrol	1.093	1.17	0.418
Premium grade petrol 95 oct	1.144	1.232	0.418
Diesel oil	0.71	0.785	0.092
Kerosene	0.646	0.695	0.068

The wholesale prices concern a minimum consumption of 4.546 liters per month (1,000 Imperial Gallons per month). A government authorization is compulsory for storage installations.

Prices, even for Export Processing Enterprises, are never exempt from customs duties.

- Other products

Fuel oil (viscosity 1,500) sold at 0.583 Rs per liter
Liquefied Petroleum Gas, composed of 95 % of pure Butane, 2.5 % of Butane and Iso-Butane and 2.5 % of Propane and having a thermal value of 11,500 calories per kg, is sold at 3.40 Rs per kg.

Gas is delivered either in cylinders of 12 kg or in bulk.

3 - BUILDING MATERIALS

3.1 - Supplies of building materials

3.1.1 - Natural resources

Mauritius has stones and aggregates (basalt) of sand (stone and coral) but very little wood for building.

3.1.2 - Local building materials industry

Enterprises established on Mauritius quarry and carry out the initial transformation of basic local materials :

- crushing of basalt rock
- washing of coral sand
- manufacture of plaques of megass

and manufactures the following from imported raw materials :

- cement tubes
- pre-mixed concrete
- bondstone
- rolled iron bars used for concrete work
- builders' carpentry and joinery

3.2 - Formalities to be observed for the quarrying of materials

It is essential to obtain the permission of the Ministry of Housing, Lands and Towns and Country Planning before undertaking any quarrying operations.

3.3 - Ruling prices

3.3.1 - Local materials

- aggregates	2 and 1 1/4 inches	16 Rs per ton
	3/4 and 1/2 inch	18 Rs per ton
	3/8 and 1/4 inch	20 Rs per ton
- sand	washed coral	32 Rs per ton
	stone	25 Rs per ton

3.3.5 - Imported materials

- cement	bag of 50 kg	12	Rs
	in bulk	226	Rs per ton
- pre-mixed concrete	2,000 pounds/inch ²	210	Rs per m ³
	3,000 pounds/inch ²	219	Rs per m ³
	4,000 pounds/inch ²	234	Rs per m ³
- bondstone	18x8x8 inches	1.20	Rs per unit
	18x8x6 inches	1.10	Rs per unit
	18x8x4 inches	1.00	Rs per unit
- timber for woodwork	plank 18x16 feet	50	Rs per unit
- builders' joinery		2,118	Rs per m ³
- ceramic tiles	6x6 inches	0.60	Rs per unit
- ordinary round iron bars	(1/4 to 1 inch section)	1,950	Rs per ton
- high tensile iron	5/16 inch	2,300	Rs per ton
	other sections	2,170	Rs per ton
- imported iron		2,850	Rs per ton
- bitumen	155 liter drum	156	Rs

4 - LAND AND PREMISES

4.1 - Land

4.1.1 - Availability

Plots of private land for sale or for rent on which to put up an industrial unit can be found all over the island. The Government is at present making a comprehensive study with a view to the national development of Mauritius. Entrepreneurs will therefore be obliged to abide by the decisions which may be reached concerning the localization of industries.

In order to encourage industrial development, industrial zones (Industrial Estates) are being or will be set up on the Government's account by the Development Bank of Mauritius (DBM). Certain projects (Coromandel, Mer-Rouge) are being financed by the World Bank. The DBM build industrial premises on these estates.

Industrial Estates

Plaine Lauzun : The estate, situated in the immediate vicinity of Port Louis, covers a total area of 44 ha. The DBM has built one-or two-floor industrial premises for rent (37,000 m²) on part of this estate. The entire estate and all its premises are occupied.

