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STATEMENT FROM MINISTER

When this Government came to power in 2014, it inherited a manufacturing sector which was at the crossroads with no strategic directions. The fundamental parameters were in the red with falling output, stagnating unemployment and negative export growth. After a thorough analysis, we set the pace for a new industrial orientation by adopting the right policies and strategies necessary to boost industrial development.

As we are nearing the end of our mandate, I seize this opportunity to emphasise that we are on track to attain our objective. Indeed, the manufacturing sector has performed fairly well recording positive growth over the past 4 years. This is a laudable achievement when taking into consideration the multiple challenges facing the sector both internally and externally. Our industry captains have shown a sense of dynamism, pro-activeness and farsightedness by intelligently reacting to threats posed by the advent of Brexit, geopolitical tensions, increasing protectionism, emergence of low cost producers and volatile commodity prices, amongst others. At enterprise level, a lot of efforts have been made to continuously sharpen our competitive manufacturing edge by enhancing supply side capabilities.

The sustained development of the manufacturing sector has been high on this Government agenda. Budget after budget, we have come up with bold measures to strengthen institutional synergy, re-inforce industry-support programmes, facilitate ease of doing business and refine our value proposition. I would like to mention a few of our major initiatives to assist the business sector namely the setting of the Economic Development Board, adoption of a new Business Facilitation Act, implementation of a National Export Strategy, introduction of the Speed to Market and Exchange Rate Support Schemes and upholding of support programmes such as LEMS and the Freight Subsidy for Africa. In a broader context, I must highlight the introduction of the negative income tax and minimum wage rate which have been largely beneficial to employees of the industry.

I humbly believe that we have created a more propitious business environment apt to attract gainful investment in niche manufacturing activities for higher wealth creation. Indeed, the stage is set for the industry to graduate to a next phase of development where the concepts of innovation, creativity and design, research and development, applied technology and cleaner production practices will play a critical role in deepening the manufacturing base. In this perspective, I welcome the project of my Ministry for the formulation a new Industrial Strategy 2020-2025 that will guide us in our transformative journey.

To conclude, I thank all our stakeholders for their unflinching support and collaboration in our endeavour to accelerate industrial development in the country. I also wish to express my deep appreciation to staff of my Ministry for their dedication and hard work in fulfilling our industrial objectives.

The Hon Ashit Kumar Gungah
Minister of Industry, Commerce and Consumer Protection
STATEMENT FROM PERMANENT SECRETARY


The Report provides an overview of the performance of the Ministry and delineates its accomplishments whilst pursuing the mandate of promoting industrial development in the country. It also endeavours to disseminate information on key activities and support measures geared towards the emergence of a competitive and resilient manufacturing sector capable to respond to challenges of the day.

The manufacturing sector remains one of the key pillars of the economy, accounting for about 12% of the GDP. This sector is called upon to play a more prominent role in our drive to graduate into an inclusive high income economy. In this perspective, the Ministry has continuously adopted a forward looking approach by formulating the right set of policies and strategies to progress to a higher level of industrial growth. The formulation of a new industrial policy, currently underway, will enable the country to transition to a high-income and innovation-driven economy. The focus is now on the development of new growth poles with high value added activities, investment in Industry 4.0 based technologies and integration of green manufacturing practices at enterprise level.

MAURITAS and Assay Office, Departments falling within the ambit of this Ministry, are continuously pursuing their efforts to be responsive to evolving needs, notably the achievement of international accreditation recognition of MAURITAS and online verification of authenticity of report delivered by the Gemmology Laboratory of Assay Office.

A public-private partnership remains the centrepiece of our industrial development process. I am glad that we are building a strong relationship with the business community whereby we are able to interact regularly on important economic issues likely to sustain the industrial momentum. I am confident that with the support of all stakeholders, we will be successful in our mission to achieve the desired goals.

Finally, I wish to extend my appreciation to the team of officers who have worked in the preparation of this Annual Report. I also seize this opportunity to thank all the staff of the Ministry for their commitment and dedication in ensuring effective and seamless delivery of services.

B.F. Abdool Raman Ahmed (Mrs)
Permanent Secretary
PART I - ABOUT THE MINISTRY (INDUSTRY DIVISION)

Vision & Mission

**Vision**

- An innovation-led industrial sector

**Mission**

- To act as a facilitator and catalyst for the development of a resilient, vibrant and competitive manufacturing sector with a view to fostering employment creation and generating wealth for higher economic growth
Roles and Functions of the Industry Division

Responsible for the promotion of sustainable industrial development

Acts as a facilitator and catalyst through the formulation and implementation of appropriate policies, programmes and strategies for the emergence of a strong, modern and diversified manufacturing base

Main Objectives

- To provide effective and efficient support services to the industrial sector
- To promote globally competitive industries
- To safeguard interests of consumers in the purchase of jewellery
- To promote capabilities in fashion & design
- To stimulate exports in existing and emerging markets
- To support green, socially responsible and quality initiatives in enterprises
- To support the development of quality infrastructure based on international standards
- To enhance market access through internationally recognised standards
Main Industrial Policies

