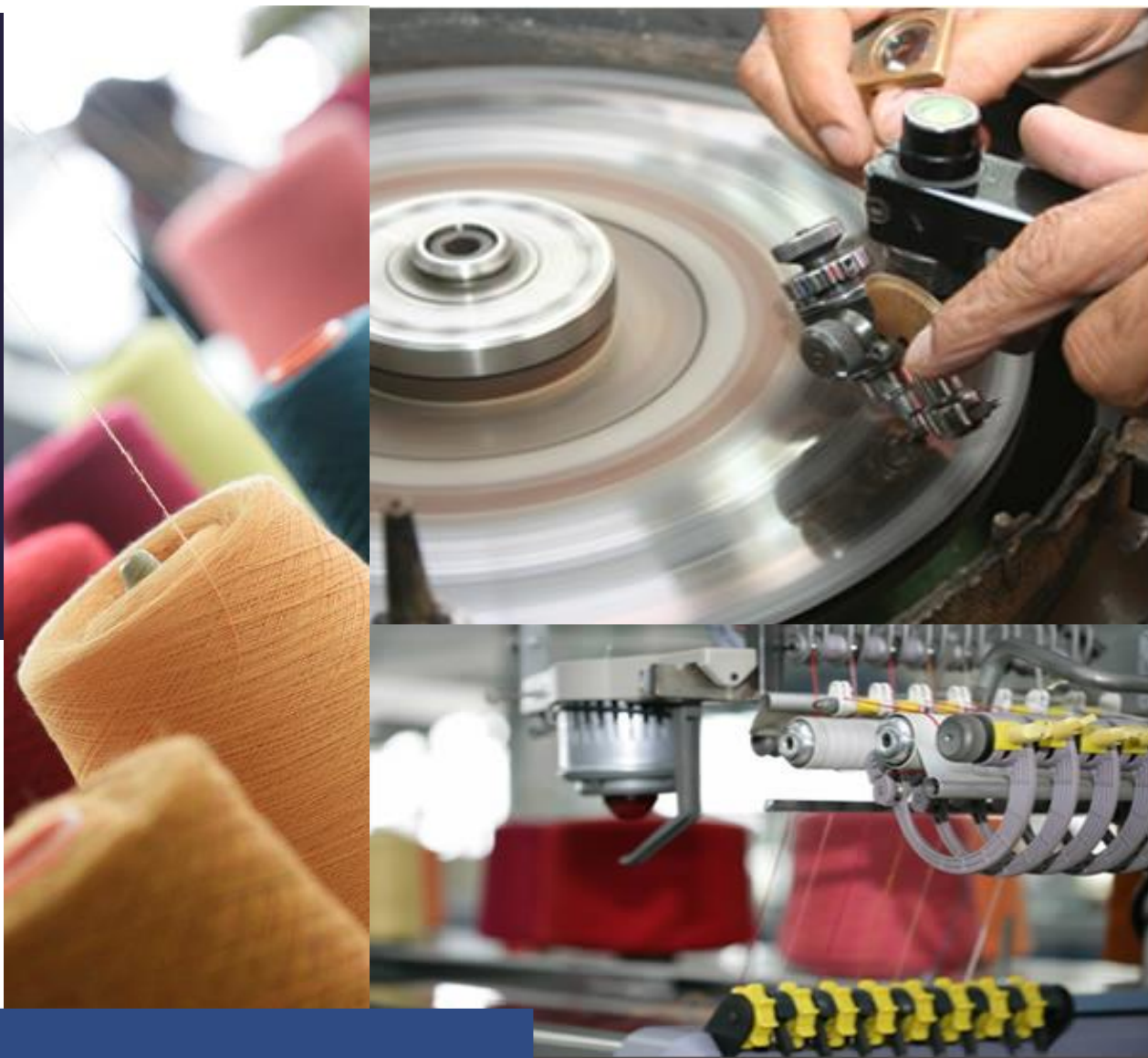


MINISTRY OF INDUSTRY, COMMERCE AND CONSUMER PROTECTION (INDUSTRY DIVISION)



ANNUAL REPORT July 2017- June 2018

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STATEMENT FROM MINISTER



I am pleased to present the Annual Report for the Ministry of Industry, Commerce and Consumer Protection (Industry Division) for the fiscal year 2017/2018. As enunciated in the Vision 2030 document, industrial development is of prime importance to achieve enhanced economic growth for the prosperity of the nation. I am glad that we are on the right track as evidenced by the improved performance of the manufacturing sector during the past three years.

Statistical figures demonstrate that the sector continues to register positive growth despite the uncertain and fragile global environment characterised by geopolitical turbulences,

increasing protectionism and volatility in oil prices. In 2017, the manufacturing sector grew by 1.5 % with a gross output reaching Rs 128 billion. Furthermore, the declining trend in exports of manufactured goods has been reversed with a 2.1% increase during the first semester of 2018 as compared to same period of 2017. This sound achievement no doubt reflects the hard work, the perseverance and the resilience of our domestic enterprises in the face of daunting challenges.

Government is determined to assist the manufacturing sector in its diversification, modernisation and expansion drive. On the competitiveness side, several initiatives have been introduced to redynamise the industry so that it progresses to a higher level of development. In this context, I would like to mention the Leasing Equipment and Modernisation Scheme, the Speed to Market Scheme for export to Europe and the Freight Rebate Scheme for export to Africa. The Exchange Rate Support Scheme, which became effective in September 2017, is another innovative measure which boosted the confidence of our operators in a situation of export revenue shortfall.

My Ministry is actively coordinating the implementation of the National Export Strategy (NES) 2017-2023 which covers the priority sectors of the economy. The NES is expected to add vigour and strength to our national export culture. It is gratifying to note that a significant part of the recommendations has been implemented.

We are at the final stage of obtaining international recognition of the Mauritius Accreditation Services (MAURITAS) by the International Laboratory Accreditation Cooperation (ILAC) and the International Accreditation Forum (IAF). This distinction, if achieved, will be beneficial to the manufacturing sector which can have recourse to local testing and inspection bodies, at cheaper rates, for conformity assessment services.

In our efforts to further unlock the potential of the industrial sector, my Ministry will continue to provide its unwavering support by playing its role as a facilitator and a pacesetter. I thank all our stakeholders for their trust and the staff of my Ministry for their commitment and enthusiasm to always improve and deliver as one team.

The Hon Ashit Kumar Gungah
Minister of Industry, Commerce and Consumer Protection

STATEMENT FROM PERMANENT SECRETARY

This Report provides a broad overview of the achievements realised in the industrial sector during the last fiscal year. It also highlights the initiatives taken by the Ministry to support industrial operators in an increasingly competitive environment. More importantly, it charts out the strategic directions for a more robust, resilient and diversified industrial base.

Industrial development is of prime importance to progress towards a modern and sustainable economy. Manufacturing, which currently accounts for 12% of the GDP, will continue to be an engine of growth for higher prosperity. However, we need to have a business environment which is propitious to attract foreign investors and accelerate the industrial drive. The initiatives taken are contributing in creating the conducive environment for the country to graduate to its next level of industrial development.