Coromandel : (7 km from Port Louis). This is the DBM's largest project, which is in process of being carried out. The whole estate covers 25 ha, which are expected to be divided up as follows :

- . 10 ha of developed building site for rent as is
- . 10 ha of 1, 2 or 3-floor industrial premises comprising 60,000 m² of useful industrial space
- . 5 ha of general infrastructure : water, electricity, parking lot, roads and pavements and such amenities as a cafeteria, banks and a post office.

The project is being carried out in stages ; the first premises will be ready in October 1975 and the last in June 1977. However, they are already in great demand and new projects are being considered.

Mer-Rouge : (near the port of Port Louis). This estate will cover an area of 55 ha of dried marshland and will be developed in the same way as Coromandel. The sites are expected to be ready between 1976 and 1980.

Floréal : (near Curepipe). Estate of 20 ha for rent.

Other projected estates

- | | |
|-----------------------------|-------|
| - Vacoas/Phoenix | 15 ha |
| - La Tour (near Coromandel) | 90 ha |

4.1.2 - Price of available sites

The selling price of sites varies widely according to their location. A recent study indicates the following prices :

in Rs	
Localization	Price per m2
Port Louis	
Centre	1,185
Town	190
Suburbs	95
Other localities (developed)	
Plaine Lauzun	59
Beau Bassin	35
Rose Hill (commercial zone)	76
Quatre Bornes	15.40
Non-developed sites	
Terres Rouges	7
Plaine Wilhems (sugar cane fields)	3.60 to 4.80

4.1.3 - Rents and leasing system

The sites and premises in the state-owned industrial estates are for rent only.

Expected indicative prices at Coromandel :

Site	3.80	Rs per m2 per year
Premises	90 to 100	Rs per m2 per year

Contracts of hire are drawn up for a renewable period of 10 years. The sites and premises are administered by the DBM.

4.2 - Building of premises ; price per m2

During the first six months of 1974, standard building costs were estimated as follows :

- premises for industrial use (according to the type of equipment to be housed)	from 600 to 1,000	Rs per m2
- premises to be used as warehouses	from 500 to 700	Rs per m2
- office building	average 1,100	Rs per m2
- villa	from 600 to 1,000	Rs per m2
- apartment building (per floor)	average 700	Rs per m2

4.3 - Rents

Rents are related to building costs : the newer the building, the higher the rent.

- | | |
|-----------------------------------|------------------------------------|
| - premises for industrial use | from 60 to 80 Rs per m2 per year |
| - premises for office use | from 150 to 300 Rs per m2 per year |
| - townhouse (Curepipe) | approximately 1,000 Rs per month |
| - seaside villa | from 1,300 to 1,500 Rs per month |
| - apartment (Curepipe, Rose Hill) | approximately 650 Rs per month. |

5 - TRANSPORT

5.1 - Existing infrastructure ; internal and external goods traffic ; transport conditions

5.1.1 - Roads

Mauritius has a very complete road system : 1,800 km of roads for a surface area of 1,860 km². One thousand six hundred km of these roads are asphalted and their infrastructure is generally good.

A motorway 16 km long links Port Louis (the capital) to Phoenix.

In June 1973, there were 30,650 vehicles on the roads, including 20,160 private, 8,824 commercial and 1,666 government-owned vehicles.

5.1.2 - Airport

Plaisance airport, at 43 km from Port Louis, has a runway 2,590 m long and the navigational aids required by jet aircraft.

Regular flights are scheduled to Europe, India, Africa and Australia by

Air Mauritius	(chartered planes)
BOAC	(VC 10)
Air France	(B 707)
Quantas	(B 707)
South African Airways	(B 707)
East African Airways	(Super VC 10)
Air India	(B 707)
Lufthansa	
Sambian Airways	

Air traffic

Traffic	1971	1972
Landings (number of planes)	1,167	1,324
Passenger arrivals	56,969	73,433
Incoming freight (in millions of tons)	511.2	582.2
Take-offs (number of planes)	1,167	1,324
Passenger departures	59,702	77,421
Outgoing freight (in millions of tons)	670.9	1,519.0

Source : Central Statistical Office

5.1.3 - Port

5.1.3.1 - Description

The only commercial port is Port Louis, which is presently administered by a department of the Ministry of Communications.