**Consolidation, modernisation, diversification and expansion of the manufacturing base (achieved through support programmes, schemes, fiscal incentives).**

**Development of new growth poles with high value added and technology-intensive activities (achieved through targeted investment promotion programmes, provision of dedicated infrastructure and grant of a package of incentives).**

**Consolidation, expansion and diversification of our export markets (achieved through export promotion and programmes).**

**Enhancing supply-side capacities to improve competitiveness of the manufacturing sector (achieved through targeted investment promotion programmes, provision of dedicated infrastructure and grant of a package of incentives).**

**Promoting sustainable manufacturing (achieved through programmes for energy efficiency, waste management, recycling and clean production).**

Future Policies to Foster Industrial Development

The Ministry of Foreign Affairs, Regional Integration and International Trade (International Trade Division) and the Ministry of Industry, Commerce and Consumer Protection (Industry Division) in collaboration with the United Nations Conference on Trade and Development (UNCTAD) organised a workshop entitled “Transforming Mauritius: Policies to foster Industrialisation and Development” on the 11th and 12th April 2019 at Le Labourdonnais Waterfront Hotel to brainstorm on the key imperatives for the development of a new Industrial Policy and Strategy to meet Government’s objectives for the next decade.
Departments of the Industry Division and Parastatal Bodies operating under the Division

**Departments**

- Assay Office
- Mauritius Accreditation Service

**Parastatal Bodies**

- Mauritius Standards Bureau
- Fashion & Design Institute
| **Assay Office** | Regulates the manufacture, sale and importation of gold, silver and platinum jewellery and of precious and semi-precious stones.  
Undertakes the assaying of jewellery, verification of gemstones and grading of diamond.  
Its activities are regulated by the **Jewellery Act 2007**.  
The Jewellery Advisory Council set up under the **Jewellery Act 2007** advises the Minister on all matters relating to the jewellery industry.  
Please visit [http://industry.govmu.org/English/assay/](http://industry.govmu.org/English/assay/) for additional information. |
| **MAURITAS** | MAURITAS is the national accreditation body set up under the **Mauritius Accreditation Service Act 1998**.  
Main function is to provide a national, unified service for the accreditation of conformity assessment bodies to international standards.  
The MAURITAS Advisory Council set up under the **MAURITAS Act 1998** advises the Minister on all matters relating to the functions of MAURITAS and any specific matter relating to accreditation which may be referred to it by the Minister; and considers policy issues relating to accreditation raised by stakeholders.  
| **Mauritius Standards Bureau** | Set up in 1975 and became a corporate body under the Mauritius Standards Bureau Act 1993.  
Responsible to develop standards, conduct testing and calibration, certify products and management systems and also provide training in quality related issues.  
Is the custodian of the national measurement standards and is the National Enquiry Point for WTO/TBT issues.  
The Standards Council which is vested with executive powers provides strategic directions to ensure that the organisation meets its corporate objectives.  
| **Fashion & Design Institute** | Set up in September 2009 to promote excellence in the field of design education following the promulgation of the **Fashion and Design Act 2008**.  
Provides academic courses in the field of art and design, fashion and textiles, graphic design, interactive media and interior design, hence contributing to the creative industry of Mauritius.  
Conducts training for the Jewellery sector in various fields such as design, stone setting, casting and engraving.  
Offers consultancy services to the business community and occasionally organises fashion shows, artistic exhibitions to showcase the skills and talents of its students.  
A Consultative Committee ensures ongoing collaboration between the FDI and the private sector.  
Gender Statement

The Ministry recognises the predominant role of women as agents of development and shares the opinion that gender equality and empowerment of women are critical factors for overall economic, social and political progress.

The Ministry, through its Gender Cell, ensures that gender components and gender sensitive practices are an integral part at all levels in its decision-making process.

Efforts are continuously being pursued to raise awareness of staff of the Ministry as well as enterprises in the manufacturing sector on the importance of gender mainstreaming at all levels for decision making.

A one-day workshop on the theme “Women in Industry and Trade” was also held in May 2019 at the Ravenala Attitude Hotel, with the assistance of Ms. W. Lichuma, Gender Policy Expert. About 80 participants consisting of staff of the Ministry, women entrepreneurs and officers from different support institutions attended the event.
About Our People

Organisational Structure (Industry Division)
**Staffing Structure**

The Ministry is headed by a Permanent Secretary who is also the Accounting and Responsible Officer. She is assisted by officers of the administrative and technical cadre, together with other grades belonging to general services and other occupational categories. For the period 2018/2019, the staffing position was as follows:

<table>
<thead>
<tr>
<th>Grade/Department</th>
<th>Number in Post</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>3</td>
</tr>
<tr>
<td>Technical</td>
<td>14</td>
</tr>
<tr>
<td>Finance</td>
<td>5</td>
</tr>
<tr>
<td>Human Resource</td>
<td>3</td>
</tr>
<tr>
<td>Procurement and Supply</td>
<td>2</td>
</tr>
<tr>
<td>Statistics</td>
<td>3</td>
</tr>
<tr>
<td>Management Support</td>
<td>32</td>
</tr>
<tr>
<td>Workmen’s Group</td>
<td>9</td>
</tr>
<tr>
<td>Assay Office</td>
<td>23</td>
</tr>
<tr>
<td>MAURITAS</td>
<td>11</td>
</tr>
</tbody>
</table>

The Ministry benefitted from the services of 3 Advisers on a contract basis respectively for information, industry and public relations matters. A public officer was also on secondment to the Ministry with assigned duties on matters relating to industries and industrial zones.

The Ministry offered work placement to 12 graduates, school leavers and university students so that they acquire necessary skills, competencies and working experience as follows: Service to Mauritius Programme (2), Youth Employment Programme (5) and Student Work Employment Programme (5).

**Staff Development / Manpower Training**

The Ministry encourages a culture of performance which effectively links resources and results, strategic working, learning, information sharing and group working. Similarly, it gives primary importance to values such as professionalism, integrity, service excellence, gender mainstreaming and teamwork. Much emphasis is also laid on improving the performance and productivity of its staff and thus ensures that they have the relevant skills, knowledge, capabilities and expertise.

During the year 2018/2019, a Training Plan was developed and implemented based on the training needs identified by the various Heads of Sections/Departments and taking into consideration weaknesses highlighted during the performance appraisal exercise. In this
context, twenty-four (24) officers of various grades attended different training courses conducted by the Civil Service College of Mauritius (CSCM) and the Ministry of Civil Service and Administrative Reforms (MCSAR).

Furthermore, eleven (11) officers had the opportunity to enhance their knowledge in specific areas through participation in workshops/seminars and training courses held both locally and abroad.

Awareness sessions on issues relating to fire safety, hacking, occupational safety and health, and ISO certification were also conducted for the benefit of the Ministry's staff.

**Workforce Planning/Succession Planning**

Recruitment in the following grades were foreseen and planned for the effective delivery of services:

<table>
<thead>
<tr>
<th>Post</th>
<th>No. of staff required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Industry</td>
<td>1</td>
</tr>
<tr>
<td>Analyst (Industry)</td>
<td>4</td>
</tr>
<tr>
<td>Gemmologist</td>
<td>1</td>
</tr>
<tr>
<td>Accreditation Manager</td>
<td>1</td>
</tr>
<tr>
<td>Accreditation Officer</td>
<td>3</td>
</tr>
</tbody>
</table>

Replacement of officers leaving the Ministry following retirement/promotion is anticipated and filling of vacancies and impending vacancies is recommended to the appropriate authorities for necessary action.

**Health, Safety and Welfare of Staff and Work Life Balance Initiatives**

The Ministry signed the Safety and Health Policy Statement in October 2015, committing itself to ensure compliance with the Occupational Safety and Health Act 2005 and relevant regulations falling under the Act. Risk assessment is carried out every 2 years and remedial action, if any, is taken immediately. The Health and Safety Committee set up at the level of the Ministry meets regularly to review the working environment and proposes necessary corrective measures. The Safety and Health Policy Statement was reviewed in October 2017.

The Ministry also caters for the welfare of its staff by providing them the opportunity to participate in activities organised by the Public Officers Welfare Council and the Ministry of Industry Staff Welfare Association.
PART II - MINISTRY/DEPARTMENT ACHIEVEMENTS & CHALLENGES

Major Achievements of the Manufacturing Sector

**Manufacturing**

- Manufacturing plays a dominant role with a contribution of **12.9%** to Gross Value Added (GVA) and providing employment to around **96,000** people.
- The sector comprises **263** EOEs and **360** large DOEs.
- The industry encompasses textile and clothing, food processing, fish preparations, jewellery and precious stones, medical devices, light engineering, wood furniture, printing and publishing, injection plastic moulding and chemicals.
- The manufacturing output grew by **1.8%** to reach **Rs128.9 bn** in 2018 as compared to **Rs126.7 bn** in 2017.
- About **37%** of the manufacturing output is destined to the export market.

**Exports**

- Domestic exports for the year 2018 increased to **Rs 45.9 billion** as compared to **Rs 42.4 billion** in 2017.
- The main export markets are UK, France, USA, Germany, South Africa and Reunion Island. The export basket comprises principally textile and clothing, fish preparations, jewellery and precious stones, medical devices and food products.
- At sectoral level, export of precious stones, medical devices and wearing apparel registered a growth of **33.1%**, **16.9%** and **1.2%** respectively.
- Export development programmes have enabled **8** new enterprises to penetrate the export market in 2018.