The Ministry of Industry, Commerce and Consumer Protection (Industry Division) is a key partner to facilitate the implementation of industrial projects. We regularly review our policies, strategies and programmes to better support the business community and ensure seamless delivery of services. We are confident that with the collaboration of all the stakeholders, we will attain our objective of uplifting the manufacturing sector to new heights for greater wealth creation.

I attribute the crucial role being played by the Ministry in this endeavour to the team spirit, hard work and dedication of the staff.

Mohammad Salim Ferhat JOOMUN
Permanent Secretary

PART I - ABOUT THE MINISTRY (INDUSTRY DIVISION)

Vision & Mission

Vision

- An innovation-led industrial sector

Mission

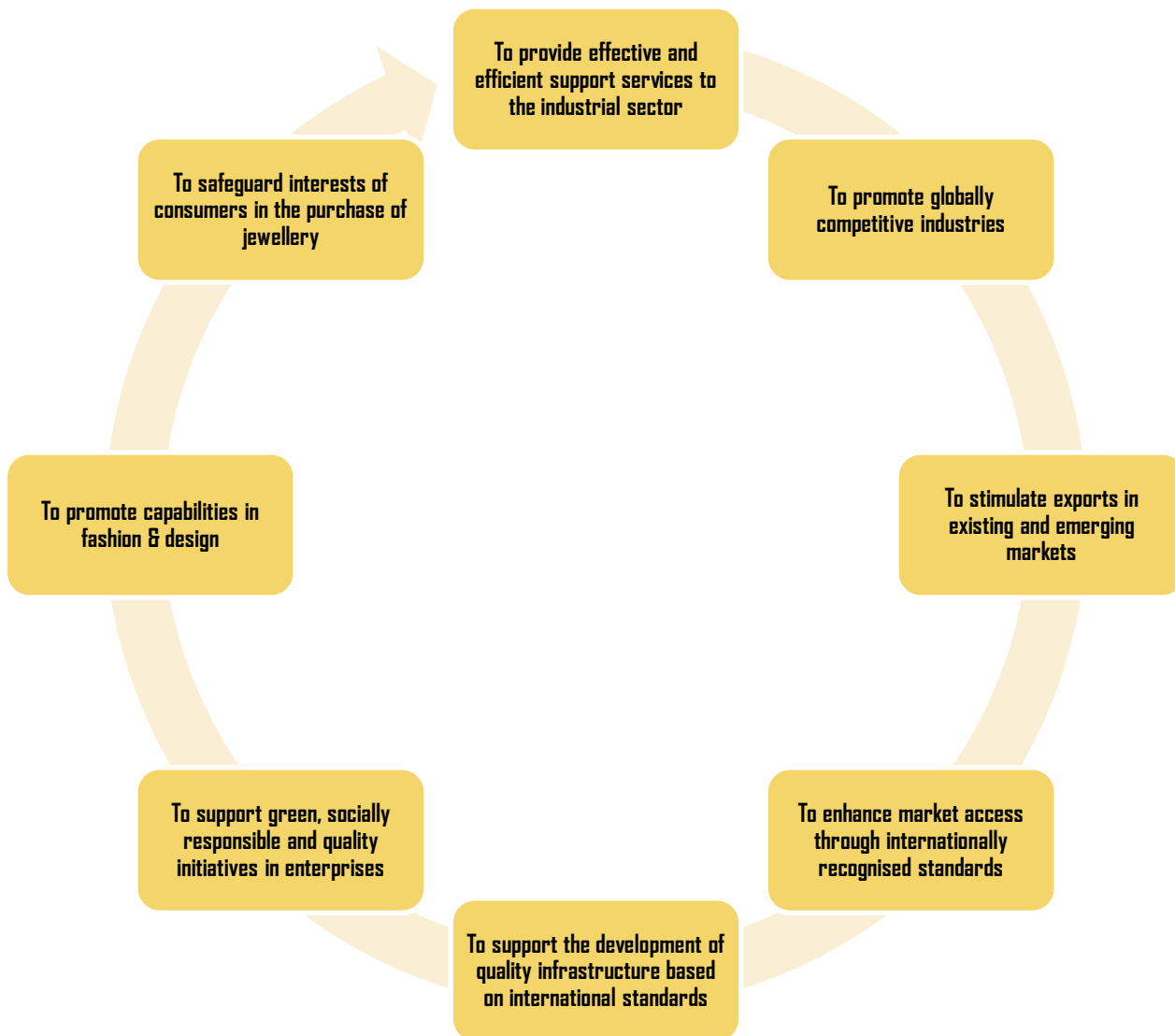
- To act as a facilitator and catalyst for the development of a resilient, vibrant and competitive manufacturing sector with a view to fostering employment creation and generating wealth for higher economic growth

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



Main Customers



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/> 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.

Please visit <http://www.mauritas.org/> for additional information.

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.

Please visit <http://msb.intnet.mu/> for additional information.

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.

Provides consultancy services to the business community and occasionally organises fashion shows, artistic exhibitions to showcase the skills and talents of its students.

The School of Jewellery now operates under the aegis of FDI providing training courses in various fields such as design, stone setting, casting and engraving.

A Consultative Committee ensures ongoing collaboration between the FDI and the private sector.

Please visit <http://www.fdi.mu/> for additional information

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.

Constant efforts are being made to sensitise the staff of the Ministry as well as enterprises in the manufacturing sector on the importance of gender mainstreaming at all levels for decision making. In this context, two sensitisation programmes were carried out among the staff of the Ministry and its departments to build awareness on gender mainstreaming.