The main dock covers a sea area of 130 ha and two small adjacent docks 9 and 3.2 ha respectively.

Unloading and transshipment is done mainly by lighters (180 lighters of a collective capacity of 12,900 tons).

There are 15 moorings on either side of the fairway, from 192 to 228 m, for ships of a maximum draught of 10 m.

The quays are as follows :

Quay D	length 150 m	maximum draught 10 m
West Quay	" 145 m	" 11 m
Quay C	" 112 m	" 5.6 m
South Quay (fuel)	" 228 m	" 10 m
North Quay (unloading of cement in bulk)	" -	" 6.2 m

Storage facilities

	type of goods	capacity
customs warehouse (quay D)	general	43,350 tons
customs warehouse (customs yard)	bags of fertilizer	510 m ³
Coaster's shed	goods in bags	450 tons
Cerne's shed	goods in bags	600 tons
Queen's Warehouse	general	19,000 tons
Granary	grain	350,000 bags of 75 kg

Other equipment

1 electric crane of	18 tons
1 mobile crane of	12 to 20 tons
4 mobile cranes of	4 tons
10 mobile cranes of	3/4 ton

5.1.3.2 - Traffic

Traffic	1971	1972
Incoming ships		
. number	981	918
. tonnage (in millions of tons)	2,165	2,015
Outgoing ships		
. number	948	931
. tonnage (in millions of tons)	2,188	2,206
Unloaded merchandise (in millions of tons)	670	718
Loaded merchandise (in millions of tons)	636	798

Source : Central Statistical Office

The principal companies calling at Mauritius are : the NCHP, the Messageries Maritimes, the Hansa Line and the Seal, which form the CIMACOREM, and from England : the Clan Line, the Union Castle Line, the Hall Harisson and the City Line, which form the Mauritius Conference.

5.2 - Principal projects

5.2.1 - Airport

The Government is presently investigating the possibility of building a new airport capable of handling jumbo and supersonic jets. It would be located at Plaine des Roches and linked to Port Louis by a new motorway.

5.2.2 - Port

At present, the port's capacity has reached saturation point and the average unloading time for 6,000 tons is 14 days. An important project, partially financed by the World Bank, for improving and extending the existing installations and equipment will commence in 1975. It consists in building three deep water quays, a jetty, moorings, warehouses, workshops and administrative buildings and acquiring new cargo handling equipment.

At the same time, the port administration will become independent and take the name of National Port Authority.

5.3 - Internal and external goods tariffs

5.3.1 - Road transport

There are several road transport companies on Mauritius. Prices are fixed per truck and according to distance. The following prices have been observed for trucks carrying a load of 5 to 7 tons.

Port Louis/Plaine Lauzun	4 miles (6.4 km)	125 Rs
Port Louis/Vacoas	12 miles (19.2 km)	200 Rs

The average charge for transport of building materials is 0.50 Rs per ton and per mile, i.e. 0.30 Rs per ton and per km (for an 8-ton truck).

Transport of cement in bulk includes :

- a fixed charge of 30 to 40 Rs
- a variable charge of 1.5 Rs per ton and per km.

The charge for transport of air freight goods is 0.15 Rs per kg and per km with a minimum charge of 25 Rs.

5.3.2 - Air transport

The freight tariffs are laid down by IATA (International Air Transport Association). Preferential rates (Commodity Rates) have been granted for certain products exported from Mauritius.