**Market Diversification**

- An export market diversification strategy is actively being pursued to rebalance exports in our drive for greater market resilience. The Africa Continent and emerging markets such as Eastern Europe, Gulf Region, Asian and Scandinavian countries have been identified as having export growth potential.
- In 2018, an increase in exports of goods was registered in the following markets: Tanzania (276%), New Zealand (135%), Croatia (51%), China (42%), Romania (25%), Oman (24%), Malta (23%), Denmark (16%), Saudi Arabia (12%), Taiwan (7%).
Industrial Expansion

- Broadening of the manufacturing base is at the centrepiece of our industrial development policy. Emphasis is being laid on deepening of the industrial structure and emergence of new growth poles.
- For 2018, total investment to the tune of Rs 4.5 billion in terms of industrial space and plant and machinery was effected by the manufacturing sector, of which Rs 929 million was in form of Foreign Direct Investment.
- During the financial year 2018-2019, six new enterprises started operations in activities such as automotive air filters, thermo electric relays, essential oils, adhesive products, bottled water and beer.

Sustainable Production

- As part of its mandate to promote sustainable manufacturing, the Ministry endeavours to participate in industry-focused initiatives pertaining to:
  - Adoption of energy efficiency technologies for lesser greenhouse gas emissions.
  - Promotion of recycling activities to eliminate solid waste disposal in landfills.
  - Minimisation of waste water effluents to reduce environmental degradation.
  - Compliance with environmental certification such as Fair Trade, WRAP (Worldwide Responsible Accredited Production) and Good Agricultural Practices.
- As at now, several manufacturing enterprises have already embarked on a sustainable production pathway by adopting the appropriate strategies to make optimum utilisation of resources thereby enhancing their competitive edge while also meeting the growing exigencies of consumers for eco-friendly products.
- During the financial year 2018-2019, the Ministry has actively collaborated with other agencies such as the Ministry of Environment and Sustainable Development, Energy Efficiency Management Office and Business Mauritius in the implementation of green manufacturing initiatives leading to sustainable production.

Support to the Jewellery Sector

- The Assay Office and the Fashion & Design Institute are the major institutions supporting the development of the jewellery sector, by providing assaying and testing facilities as well as capacity building programmes.
- During the period July 2018 to June 2019, the Assay Office:
  - verified 1,108 gemstones for identification and grading purposes;
  - conducted 526 inspection visits to ensure compliance with the Jewellery Act 2007;
  - registered 40 new jewellers bringing the total number to 562;
  - endorsed 7,579 ownership declaration forms for sale of second hand jewellery;
  - delivered 775 valuation certificates certifying the gold content in jewellery items;
  - organised 28 awareness campaigns to sensitise public on matters relating to jewellery;
  - generated revenue of Rs 2,712,200 on provision of testing services.

Accreditation Services

- During the period July 2018 to June 2019, MAURITAS:
  - accredited 2 new laboratories namely, Labolink Ltd, Societe Mauricienne de Saphirs Ltd and has extended the scope of activities of existing labs at Abiolabs Ltd and MSB respectively in the field of calibration and electrical and electronics engineering. As at 30th June 2019, the total number of accredited laboratories stood at 30;
  - obtained international recognition in October 2018 and was admitted to the Mutual/Multilateral Recognition Arrangements of the International Laboratory Accreditation Cooperation, the African Accreditation Cooperation, the International Accreditation Forum and the Southern African Development Community Cooperation in Accreditation. Certificates issued by MAURITAS to accredited laboratories and certifications bodies are now accepted worldwide;
  - hosted the 9th General Assembly of the African Accreditation Cooperation from 23 to 27 September 2018 which was attended by 38 delegates representing 33 African Member States;
  - generated revenue to the tune of Rs 2,528,978 from provision of accreditation services.
The table below depicts the number of beneficiaries and amount disbursed for the different Schemes during the period July 2018 to June 2019.

<table>
<thead>
<tr>
<th>Schemes</th>
<th>Support Provided</th>
<th>Number of Beneficiaries</th>
<th>Amount Disbursed (Rs million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed to Market Scheme</td>
<td>A 40% subsidy on air freight cost to Europe on exports of textile and apparel, jewellery, medical devices, fruits, vegetables, flowers, chilled fish, footwear, fabric plush toys, watches and articles of leather.</td>
<td>198</td>
<td>118.4</td>
</tr>
<tr>
<td>Freight Rebate Scheme</td>
<td>A subsidy of 25% on sea freight cost to a maximum of USD 300 per 20 ft. container shipped to selected ports in Africa.</td>
<td>37</td>
<td>15.9</td>
</tr>
<tr>
<td>Refund Scheme for participation in export promotion event</td>
<td>A refund of MUR 200,000 annually on the cost of participation (airfare, accommodation) for small and medium enterprises participating in international fairs.</td>
<td>140</td>
<td>13.0</td>
</tr>
<tr>
<td>Credit Guarantee Insurance Subsidy Scheme for Africa</td>
<td>A subsidy equivalent to 50% on the premium paid up to a maximum of 0.2% on insurance policy taken on consignment for export to Africa.</td>
<td>Nil</td>
<td>Nil</td>
</tr>
</tbody>
</table>
Status on Implementation of Budgetary Measures 2018/2019 in relation to the Manufacturing Sector