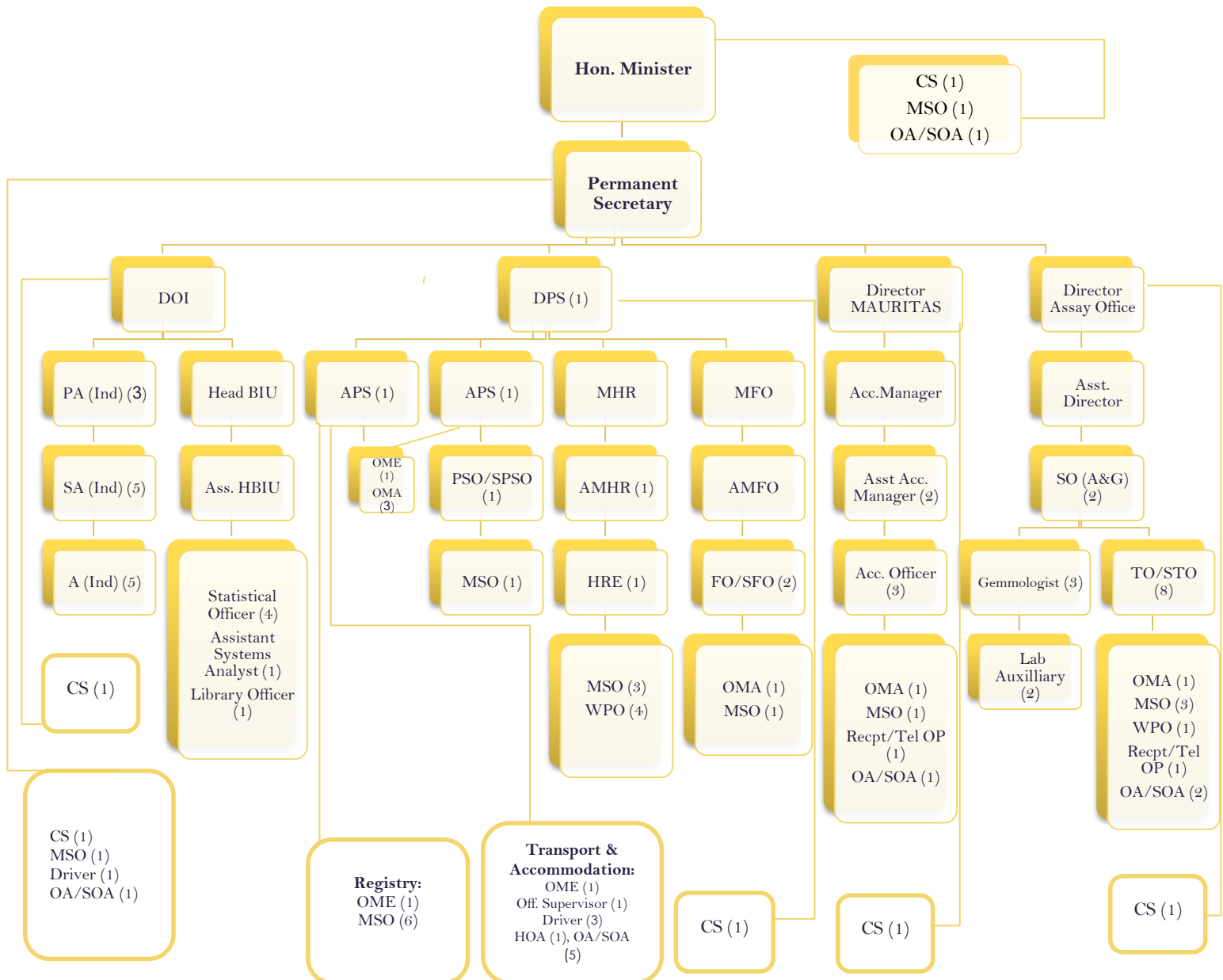
A one-day workshop on the theme "Women in Business and Gender Mainstreaming" was also held in May 2018 with the collaboration of the International Trade Centre. About 100 participants comprising entrepreneurs, academia and officers from different support institutions participated in the event.



Women in Business and Gender Mainstreaming Workshop

About Our People

Organisational Structure (Industry Division)



DOI – Director of Industry
 DPS – Deputy Permanent Secretary
 APS – Assistant Permanent Secretary
 PA(Ind) – Principal Analyst (Industry)
 SA(Ind) – Senior Analyst (Industry)
 A (Ind) – Analyst (Industry)
 Head BIU – Head Business Information Unit
 Ass.HBIU – Assistant to Head Business Information Unit
 AMHR- Assistant Manager, HR
 HRE – Human Resource Executive
 FO/SFO-Financial Officer /Senior Financial Officer
 Recept/Tel OP - Receptionist/Telephone Operator
 Lab Auxilliary - Laboratory Auxilliary
 Asst. Director – Assistant Director

PSO/SPSO – Procurement & Supply Officer/ Senior Procurement & Supply Officer
 Acc. Manager – Accreditation Manager
 TO/STO-Technical Officer/Senior Technical Officer
 MSO-Management Support Officer
 OMA – Office Management Assistant
 OME – Office Management Executive
 CS – Confidential Secretary
 WPO – Word Processing Operator
 OA/SOA – Office Auxilliary/Senior Office Auxilliary
 SO (A&G) – Scientific Officer (Assay & Gemmology)
 Asst. Acc. Manager – Assistant Accreditation Manager
 Off. Supervisor - Office Supervisor
 MHR- Manager Human Resources
 MFO – Manager Financial Operations

Staffing Structure

The Ministry is headed by a Permanent Secretary who is also the Accounting and Responsible Officer. He 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 2017/2018, the staffing position was as follows:

| Grade/Department | Number in Post |
|------------------------|----------------|
| Administrative | 3 |
| Technical | 17 |
| Finance | 4 |
| Human Resource | 3 |
| Procurement and Supply | 1 |
| Statistics | 4 |
| Management Support | 33 |
| Workmen's Group | 11 |
| Assay Office | 23 |
| MAURITAS | 11 |

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 15 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 (8).

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 2017/2018, 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, forty (40) 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, 22 officers had the opportunity to broaden 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:

| Post | No. of staff required |
|-----------------------|-----------------------|
| Director of Industry | 1 |
| Analyst (Industry) | 2 |
| Gemmologist | 1 |
| Accreditation Manager | 1 |
| Accreditation Officer | 3 |

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. A well-equipped gym is also at the disposal of the staff to enable them to undertake fitness and wellness exercises.

PART II - MINISTRY/DEPARTMENT ACHIEVEMENTS & CHALLENGES

Major Achievements of the Manufacturing Sector

Manufacturing

- Manufacturing plays a dominant role with a contribution of 12% to GDP and providing employment to around 96,200 people.
- The sector comprises 270 EOE's and 372 large DOE's.
- 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 0.8% in 2017 to reach Rs127.4 bn in 2017 as compared to Rs126.4 bn in 2016.

Exports

- About 35% of the manufacturing output is destined to the export market. 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 fish preparations and medical devices registered a growth of 7.3% and 4.1 % respectively.
- Export development programmes have enabled 9 new enterprises to penetrate the export market in 2017.

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 and Scandinavian countries have been identified as having export growth potential.
- In 2017, an increase in exports of goods was registered in the following markets: Zambia (162%), Kenya (66%), New Zealand (59%), Finland (58%), Oman (10.2%), Czech Republic (7%) and Sweden (4.5%).

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.
- During the period July 2017 to June 2018 massive investment to the tune of **Rs1.2 bn** were effected in plant and machinery by manufacturing enterprises.
- A number of industrial projects in the field of light engineering, flexible packaging, plastic moulding, cosmetics and waste recycling is under consideration at the level of the Economic Development Board (EDB).

Sustainable Production

- Sustainable production through resource efficiency and cleaner production systems is essential to maintain the competitiveness of our manufacturing enterprises and to meet the growing exigencies of buyers who are environmentally sensitive.
- The Industry Division is at the forefront of programmes devoted to green manufacturing. Following the successful implementation of an energy efficiency project which benefitted several companies, the Division launched an industrial waste assessment programme in February 2016 to identify opportunities for recycling activities. Twenty-three (**23**) enterprises from the textile, agro processing, sea food, chemical and printing sectors were assessed on their waste generation characteristics.
- In May 2018, the Industry Division, in collaboration with the UNIDO organised a workshop in the context of the PAGE week to further sensitise the stakeholders on the need to develop green manufacturing practices, including value addition to industrial waste.