Air freight tariffs per kg in Rs (June 1974)

From Mauritius to	Less than 45 kg	Over 45 kg	Preferential tariffs			
			Perishable goods		Textiles	
			from 250 to 500 kg	over 500 kg	from 500 to 1,000 kg	over 1,000 kg
Asterdam	28.00	21.00	4.15	3.60	6.65	5.65
Berlin	29.40	22.10	-	-	6.65	5.65
Brussels	28.00	21.00	4.15	3.60	6.65	5.65
Frankfort	28.00	21.00	4.15	3.60	6.65	5.65
London	28.00	21.00	4.15	3.60	6.65	5.65
Paris	26.45	19.85	4.15	3.60	6.65	5.65
New York	44.45	33.45	-	-	-	-

5.3.3 - Shipping

CIMACOREM (Maritime Conference between Europe and the Indian Ocean's tariffs are complex and depend on a multitude of factors :

- the tariffs given are quoted in Swiss francs, US dollars or French francs ; they cover from on board in a European port to on board in the port of Port Louis (under ship's tackle).
- at present, a surcharge for diversion via the Cape of 3 % and a fuel surcharge of 17 % from French ports and 19 % from Great Britain and the Northern Continent is applied.

The examples below give an indication of the ruling freight rates for importation and exportation.

Freight rates from Europe to Mauritius on 1.4.1974

Products	Origin	
	French ports (French francs) (1)	Great Britain and Northern Continent (2) (US \$)
Cement (according to types)	242 FF/t	27.00 US \$/t
	347 FF/t	57.00 US \$/t
Fertilizer in bags	208 FF/t	24.05 US \$/t
		32.75 US \$/t
Lime	145 FF/t	55.95 US \$/t
		62.35 US \$/t
Tyres	1,121 FF/t	68.80 US \$/t - of 6m ³ /t
		83.60 US \$/t + of 6m ³ /t
Iron	427 FF/t	51.45 US \$/t

(1) + surcharges of 3 and 17 % = 20 %

(2) + surcharge of 19 %

Freight rates from Mauritius to Europe on 1.4.1974

Export by NCHP

All the following rates are quoted in Swiss francs and net of any discount

Products	Tax unit	France (1)	Great Britain and Northern Continent (1)
Dried sharks' fins	ton	904	961
Pet food (made of fish)	ton	-	170
Fodder for domestic animals	ton	170	186
Groundnuts in their shells	ton	160	185
Plaques of megass	m ³	86	113
Shoes	m ³	147	170
Tinned tuna fish	ton	192	227
Personal effects	m ³	296	324
Synthetic thread and nets	ton	200	225
Jute yarn (as crash)			
Cristallized fruit	ton	-	105
Empty drums	m ³	77	87
Stuffed toys	m ³	226	249
Models	m ³	374	392
Wooden canoes	m ³	108	144
Tanks (as empty drums)			
Rum in bulk, in containers	hl	10	13
Tea	m ³	164	181
Crash (gunny bags)	m ³	130	149
Copra oilcakes	ton	90	102
Ready-made clothing	m ³	119	144
Private cars	m ³	197	226
N.A.E. Merchandise	ton/m ³	215	254

(1) + surcharges of 3 and 17 % = 20 %

5.4 - Examples of transport price structures

5.4.1 - Tourist class return air fare from Mauritius to the seven following towns :

Brussels	7,238 Rs
Frankfort	7,238 Rs
London	7,238 Rs
Paris	7,238 Rs
Rome	7,014 Rs
Rotterdam	7,238 Rs
New York	9,166 Rs

5.4.2 - Road transport of a consignment of bagged cement or of 10 tons of reinforcing bars from Port Louis to Curepipe (22 km): 140 Rs.

5.4.3 - Shipping of machinery from Hamburg to the industrial estate of Plaine Lauzun (Port Louis). Price f.o.b. in Hamburg 26,400 Rs (= 1.1 million cfa francs), net weight 1 ton, gross weight 1.2 tons, volume 5 m³.