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Measures</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>77</td>
<td><strong>Expanding the Industrial and Logistic Facilities</strong></td>
<td>• A Steering Committee has been set up at Economic Development Board to oversee the development of the three parks.</td>
</tr>
<tr>
<td></td>
<td>• Setting up of a High –Tech Park at Cote d’Or on 150 hectares of land.</td>
<td>• Landscape Mauritius has been entrusted the responsibility to drive the implementation of this project.</td>
</tr>
<tr>
<td></td>
<td>• Setting up of a Logistics Park at Riche Terre.</td>
<td>• Latest updates are as follows:</td>
</tr>
<tr>
<td></td>
<td>• Setting up of a Pharmaceutical and Life Sciences Park at Rose Belle.</td>
<td>— <strong>High-Tech Park</strong> at Cote d’Or: The draft Master Plan for phase 1 of the project involving 20 hectares of land has been elaborated. Following approval of the draft Master Plan by Government, Landscape Mauritius will mobilise necessary resources to kick start the implementation phase.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>— <strong>Logistics Park</strong> at Riche Terre: A plot of 325 acres of land has been vested with Landscape Mauritius to set up this park.</td>
</tr>
</tbody>
</table>
As at now, 50% of the plot has been leased to private promoters for warehousing and light manufacturing activities.

- **Pharmaceutical and Life Sciences Park** at Rose Belle: A plot of 66 acres of land has been vested with Landscape Mauritius to develop the park. Infrastructure works have already been completed on 10 acres. As at now, 2 foreign companies have shown interest to operate in the park.

<table>
<thead>
<tr>
<th>78</th>
<th>Strengthening of our Trade Policy and use of all necessary economic diplomacy and mechanism to address the issue of dumping adversely impacting on our domestic oriented enterprises.</th>
<th>The Trade (Anti-dumping and Countervailing) Act was proclaimed in 2010 to address the issue of dumping. However, the appropriate regulations to operationalise the Act are yet to be promulgated.</th>
</tr>
</thead>
<tbody>
<tr>
<td>79</td>
<td>Setting up higher standards of quality and safety for imported products.</td>
<td>The Mauritius Standards Bureau has developed several standards to ensure quality and safety of imported products, among which, utility lighters, fireworks, automotive fuels, electrical cables and instantaneous water heaters.</td>
</tr>
<tr>
<td></td>
<td>Restriction on importation of certain food items having an expiry date of less than 50%.</td>
<td>Actions have been taken for promulgation of the necessary regulations.</td>
</tr>
</tbody>
</table>
| 81  | Streamlining the procedures for recruitment of foreign workers to make it easier and more efficient.                                                                                                 | • In June 2019, the Ministry of Labour, IR, Employment and Training reviewed the guidelines for recruitment of foreign labour making them less stringent and time consuming.  
• For instance, textile companies and EOEIs can now recruit 3 expatriates for 1 local worker as compared to a ratio of 1:1 which was applicable previously. The maximum length of stay for expatriates in manufacturing has been increased to 8 years. |
<p>| 114 | Provision of an amount of Rs 1.0 billion to support small and medium enterprises through a set of schemes, among which:                                                                              | The support schemes are already operational at DBM.                                                                                                                                               |
|     | • Setting up of an Enterprise Modernisation Scheme to provide leasing facilities for modernisation of plant and equipment to enterprises with turnover less than Rs 10 million.               |                                                                                                                                                                                                 |</p>
<table>
<thead>
<tr>
<th>Measure</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation of a factory window to provide quick working capital to small and medium enterprise for discounting of invoices.</td>
<td>A fashion industry is gradually taking shape with more trained professionals who are bringing new design techniques and innovative ideas to create greater value addition in the supply chain.</td>
</tr>
<tr>
<td>Increase of the financial incentive to local manufacturers for recycling of used PET bottles from Rs 5 to Rs 15 per kilo of used PET bottle.</td>
<td>For the academic year 2018, a batch of 123 students graduated at the Fashion and Design Institute in the field of Art &amp; Design, Fashion &amp; Textile, Interior Design, Graphic Design and Interactive Media.</td>
</tr>
<tr>
<td></td>
<td>Most of these students have obtained gainful employment in different economic sectors where their creative talents are required. Some of them have even started their own business activities focusing on design of garments and multimedia applications.</td>
</tr>
<tr>
<td></td>
<td>In April 2019, EDB organised a consultative workshop on textile and apparel, during which Carlin, a French based design house made an exposé on the latest trends in design, fabrics and colour preferences to some 23 textile operators. This sharing of knowledge has been beneficial to many of these enterprises in the preparation of new collections for presentation to prospective buyers.</td>
</tr>
</tbody>
</table>