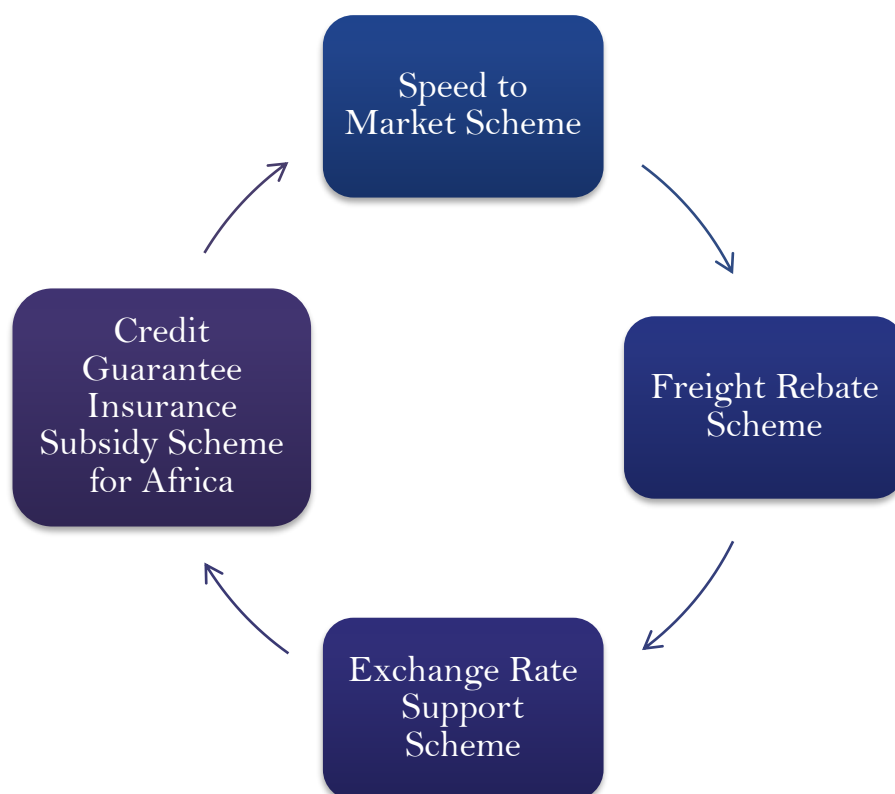
Support to the Jewellery Sector

- The Assay Office and the School of Jewellery 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 2017 to June 2018, the Assay Office:
 - verified **664** gemstones for identification and grading purposes;
 - conducted **467** inspection visits to ensure compliance with the Jewellery Act 2007;
 - registered **47** new jewellers bringing the total number to **533**;
 - endorsed **8,004** ownership declaration forms for sale of second hand jewellery;
 - delivered **176** valuation certificates certifying the gold content in jewellery items;
 - organised **23** awareness campaigns to sensitise public on matters relating to jewellery;
 - participated in the Round Robin Programme of the International Association of Assay Offices which revealed that the testing competency of its jewellery laboratory is of satisfactory level;
 - generated revenue of **Rs 4,160,750** on provision of testing services.

Accreditation Services

- During the period July 2017 to June 2018, MAURITAS has:
 - accredited **2** new laboratories namely, **Fortis Clinique Darné** and **Abiolabs Ltd** in the medical testing and environmental testing fields respectively, bringing the total number of accredited laboratories to **32**;
 - generated revenue to the tune of **Rs. 2,582,752** from provision of accreditation services;
 - undergone a full evaluation by a team of Peer Evaluators of the African Accreditation Cooperation for international recognition by the International Laboratory Accreditation Cooperation and the International Accreditation Forum. It is expected that MAURITAS will be internationally recognised by October 2018;
 - trained **86** participants on Calibration and Measurement Capabilities, Uncertainty of Measurement and Certification Body Accreditation Standards **ISO/IEC 17021-1** and **ISO/IEC 17021-3** regarding Food Safety Management Systems.

Support to Export



The table below depicts the number of beneficiaries and amount disbursed for the different Schemes during the period July 2017 to June 2018.

| Schemes | Support Provided | Number of Beneficiaries | Amount Disbursed (Rs million) |
|---|--|-------------------------|-------------------------------|
| Speed to Market Scheme | 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. | 95 | 73.4 |
| Freight Rebate Scheme | A subsidy of 25% of sea freight cost to a maximum of USD 300 per 20 ft. container shipped to selected ports in Africa. | 29 | 12.9 |
| Exchange Rate Support Scheme | A subsidy to a maximum of Rs 2.50 per US Dollar on the difference between the reference rate of 1 USD equal Rs34.50 and the rate at which manufacturing enterprise have exchanged their export proceeds invoice in US dollars into Mauritian rupees. | 22 | 51.0 |
| Credit Guarantee Insurance Subsidy Scheme for Africa | A subsidy equivalent to 50% of the premium paid up to a maximum of 0.2% on insurance policy taken on consignment for export to Africa. | 5 | 1.1 |

National Export Strategy (NES)

Covers seven priority sectors (agro processing, fisheries and aqua culture, jewellery, medical devices, cultural tourism, software development and financial sectors)

Launched in March 2017

A joint public private sector Steering Committee is overseeing the implementation of the recommendations contained in the NES Action Plan.

As at June 2018, about **30%** of the recommendations have been realised.

Status on Implementation of Budgetary Measures 2017/2018

Status on Implementation of Budgetary Measures 2017/2018 for the Industry Division

| Budget Speech 2017/2018 | | |
|-------------------------|--|--|
| Paragraph | Measures | Remarks |
| 62 | Merging of the MITD School of Jewellery with the Fashion and Design Institute to reengineer the training requirements of the jewellery sector. | <ul style="list-style-type: none"> The School of Jewellery is now operating under the aegis of the Fashion and Design Institute. A Plan of Action is being implemented to give a new orientation to the school to better cater for the training needs of the jewellery sector. |
| 64 | MAURITAS to be given full autonomy in its mission to offer accreditation services in Mauritius. | <ul style="list-style-type: none"> MAURITAS Act has been amended to make the Accreditation Committee independent in decision making on accreditation issues |

Status on Implementation of Budgetary Measures 2017/2018 in relation to the Manufacturing Sector

| Budget Speech 2017/2018 | | |
|-------------------------|---|--|
| Paragraph | Measures | Remarks |
| 55 | Reduction of Corporate Tax from 15% to 3% on profits from exports of locally manufactured goods. | <ul style="list-style-type: none"> This measure is in force with the enactment of the Finance Act 2017. The incentive has helped large export enterprises reinvest in modernisation and expansion of their business operations. At the same time several domestic enterprises, including SMEs have been successful in enhancing their export performance and breaking into new export markets. |
| 56 | Introduction of 8-year income tax holidays for new companies engaged in manufacturing of pharmaceutical products, medical devices and high-tech products. | <ul style="list-style-type: none"> This measure is already in force with the enactment of the Finance Act 2017. The Ministry is pursuing efforts, in collaboration with the EDB, to attract investment in new growth poles through road shows, business forums and economic diplomacy. |
| 57 | Extension of the Speed to Market Scheme to include export of jewellery, medical devices, fruits, flowers, vegetables and chilled fish. | <ul style="list-style-type: none"> The Scheme now covers the new list of products in addition to textile and apparel, articles of leather, footwear, watches, and fabric plush toys. |
| 59 | Amendment of the Clinical Trial Act to allow for testing of medical devices manufactured locally. | <ul style="list-style-type: none"> This measure is already in force with the enactment of the Finance Act 2017. |
| 60 | Extension of the work permit policy for expatriate workers in the export oriented enterprises to all manufacturing activities. | <ul style="list-style-type: none"> This policy is already in force in the processing of work permit application. The manufacturing sector as a whole is able to cope with skill deficiency in scarce areas. |
| 61 | Reduction in the time frame for issuance and renewal of work permits from 40 to 15 working days. | <ul style="list-style-type: none"> A mechanism has already been set up at the Ministry of Employment to speed up the processing of work permit applications. |

| Budget Speech 2017/2018 | | |
|-------------------------|--|---|
| Paragraph | Measures | Remarks |
| 65 | Exemption of registration duty and land transfer tax on immovable property for setting up of a business for high tech manufacturing. | <ul style="list-style-type: none"> This measure is already in force with enactment of Finance Act 2017. |