Freight Hamburg to Port Louis		
US \$ 91.65/m ³ + 19 % surcharge x 5 m ³ = US \$ 545.32 =		
(US \$ 1 = 5.57 Rs)	3,038	Rs
Insurance 0.9 % of price f.o.b.	237.60	Rs
Unloading at Port Louis		
17.55 Rs x 5 m ³	87.75	Rs
Handling and crane charges		
30 Rs x 1.2 tons	36	Rs
Transport to transit warehouse		
5.25 Rs/m ³	26.25	Rs
Storage charges		
1 week: 1.35 Rs x 5 m ³	6.75	Rs
Customs inspection	10	Rs
Import taxes p.m. (1)		
Road transport	100	Rs
Transit fees		
0.5 % of c.i.f. price + costs	150	Rs
	<hr/>	
	3,692.35	Rs

(1) Import taxes mentioned only as a reminder, the machinery being regarded as destined for an Export Processing Enterprise.

5.5 - Price of vehicles (including tax)

- passenger vehicles

Peugeot 504	45,500 Rs
304	32,800 Rs
Morris 1300 cc	26,300 Rs
1800 cc	36,800 Rs

- commercial vehicles

Leyland truck (cab and chassis, 6 tons)	52,675 Rs
Platform manufactured locally	3,500 Rs

6 - TELECOMMUNICATIONS

6.1 - Domestic telephone

At the end of 1970, Mauritius had 12,000 subscribers and 18,000 telephones, i.e. 2 telephones per 100 inhabitants. The Government plans to increase this number to 3 per 100 inhabitants by 1990.

The domestic network is administered by the State :

- subscription 150 Rs per year
- cost of a domestic call 0.17 Rs

6.2 - International telecommunications

International telecommunications (telephone and telex) are operated under licence by the British company Cable and Wireless Ltd, which has two transmitters of 3 1/2 kW and two of 1 kW that link Mauritius to the international network via Nairobi.

Direct cable and telephone links are installed to Reunion, Tananarive and Ile Rodrigues.

Subscription to the telex :

- rent of machine (Siemens T 100 x) type 130 2,942 Rs per year
- rent of line 900 Rs per year

Price of international communications in Rs

Destination	Ordinary telegram (min 7 words) price per word	Night letter (min 22 words) price per word	Telex 3 minutes	Radio-telephone (minute)
Brussels	2.05	1.05	57.00	54.00
Copenhagen	2.20	1.10	57.00	58.00
Paris	2.05	1.05	57.00	54.00
Frankfort	2.10	1.05	57.00	58.00
Rome	2.00	1.00	57.00	54.00
Rotterdam	1.45	0.75	57.00	54.00
Nairobi	1.20	0.60	25.00	25.00
Abidjan	2.55	1.30	57.00	72.00
Tokyo	4.45	2.25	57.00	72.00
New York	1.45	0.75	72.00	50.00

7 - BANKING SYSTEM, CREDIT FOR ENTERPRISES

7.1 - Structure of the banking system

Mauritius' banking system comprises :

- the Bank of Mauritius ; central bank which issues money and conducts the country's monetary policy
- 9 commercial banks :
 - . State Commercial Bank
 - . Bank of Baroda
 - . Banque Nationale pour le Commerce et l'Industrie-Océan Indien (BNCI-OI)
 - . Mauritius Commercial Bank
 - . Mercantile Bank
 - . First National City Bank
 - . Habib Bank
 - . Barclays Bank
- Mauritius Cooperative Central Bank
- Development Bank of Mauritius (DBM), entrusted by the Government with financing, with long-term loans and participations, projects whose development is beneficial to the country's economy.

7.2 - Credit policy

Owing to the sharp rise in domestic prices and to the sharp increase in the amount of imports and credits (65 %) over the past two years, credit restrictions were decided upon in 1973.

The credit restrictions comprise two measures :

- the commercial banks' compulsory cash reserve ratio was raised from 5 to 8 %
- the increase in the volume of credits was limited to 15 % over 1973. The increase had been limited to 10 % during the second half of 1973.

The new credit policy is selective. The Bank of Mauritius is not seeking to throttle expansion, but rather to curb consumption of imported luxury and semi-luxury goods. These measures do not apply to the development of industry and agriculture.

