

Foreword

Since the 1970s, a number of developing economies in Africa attempted to replicate the export success of the East Asian newly industrialising economies (NIEs) by adopting outward-oriented trade and investment strategies. Mauritius is probably the most impressive “aspiring NIE” economy in the African region. Starting from a low productivity agricultural economy, it achieved rapid growth and an enviable developmental transformation to become a significant exporter of manufactures with an emerging service sector within a short space of time. Outward-oriented development has translated into a high per capita income with enviable living standards. With a per capita income of US\$ 3,380 (1995), Mauritius is regarded as an upper-middle income economy. At the same time, there are still some weaknesses in its export performance. The country’s dynamism depends on a few key exports, it faces a structural problem of rising wages and declining productivity, and foreign investment inflows have slowed down. In order to sustain its competitiveness in a more open global economy, Mauritius will need to take stock of these problems and confront the policy challenges in restructuring its economy and export sector.

This study was undertaken by the Commonwealth Secretariat at the request of the Ministry of Finance of the Government of Mauritius. It assesses export competitiveness and private sector development in the country with a view to developing a best practice competitiveness strategy. The study, which was prepared by Sanjaya Lall and Ganeshan Wignaraja, is the first of a multi-country project which also includes Zimbabwe and Pakistan. It was jointly funded by the Commonwealth Fund for Technical Co-operation and the Government of Mauritius. This study reviews Mauritius’s competitive strengths and weaknesses at the national and enterprise-level; its policies for trade, industry, foreign investment, industrial technology, human capital and EPZ infrastructure; and provides a detailed strategy for sustaining future export competitiveness. It is hoped that the analysis would provide action points for the Government of Mauritius in a number of key areas as it attempts to look towards the 21st century. Amongst other things, the study recommends the following: a Mauritius Competitiveness Council to oversee all issues relating to sustaining competitiveness, a credible strategy of import liberalisation, a strong export drive, a targeted foreign investment strategy and enhanced technological support. The Mauritius experience of creating and attempting to re-engineer its competitiveness also offers many policy lessons for other developing and transition economies. On behalf of the Commonwealth Secretariat, I would like to thank the Government of Mauritius for the co-operation extended to the Commonwealth team in undertaking this study.

Rumman Faruqi
Director
Economic Affairs Division