Status on Implementation of Government Programme 2015-2019

| Measure | Status |
|--|---|
| 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. | <ul style="list-style-type: none"> 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. During the period July 2017 to June 2018, a new batch of 98 students graduated at the Fashion and Design Institute in the field of Art & Design, Fashion & Textile, Interior Design, Graphic Design and Interactive Media. 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. During the Origin Africa Exhibition held in September 2017, a group of Mauritian designers had the opportunity to showcase their collections to overseas buyers attending the event. Furthermore, a Trend Forum was organised in Dec 2017 with the collaboration of French based design house Carlin to keep our textile industry abreast of the latest trends in design, fabrics and colour preferences. |

Status on Implementation of Key Actions in relation to the Manufacturing Sector

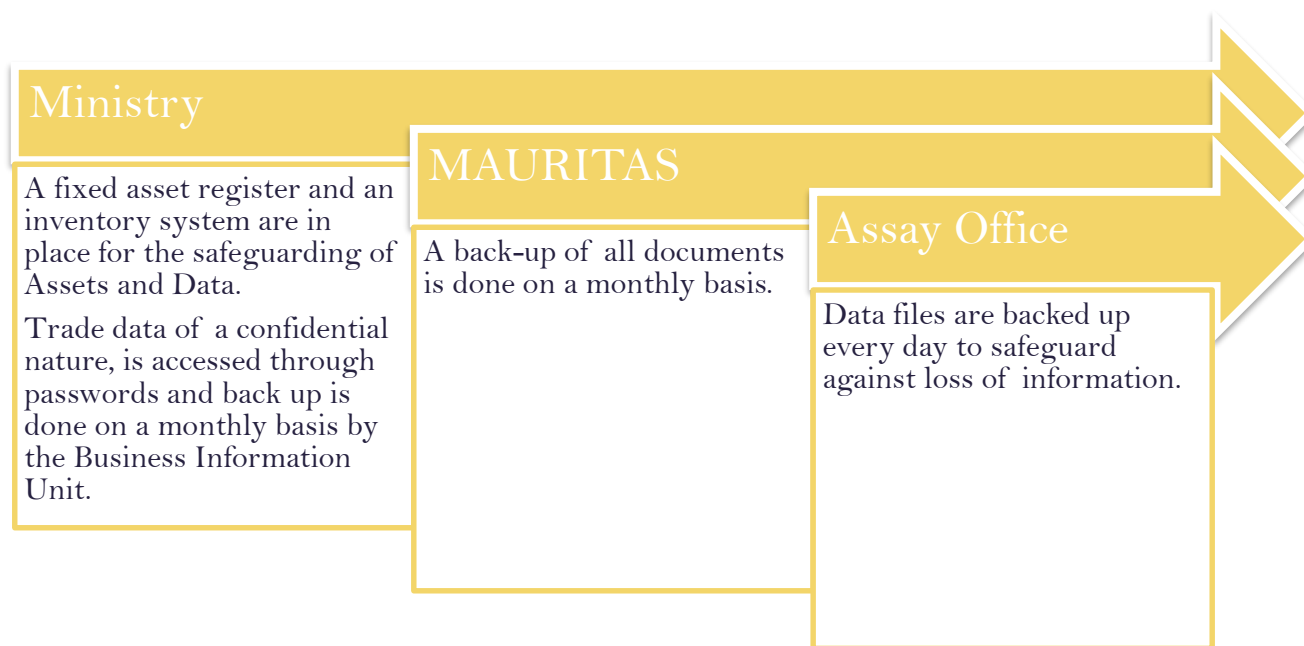
| Key Actions | Key Performance Indicator | Target (as per Budget Estimates) | Status |
|---|---|----------------------------------|---|
| Implementation of the Export Development Plan to boost value of domestic exports. | Percentage increase in value of domestic exports excluding sugar | 3% | <p>Achieved: 2.1%</p> <p>The target set for increase in domestic exports could not be achieved mostly due to:</p> <ul style="list-style-type: none"> – a contraction in demand for certain products namely shirts, t-shirts pullovers, jewellery and precious stones arising from worsening economic conditions in our traditional markets. – currency fluctuation particularly in the exchange value of pound sterling resulting into a lower export revenue. – Loss of market share to low cost producers. – Lack of foreign investment in new growth poles having potential for export. |
| Development of new standards and accreditation of conformity assessment bodies | 1. Number of new standards developed | 40 | During period July 2017 to June 2018, 38 new standards were developed bringing the total number of standards to 691 . |
| | 2. Number of laboratories, Certification Bodies and Inspection Bodies accredited to international standards | 4 | 2 new laboratories were accredited during period July 2017 to June 2018 bringing the total of Accredited Laboratories and Certification Bodies to 32 . The accreditation of two new labs has been delayed due to technical reasons. The deadline for accreditation is now expected for end of 2018. |

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



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.

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 six (6) 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 2017 to June 2018.

PART III- FINANCIAL PERFORMANCE

Financial Highlights

The Industry Division has control over 2 Sub-Heads of Expenditure under the Vote of the Ministry of Industry, Commerce and Consumer Protection, namely: 15-101 (General) and 15-102 (Industrial Development). Most of the expenditure are covered under the second vote.

Budget allocation under Vote/Sub-Heads 15-101 and 15-102 for 2017/2018 was Rs 213,500,000.

Expenditure under Vote/Sub-Head 15-101 for Financial Year 2017-2018 has decreased due to lower salaries drawn by Incoming Officers

The total expenditure under Vote/Sub-Head 15-102 shows a fall of **Rs 37.2 million** in expenses incurred during Financial Year 2017 – 2018 against the Voted Provision by:

- a decrease of **Rs 3.7 million** under Compensation of Employees due to lower salaries of Incoming Officers and the non-filling of funded positions; and
- the non-payment of **Rs 33.5 million** under Recurrent Grants in favour of Enterprise Mauritius for its Operating Expenses which was transferred to the Ministry of Finance and Economic Development following the creation of the Economic Development Board.

The Ministry collects revenue through the Assay Office and MAURITAS. Total revenue increased by **34%** in the financial year 2017/2018 as compared to 2016/2017. In particular, there has been a major increase in revenue collected by the Assay Office due to renewal of registration certificates of dealers in jewellery, effected every three years.

Analysis of Major Changes

There has been a decrease in expenditure in financial year 2017/2018 as compared to financial year 2016/2017 as budget allocation for support schemes to the export sector no longer fall under the vote of this Ministry.