**Status on Implementation of Government Programme 2015-2019**

- **Promote the development of a fashion industry and organise regular and seasonal fashion shows both in Mauritius and abroad that would make known internationally the “Made in Mauritius” label for greater acceptance of our products in new and emerging markets.**
# Status on Implementation of Key Actions in relation to the Manufacturing Sector

<table>
<thead>
<tr>
<th>Key Actions</th>
<th>Key Performance Indicator</th>
<th>Target (as per Budget Estimates)</th>
<th>Actual as at 30 June 2019</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boosting domestic exports.</td>
<td>Percentage increase in value of domestic exports excluding sugar</td>
<td>2%</td>
<td>Achieved: 1.9% (Year 2018)</td>
<td>A slightly lower increase of 1.9% was recorded against the 2% targeted on account of lesser export of fish &amp; fish preparations and wearing apparel.</td>
</tr>
<tr>
<td></td>
<td>Volume of domestic exports to African countries (tonnes)</td>
<td>136,000</td>
<td>Achieved: 178,029 tonnes (year 2018) representing total value of Rs 11.6 billion as compared to Rs 11.05 billion in 2017, representing an increase of 5.5%.</td>
<td>The main products accounting for the increase in the volume of goods exported are: sugar, wheat flour, yarn and fabrics, animal feed, noodles and pasta, fertilisers and detergents.</td>
</tr>
<tr>
<td>Development of new standards and accreditation of conformity assessment bodies</td>
<td>1. Number of new standards developed</td>
<td>45</td>
<td>Achieved: 73</td>
<td>During period July 2018 to June 2019, 73 new standards were developed bringing the total number of standards to 757.</td>
</tr>
<tr>
<td></td>
<td>2. Number of laboratories, Certification Bodies and Inspection Bodies accredited to international standards</td>
<td>10</td>
<td>Achieved: 4</td>
<td>4 new laboratories were accredited during period July 2018 to June 2019 bringing the total of Accredited Laboratories and Certification Bodies to 30.</td>
</tr>
</tbody>
</table>

## Risk Management, Citizen Oriented Initiatives & Good Governance

The Ministry views risk management, citizen oriented initiatives and good governance as an integral part of its objectives to ensure transparent, seamless and timely delivery of services.

In this context a number of measures have been put in place to provide for safeguard of assets, operation of the control processes and compliance with the principles of good corporate governance.
Risk Management

**Ministry**
A fixed asset register and an inventory system are in place for the safeguarding of Assets and Data. Trade data of a confidential nature, is accessed through passwords and back up is done on a monthly basis by the Business Information Unit.

**MAURITAS**
A back-up of all documents is done on a monthly basis.

**Assay Office**
Data files are backed up every day to safeguard against loss of information.

An anti-corruption policy for the Ministry had been devised following which risk assessment was carried out to identify potential risk areas. Preventive measures have been developed to address them. Internal audits are carried out to ensure that all procedures, including procurement, are being strictly followed.
Citizen Oriented Initiatives

**Ministry**

A Customer Charter is in place to show the commitment of the Division to provide timely, efficient and quality public service.

The Customer Charter clearly indicates the services provided by the Ministry, how information can be obtained in respect of these services, the eligibility criteria and documents to be submitted as well as fees payable. Customers are also invited to make suggestions and complaints.

**MAURITAS**

A Management System based on the requirements of an International Standard ISO/IEC 17011:2004 is operational to monitor and coordinate its service delivery.

MAURITAS also conducts annual feedback surveys among its client’s base as well as internal meetings to evaluate its service delivery and the targeted set of Key Performance Indicators.

An e-service system is available for accreditation services provided by MAURITAS.

**Assay Office**

Applications for registration/renewal of jewellery dealer licenses at the Assay Office can be made online.

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**Good Governance**

An Audit Committee has been set up at the level of the Ministry to advise management on areas of concern and to ensure that corrective action is taken.

This Committee has met on two (2) occasions to evaluate the overall effectiveness of the internal control and risk management frameworks and to follow up on recommendations of internal and external auditors.
Implementation Plan - Director of Audit Comments

There has been no adverse comment against the Industry Division in the Director of Audit Report for the period July 2018 to June 2019.
PART III - FINANCIAL PERFORMANCE

Financial Highlights

Budget allocation under Vote/Sub-Heads 15-101 and 15-102 for financial year 2018-2019 pertaining to the Industry Division was Rs 177,200,000, out of which expenses totaling Rs 166,325,067 have been incurred, leaving an unspent balance of 6% of the total appropriation which represents mainly the non-filling of vacancies.

