

ECONOMY

From an International Development Association (IDA) – supported monocrop economy, predominantly dependent on sugar, and caught in the Malthusian nightmare of overpopulation and massive unemployment, Mauritius has successfully diversified its economic activities by carving out special niches in textile, tourism and financial services. Over the past five years the country registered an annual average real growth rate of 5.1%, balance of payments surpluses leading to a comfortable external reserves position, and a single digit inflation on average. With a per capita income of US \$ 5078 (for Jan to Oct 2004), Mauritius is now classified as a middle income country and ranks, on the basis of the recent Human Development Index for 173 countries, 67th globally, 40th among developing countries and second in Africa. Sustaining the growth momentum well into the future is a major challenge because of international pressures such as globalization and liberalization. Furthermore, reforms are required domestically to arrest fiscal decline, achieve growth in labour and total factor productivity and address the issues of pockets of poverty and an ageing population.

Diversification of the economy remains a priority. Emphasis is now being laid on developing the Information and Communication Technology (ICT) sector, framing the right policy mix to consolidate public finances, creating an enabling environment, enhancing export competitiveness and modernizing the Welfare State while favouring a participatory approach of all stakeholders.

Mauritius has embarked on a comprehensive reform programme to move to its next phase of development capitalizing on human resources, Information Technology and higher value-adding activities. This is best achieved by the building on its existing strengths of openness, high standards and best practices in the financial sector, an advanced physical and telecommunication infrastructure, an active capital market, competitive communication costs, a relatively reasonable level of human and intellectual capital endowment, a well-developed social safety network and, above all, good governance.

Mauritius aspires to become:

- a thriving, a competitive and modern society, where the population enjoys a high standard of living.
- the region's leading centre for international financial services, including banking, insurance and other consultancy services.
- a liberal and well-regulated Cyber Island with state-of-art Information Technology infrastructure and a supporting physical and social infrastructure. Future projects: a network of mass transit system, jobs nearer to residence.
- an essential node in the variety of international and regional network flows allowing Mauritius to create its niche in international profit bearing flows.
- a centre of excellence in education and health.
- an ecologically well-balanced economy ensuring that higher growth is environmentally sustainable.

The island's membership of several regional groupings such as the Common Market for Eastern and Southern Africa (COMESA), Southern African Development Community (SADC), Indian Ocean Rim-Association for Regional Cooperation (IOR-ARC) and the Indian Ocean Commission (IOC) positions Mauritius as a key interface between Asia and Southern and Eastern Africa.

An attractive blend of advantages is offered to international investors. These include: political stability, pleasant and peaceful living conditions, efficient telecommunications, pool of qualified professionals conversant in English and French, Investment Promotion and Protection Agreements, International Stock Exchange, Freeport activities and the absence of exchange control.