It must also be noted that the Bank of Mauritius rediscounts only export and agricultural credits. The Central Bank discount rate is currently 6 %.

Distribution of credit (loans, advances and bills discounted)

in million of Rs

Sectors	June 1971		June 1972		June 1973	
	amount	%	amount	%	amount	%
Sugar industry	94.3	40	112.2	36.6	97.3	24.5
Various agricultural	4.0	1.7	7.4	2.4	10.3	2.6
Industry	34.6	14.7	54.7	17.8	98.0	24.7
Commerce	61.5	26.1	72.9	23.8	108.1	27.2
Personal and professional	21.0	8.9	25.6	8.3	50.4	12.7
Public	10.0	4.2	16.9	5.5	15.5	3.9
Financial institutions	0.8	0.3	1.9	0.6	1.9	0.5
Other consumer	8.7	3.7	13.2	4.3	10.1	2.5
Foreign bills	1.0	0.4	2.1	0.7	5.8	1.4
	235.9		306.9		397.4	

Source : Bank of Mauritius

The medium- and long-term credits to industry amounted to 50 million Rs during the period 1972/73.

The DBM's credit operations are as follows :

Number and amount of loans granted by the DBM up to 30.6.1973

in million of Rs

Sectors	Number	Amounts (1)
Primary sector	3	235
Manufacturing industry		
. import substitution	57	11,013
. export	7	3,105
Clothing and shoemaking industry		
. import substitution	21	2,394
. export	9	20,175
Textile	1	1,500
Food production	58	6,031
Food industry	20	7,240
Agricultural services	7	6,036
Shipping	3	2,222
Tourism	16	19,977
Fishery	6	2,123
Miscellaneous	8	939
	216	82,990

(1) 13 % of these credits offered by the DBM were relinquished by their beneficiaries.

Source : DBM

During this period, the DBM's capital participations amounted to almost 8 million Rs.

7.3 - Conditions and cost of credit

7.3.1 - Commercial banks

An inter-bank agreement has uniformized the conditions and costs of credit extended by the commercial banks.

Short-term overdrafts carry an interest rate of $7 \frac{3}{4}$ %, while export credit is granted at a rate of $6 \frac{3}{4}$ %.

In the medium and long term, the rates vary according to the nature of the case. They range from 8.5 to 9.5 %. These credits are usually covered by a mortgage or a fixed charge.

7.3.2 - Development Bank

Granting of credit by the DBM is subject to the criteria laid down by the industrial policy, particularly as far as the creation of jobs is concerned. The maximum amount of medium- and long-term loans is determined by the amounts available to the DBM. At present, there is a ceiling of 7.5 million Rs. The capital contribution required is about 40 %. Generally speaking, the DBM will lend a maximum of 50 % of the cost of a project.

The term of the loans varies between 5 and 10 years and repayments need not start before 2 years if necessary. The current rate is 9.5 %.

7.3.3 - Other financial institutions

Other institutions can give long-term finance for development projects :

- Mauritius Commercial Bank and Financial Co
- Development Investment Trust.

8 - INSURANCE

There are fifteen insurance companies on Mauritius.

Together, they form the Insurance Advisory Council of Mauritius.

- Local companies

- . Reinsurance Company of Mauritius Ltd
- . Anglo-Mauritius Assurance Society, Ltd
- . Indian Ocean Assurance Ltd
- . Swan Insurance Co, Ltd
- . Mauritius Life Assurance Co, Ltd
- . Mauritius Union Assurance Co, Ltd

- Foreign companies

- . British-American Insurance Co, Ltd
- . Jubilee Insurance Co, Ltd
- . Commercial Union Assurance Co, Ltd
- . Life Insurance Corporation of India
- . Marine Insurance Co, Ltd
- . New India Assurance Co, Ltd
- . Oriental Fire and General Insurance Co, Ltd
- . La Préservatrice
- . Guardian Royal Exchange Assurance Ltd.

9 - MISCELLANEOUS

9.1 - Hotels, meals

In town, hotel prices vary from 75 Rs per night (air-conditioned single room at Port Louis) to 185 Rs per night (suite with bathroom at Curepipe).

On the coast, a single air-conditioned room with demi-pension costs an average of 120 Rs and an air-conditioned suite with demi-pension an average of 250 Rs.

Meals cost from 15 to 30 Rs.

9.2 - Car hire, taxis

In town, a taxi ride costs from 2 to 4 Rs according to the distance.

Car hire tariffs vary from 22 Rs per day for a Renault 4 or a VW to 35 Rs for a Renault 16 ; the mileage charge is 0.45 Rs per mile and 0.60 Rs per mile respectively.

9.3 - Domestics

A charwoman employed for 5 hours per day is generally paid 180 Rs per month and a chauffeur 220 Rs per month.

9.4 - Cost of living for expatriates

The average living expenditure of a couple without children is between 4,500 and 5,000 Rs per month.

The cost of living has shot up over the past two years : prices have increased over 20 %.

OTHER DOCUMENTS ON THE INDUSTRIALIZATION OF THE AASM PUBLISHED
BY THE COMMISSION OF THE EUROPEAN COMMUNITIES

● « **Codes des investissements des Etats Africains et Malgache Associés** »

(Investment laws in the Associated African States and Madagascar)

One volume, third edition, Brussels, March 1974, in French.

This compendium reproduces in detail the basic legislation governing the setting up of industrial concerns in the 19 Associated States. It gives the situation as at 1 March 1974 and is a useful addition to the series of monographs below.

● « **Inventaire des études industrielles concernant les pays africains en voie de développement** »

(Inventory of industrial studies concerned with the developing countries in Africa)

4 volumes, Brussels, December 1972, in French.

This document contains in four volumes some 900 record cards on studies dealing with industrial projects – whether they were carried out or not – in the African countries. It is the outcome of a Commission survey conducted in 1971/72 and intended for the Governments, development bodies and other specialized institutions of the AASM and the Member States of the Community, and for certain international aid and financing organizations. It was published in 1972 and, although by no means exhaustive, it is the most systematic inventory on this subject yet to appear in published form.

● « **Pré-sélection des industries d'exportation susceptibles d'être implantées dans les Etats Africains et Malgache Associés** » *(Pre-selection of export industries suitable for setting up in the AASM)*

1 report + 3 volumes of annexes, July 1971, in French.

This study aims to define the export industries most suitable for setting up in the AASM and lists them in approximate order of suitability. Pre-selection there is based on factors of supply (general conditions of production in the AASM) and demand (the industrialized countries' imports of manufactured goods from the developing countries).

● « **L'industrialisation textile d'exportation des Etats Africains et Malgache Associés** »

(Industrialization of textile production for export in the AASM)

4 volumes, Brussels, October 1972 and March 1973, in French; summary report in English, German, Italian and Dutch.

This study examines possible outlets in Europe and picks out the types of products likely to sell there which could be produced in the AASM, and considers the general conditions for producing textiles for export in Africa. The second part of the study is devoted to feasibility studies analysing the specific conditions for manufacturing certain textile products in the AASM.

● « **Possibilités de création d'industries exportatrices dans les Etats Africains et Malgache Associés** »

(Export industries which might be set up in the Associated States and Madagascar)

1 volume in French; summary report in English, German, Italian and Dutch.

A SERIES OF STUDIES ON THE FOLLOWING:

Production and assembly of electrical equipment

Production and assembly of electronic equipment

Meat

Hides and skins, leather

Footwear

Articles of leather

First and second stages of processing wood and articles of wood

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Manufacture of cigars and cigarillos

Electric steelmaking

Ferro-alloys

All these documents may be obtained free of charge from the
Commission of the European Communities,
Directorate-General for Development and Cooperation (VIII/B/1),
200 rue de la Loi, 1040 Brussels