Statement of Expenditure & Revenue

Statement of Expenditure

The tables below show details of expenditure incurred under the 2 Sub-Heads:

Sub-Head 15-101: General

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance to Minister</td>
<td>2,400,000</td>
<td>2,400,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Compensation of Employees</td>
<td>8,275,304</td>
<td>9,280,000</td>
<td>8,492,991</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>1,543,760</td>
<td>1,720,000</td>
<td>1,494,507</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,219,064</strong></td>
<td><strong>13,400,000</strong></td>
<td><strong>12,387,498</strong></td>
</tr>
</tbody>
</table>

Table 1: Comparison of Expenditure under Vote/Sub Head 15-101

Figure 1: Comparison of Expenditure under Vote/Sub Head 15-101
As a percentage of total expenditure incurred, each economic category is represented as follows:

<table>
<thead>
<tr>
<th>Economic Category</th>
<th>Allowance to Minister</th>
<th>Compensation of Employees</th>
<th>Goods and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>19</td>
<td>69</td>
</tr>
</tbody>
</table>

Table 2: Percentage of total expenditure under Vote/Sub Head 15-101

Figure 2: Distribution of Expenditure under Vote/Sub Head 15-101 (%)

Sub-Head 15-102: Industrial Development

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation of Employees</td>
<td>Rs 52,477,398</td>
<td>Rs 59,945,000</td>
<td>Rs 53,050,249</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>Rs 21,883,568</td>
<td>Rs 23,822,000</td>
<td>Rs 23,484,737</td>
</tr>
<tr>
<td>Grants – Recurrent</td>
<td>Rs 65,020,198</td>
<td>Rs 55,833,000</td>
<td>Rs 63,780,218</td>
</tr>
<tr>
<td>Grants – Capital</td>
<td>Rs 20,800,000</td>
<td>Rs 22,300,000</td>
<td>Rs 11,626,615</td>
</tr>
<tr>
<td>Acquisition of Non-Financial Assets</td>
<td>Rs 2,652,521</td>
<td>Rs 1,900,000</td>
<td>Rs 1,995,750</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Rs 162,833,685</td>
<td>Rs 163,800,000</td>
<td>Rs 153,937,569</td>
</tr>
</tbody>
</table>

Table 3: Comparison of Expenditure under Vote/Sub Head 15-102
As a percentage of total expenditure incurred, each economic category is represented as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
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<tr>
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<td>2,652,521</td>
<td>1,900,000</td>
<td>1,995,750</td>
</tr>
<tr>
<td>TOTAL</td>
<td>162,833,685</td>
<td>163,800,000</td>
<td>153,937,569</td>
</tr>
</tbody>
</table>

Table 4: Percentage of total expenditure under Vote/Sub Head 15-102

Figure 3: Comparison of Expenditure under Vote/Sub Head 15-102

Figure 4: Distribution of Total Expenditure under Vote/Sub Head 15-102 (%)
Under “Grants – Recurrent”, the increase represents additional funds reallocated from Capital grants to our two Extra-Budgetary Units, namely the Fashion and Design Institute (FDI) and the Mauritius Standards Bureau (MSB).

With the integration of the Jewellery Unit from the MITD to the FDI, grant of Rs20.0M, originally allocated to the Institute for financial year 2018-2019, was not sufficient to meet the recurrent expenses of the Institute itself. The Ministry of Finance and Economic Development approved a reallocation of funds to the tune of Rs 4.1M to help FDI operate in a manner that was satisfactory.

The Ministry of Finance has also approved the allocation of additional funds of Rs4.0M to MSB to ensure its efficient operation under the Consumer Protection (Safety Requirement) Regulations through the recruitment of additional staff.

### Statement of Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of Goods and Services (Collection by Assay Office)</td>
<td>Rs 4,160,000</td>
<td>Rs 2,600,000</td>
<td>Rs 2,712,200</td>
</tr>
<tr>
<td>Miscellaneous Revenues (Collection by MAURITAS)</td>
<td>Rs 2,582,752</td>
<td>Rs 6,197,450</td>
<td>Rs 2,946,572</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,742,752</strong></td>
<td><strong>8,797,450</strong></td>
<td><strong>5,658,772</strong></td>
</tr>
</tbody>
</table>

Table 5: Statement of Revenue

![Figure 5: Total Revenue](image)
SALES OF GOODS AND SERVICES (COLLECTION BY ASSAY OFFICE)

<table>
<thead>
<tr>
<th>Rs Actual</th>
<th>Rs Estimates</th>
<th>Rs Actual</th>
</tr>
</thead>
</table>

MISCELLANEOUS REVENUES (COLLECTION BY MAURITAS)

<table>
<thead>
<tr>
<th>Rs Actual</th>
<th>Rs Estimates</th>
<th>Rs Actual</th>
</tr>
</thead>
</table>

Figure 6: Revenue Collection by Assay Office

Figure 7: Revenue Collection by MAURITAS
The main assumptions made for the revenue estimates 2018-2019 by MAURITAS was based on:

- an increase in the number of accredited bodies;
- an increase of the fees by 40% following MAURITAS becoming a signatory member to International Laboratory Accreditation Cooperation and International Accreditation Forum in October 2018; and
- revenue generated from the African Accreditation Cooperation (AFRAC) General Assembly 2018.