Statements of Revenue and Expenditure

Statement of Revenue

The table below provides a summary of revenue collected from 01 July 2017 to 30 June 2018:

| Revenue | 2016-2017 Actual | 2017-2018 Estimates | 2017-2018 Actual |
|---|---------------------|------------------------|---------------------|
| | Rs | Rs | Rs |
| Sales of Goods and Services (Collection by Assay Office) | 2,555,703 | 3,600,000 | 4,160,000 |
| Miscellaneous Revenues (Collection by MAURITAS) | 2,503,041 | 3,131,000 | 2,582,752 |
| Total Revenue | 5,058,744 | 6,731,000 | 6,742,752 |

Table 1: Statement of Revenue (Assay Office & MAURITAS)

SALES OF GOODS & SERVICES (COLLECTION BY ASSAY OFFICE)

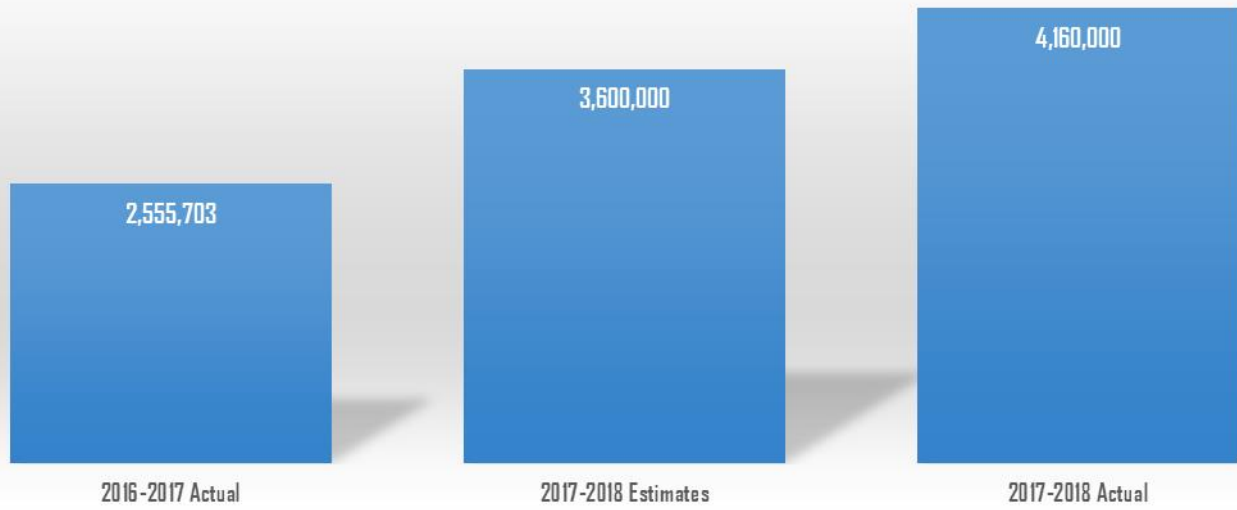


Figure 1: Collection by Assay Office

MISCELLANEOUS REVENUES (COLLECTION BY MAURITAS)

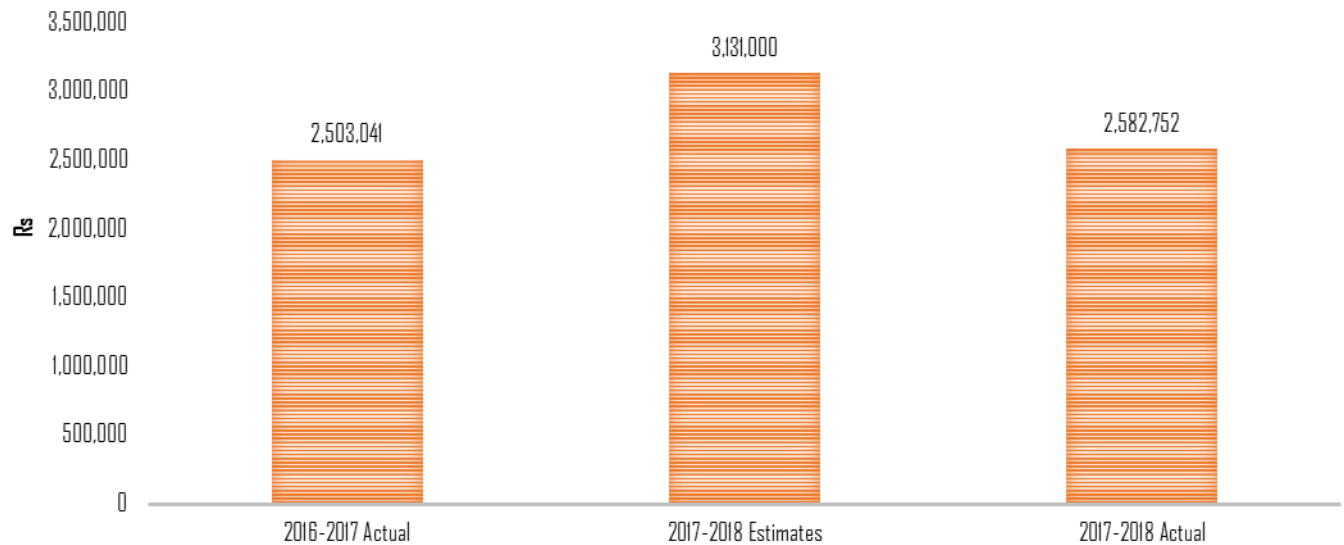


Figure 2: Collection by MAURITAS

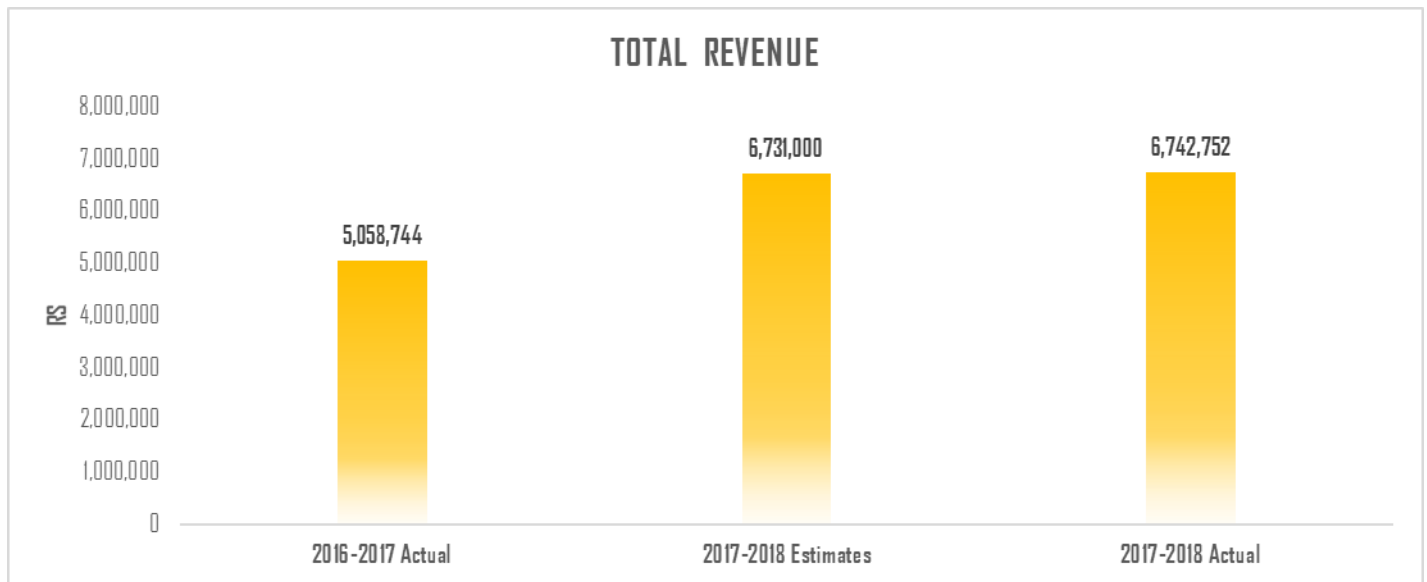


Figure 3: Total Revenue

Statement of Expenditure

The table below shows details of expenditure incurred under the vote sub head 15-101:

| Economic Categories | 2016-2017 Actual | 2017-2018 Estimates | 2017-2018 Actual |
|----------------------------------|------------------|---------------------|------------------|
| | Rs | Rs | Rs |
| Compensation of Employees | 11,312,510 | 11,900,000 | 10,675,304 |
| Goods and Services | 1,320,594 | 1,600,000 | 1,543,760 |
| Total | 12,633,104 | 13,500,000 | 12,219,064 |

Table 2: Details of Expenditure under vote 15-101

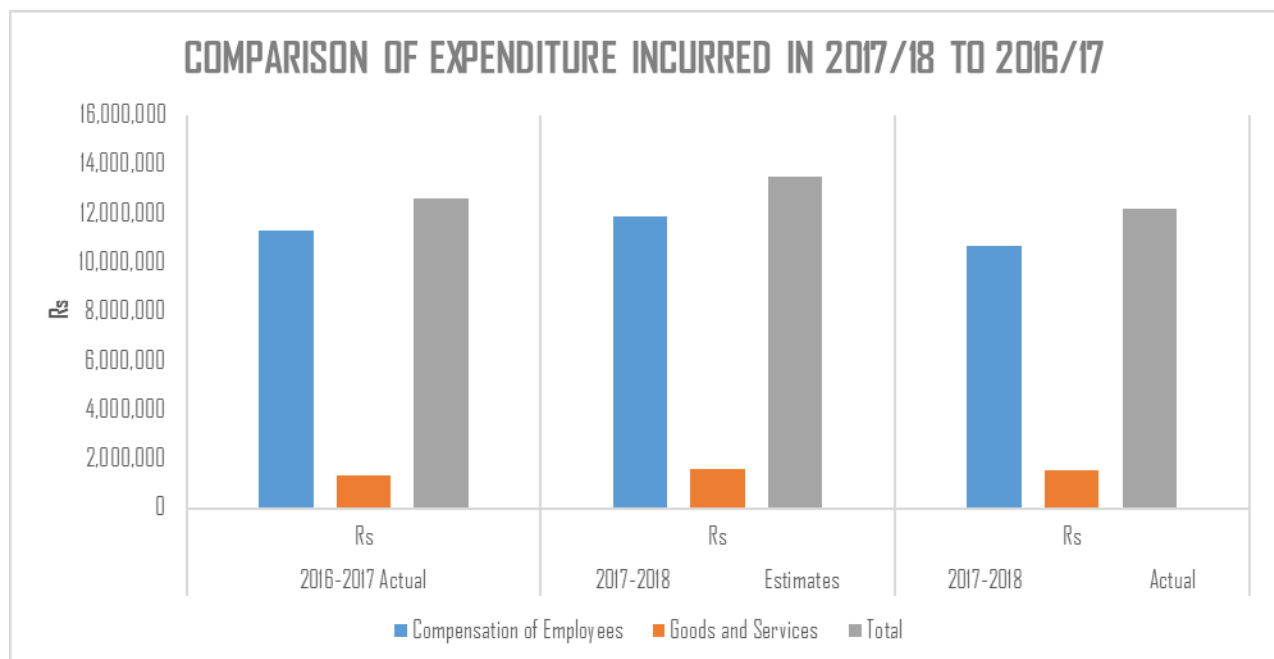


Figure 4: Comparison of Expenditure under vote 15-101

The table below shows details of expenditure incurred under the vote sub head 15-102:

| Economic Categories | 2016-2017 Actual | 2017-2018 Estimates | 2017-2018 Actual |
|--|--------------------|---------------------|--------------------|
| | Rs | Rs | Rs |
| Compensation of Employees | 51,325,318 | 56,263,000 | 52,477,398 |
| Goods and Services | 20,521,250 | 20,892,000 | 21,883,568 |
| Grants - Recurrent | 222,921,054 | 98,545,000 | 65,020,198 |
| Grants - Capital | 14,905,000 | 20,800,000 | 20,800,000 |
| Acquisition of Non-Financial Assets | 2,972,567 | 3,500,000 | 2,625,521 |
| Total | 312,645,189 | 200,000,000 | 162,833,685 |