However, revenue collected by MAURITAS in 2018-2019 amounts to only Rs 2,946,572 as the first two main assumptions above could not be attained and revenue generated from AFRAC General Assembly 2018 was credited to Miscellaneous Revenue item of the Treasury Department.
PART IV - WAY FORWARD

Trends and Challenges

- Manufacturing represents a driving economic force in Mauritius as it contributes significantly to wealth and employment creation as well as generation of foreign exchange earnings.

- Over the last 50 years, the manufacturing sector has undergone major transformation through its successive phases of development. However, the need of the hour again calls for a profound adaptation and re-engineering of the sector for it to be able to respond effectively to the changing industrial architecture as well as address existing and emerging challenges.

- The advent of new production technologies spurred by the Fourth Industrial Revolution, or Industry 4.0, is all set to bring a radical transformation in manufacturing operations at enterprise level. The concept of “Smart Factories” which encapsulate a range of digital technologies such as artificial intelligence, IT connected sensors, robotics and 3D printing can help enterprises improve their competitive advantages.

- Furthermore, new imperatives such as quick delivery, production flexibility, mass customisation, e-commerce, product branding, creativity and design are dictating new parameters for manufacturers. Green manufacturing and environmentally sustainable practices are also assuming critical importance to consolidate and gain new market share. A recent survey conducted by Financial Times has revealed that a large proportion of the “Millennials and Gen Z” consumers are willing to pay premium prices for eco-friendly products.

- The manufacturing sector is faced with multiple challenges which are impeding on its future development. On the external front, global manufacturing growth is slowing down mainly due to protectionism measures adopted by economic superpowers such the USA, EU and China. In addition, the uncertainty of Brexit, geopolitical tensions and mounting disinflationary pressures may contribute to further weaken the growth trajectory worldwide. Intense competition from low cost countries is also affecting the long term sustainability of Mauritius as a strong manufacturing base.

- On the domestic front, the sector is confronted with inherent weaknesses such as rising labour costs, insufficient productivity gains, skills deficiency and low technological uptake that are undermining its competitiveness. Moreover, broadening of the sector through implementation of high-tech and value added activities, is taking place at a relatively slow pace in the absence of a more coherent and aggressive investment strategy. Over dependence on a few export products, limited market penetration coupled with high connectivity costs are also causes of concern for the gradual decline in the level of overall exports.

- Over its different stages of development, the manufacturing sector has successfully re-engineered itself to respond to the challenges of the day. Through this transformative journey, it has built resilience and strengths to evolve positively in the face of adversities. The sector is
now at a crossroad as it is being called upon to play a significantly prominent role to attain the broad economic objectives as set in Vision 2030. While our industry captains have always demonstrated their sense of pro-activeness, dynamism, farsightedness, Government needs to clearly define the future roadmap of the sector to accompany its accelerated pace of development. In this perspective, the Ministry has initiated the formulation of an Industrial Strategy for the period 2020-2025 for a robust, high value and innovation-led manufacturing sector capable to contribute towards transition to a high income economy.

**SWOT Analysis**

**Strengths**
- Conducive business environment
- Dynamic entrepreneurship
- Strong public/private sector dialogue
- Positive economic and social indices
- Versatile labour force

**Weaknesses**
- Exiguous domestic market
- Slow gains in productivity
- Deficiency in technology uptake
- Overdependence on a few export markets
- Skills mismatch and shortage of labour
- Lack of R & D for commercial applications

**Opportunities**
- Favourable trade agreements with Europe (IEPA) and the USA (AGOA)
- Preferential access to the African market through SADC, COMESA and Continental FTA.
- Access to emerging markets through conclusion of new trade agreements with China and India
- Leveraging on Industry 4.0 to upgrade to smart manufacturing

**Threats**
- Volatility in commodity prices
- Geopolitical conflicts causing instability in oil prices
- Stiff competition from low cost producers
- Trade wars and resurgence of protectionist policies
- Uncertainty in our export markets with the advent of Brexit
**Strategic Directions**

In order to propel the manufacturing sector to new heights, the following strategies are being implemented:

### Strategic Directions

- **Broaden and modernise the manufacturing base**
- **Enhance competitiveness of enterprises**
- **Promote green manufacturing**

### Enablers

- Consolidate and expand existing sectors
  - Develop new growth poles with higher value addition
  - Adoption of digital technologies associated with Industry 4.0 such as artificial intelligence, IT connected sensors, robotics and 3D printing
- Capitalise on loan facilities available at Investment Support Programme (ISP) Ltd for investment in latest manufacturing technologies
- Reduce freight costs through greater market connectivity
  - Identify niche markets to export high value-added products
  - Stimulate best practices for achieving higher productivity and competitive advantage
- Ensure compliance of products and services with national and international standards and certifications
  - Enhance capacity development in creativity and design
  - Adapt to new marketing tools, namely e-commerce
- Encourage enterprises to adopt energy efficient technologies
  - Sensitise operators on waste minimisation processes and possibilities for recycling
- Provide the framework for adoption of cleaner production techniques and technologies