Table 3: Details of Expenditure under vote 15-102

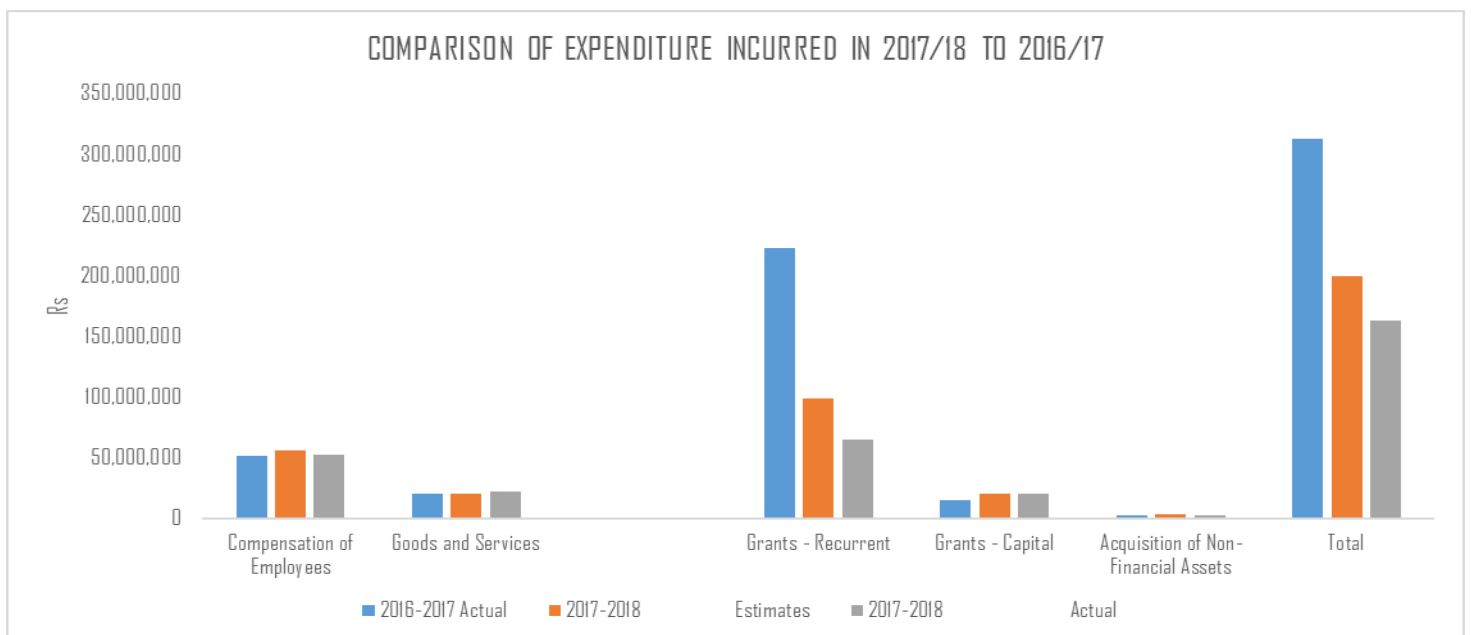


Figure 5: Comparison of Expenditure under vote 15-102

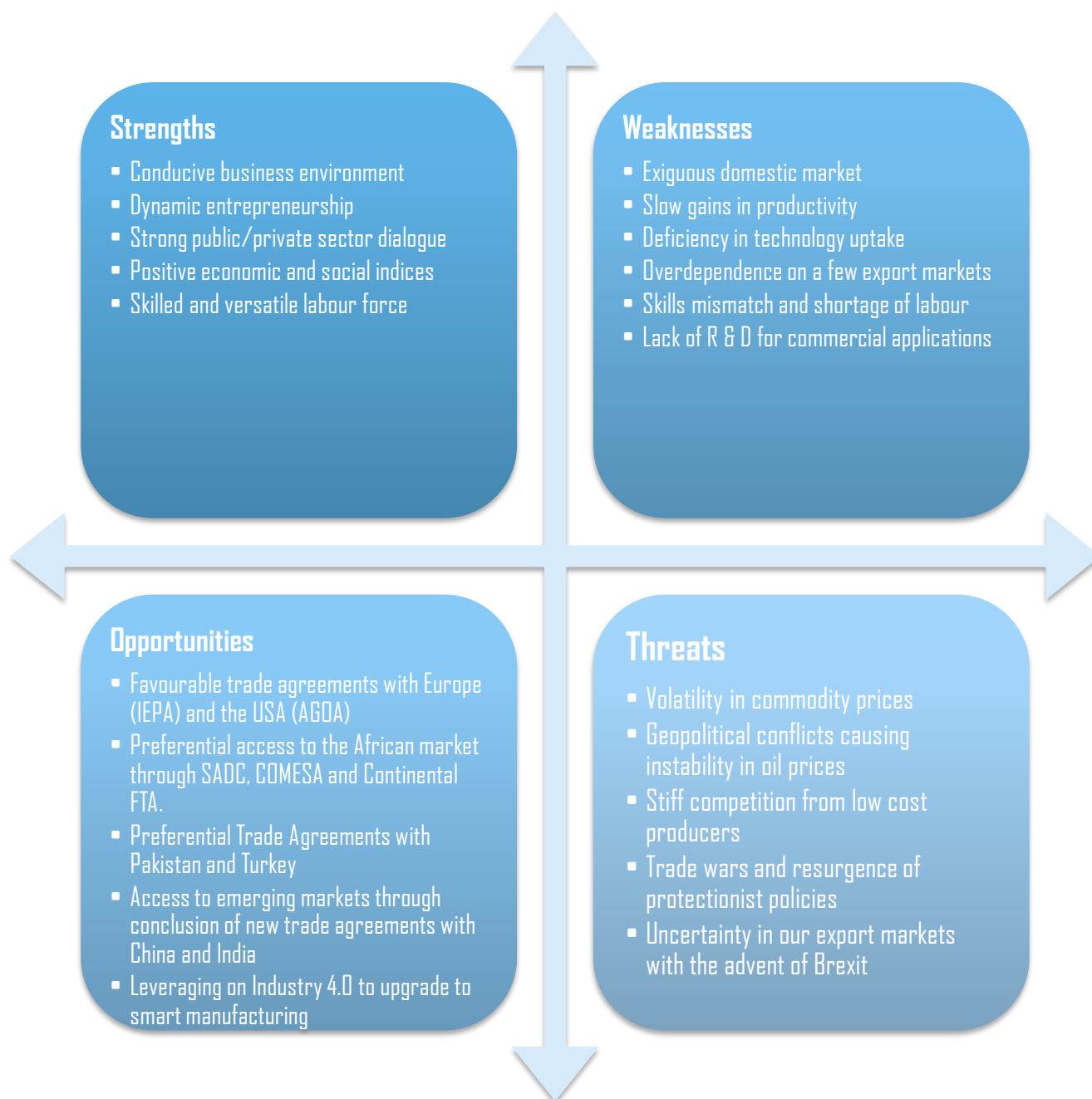
PART IV - WAY FORWARD

Trends and Challenges

- The manufacturing sector worldwide is in a state of transition and global shift. While it is growing in emerging economies, the sector is shrinking but becoming more productive in advanced economies. New manufacturing giants like China, India, Bangladesh and Vietnam are emerging. Global players are leveraging on technology and innovation to achieve competitiveness.
- Additionally, shifting consumer trends, growing market needs for eco-friendly products and fair trade practices, buyer's preference for fast fashion products, reduced lead time, product quality, innovation and differentiated products and branding are assuming critical importance.
- The world is witnessing new trends in the manufacturing sector with the rise of the fourth industrial revolution commonly known as Industry 4.0, which represents the shift to digitisation. Industry 4.0 epitomises the transformation that makes it possible to gather and analyse data across machines which enables faster, more flexible and more efficient processes for the production of higher quality goods at reduced costs. This manufacturing revolution will increase productivity, enhance competitiveness and foster industrial growth.
- The manufacturing sector in Mauritius is vulnerable to external and internal shocks and is faced with a number of challenges which are impinging on its development. On the external front, the major challenges confronting our manufacturing sector include the volatility of economic conditions in traditional markets in Europe and the U.S as well as harsher competition from low cost countries like China, India, Bangladesh, Vietnam and Philippines.
- In addition, global demand for manufactured products is growing at a lumbering pace. Moreover, according to the IMF, actions taken by major players are creating trade tensions and undermining the free flow of goods, thereby creating more constraints on manufacturing growth.
- Internally, skills mismatch poses a major challenge for the deepening of the industrial base. Furthermore, the composition of the export basket is predominantly textile and clothing. There is also a critical need to diversify away from traditional markets such as the Europe and the US.
- Deficiency in technological uptake, particularly among small and medium-sized enterprises, impinges on our ability to manufacture precision-driven and high-end products. Additionally, the low inflow of FDI in our manufacturing sector has not been conducive to the broadening of the industrial base and diversification into new growth poles.
- With a view to adapting to the changing economic landscape, existing industrial policies and strategies are constantly being revisited focusing on higher value added manufacturing activities, increased level of productivity, development of new growth poles, adoption of

technology driven processes as well as expansion into new and emerging export market. Indeed, Mauritius must aspire to a new phase of industrial development which hinges more on the digitisation process, knowledge and creativity for the production of innovative and differentiated products while minimising the impact on environment.

SWOT Analysis



Strategic Direction

The manufacturing sector is facing harsher challenges and is registering low growth rates. In order to propel the manufacturing sector to new heights, the following strategies are being implemented:

