

Event: Workshop on Quality Standard - TRADECOM II Programme by ACP-EU

Date: 06 February 2018

Venue: Labourdonnais Hotel. Port-Louis

**Speech by the Minister of Business, Enterprise and Cooperatives,
Hon. Soomilduth Bholah**

Her Excellency, Ambassador of the European Union Delegation, Mrs Marjaana Sall;

Respected Consultants;

Representatives of different Ministries, Government and private institutions

Directors and representatives of Small and Medium Enterprises

Members of the Press,

Ladies and Gentlemen,

All protocol observed.

Good morning to all of you gathered here today.

I would like to thank you for giving me the opportunity to address this audience on the occasion of the launching of this important workshop on **Enhancing Quality and Standards Capacities of SMEs**. Today's event is being held in the context of the implementation of the **TradeCom II Programme**, which has been designed to facilitate the integration of ACP Countries in the global economy and in value chains by improving, inter alia, their capacity:

- to formulate and implement suitable trade policies,
- to participate effectively in multilateral trade negotiations under the WTO and to implement the trade agreements to their benefit, and
- to strengthen their competitiveness.

'**Competitiveness**', coupled with '**internationalisation**', are today the magic words for SMEs and enterprises generally. They are the critical success factors that

are most frequently mentioned in most reviews of the SME landscape throughout the world.

Ceci explique cela! The current project, entitled “**Strengthening Export Competitiveness for Inclusive growth in Mauritius**”, is henceforth unquestionably topical, with its long-term aim being to contribute to sustainable economic development and poverty reduction in ACP countries through closer regional integration and increased participation in the global economy.

Ladies and Gentlemen,

Stakeholders and entrepreneurs are certainly well aware of the fact that at the level of my Ministry, we have always given special attention to the endeavor of empowering SMEs to get access to external markets. Indeed, we cannot afford to be inward-looking in this highly globalized business world. There are new markets to be tapped and new consumers with ever-changing needs. I have always been adamant about this. I in fact believe that despite the array of fiscal and institutional incentives provided by the Government to SMEs, we will fail if we do not provide the necessary information and conditions for the local business community to embrace the principles of internationalisation through export.

I am perfectly conscious that on top of informing and guiding entrepreneurs in the process of acquiring the relevant knowledge as well as know-how that will propel their products and services to another level, it is the will to empower them to break the glass ceiling that is key for them to boldly conquer new markets worldwide.

We are aware of the fact that SMEs are major economic players all over the world. They account for **55%** of GDP in developed economies and **35%** in developing economies. **More than 90%** of firms in the world are SMEs and they represent **90% of total employment** when taking into account formal firms and the large share of SMEs operating in the informal. While this applies to most countries, African countries in particular will rely on SMEs to provide employment for their

growing working age populations - the number of new entrants into African labour markets will increase from **23 million a year in 2015 to 32 million a year in 2030**. These figures are clear indications why SMEs have been identified as a major driver of poverty alleviation and sustainable inclusive development.

For SMEs to be able to contribute efficiently in the achievement of inclusive development, Governments and other stakeholders across the world should consolidate the sector via the development of information-based tools, and regulatory as well as financial incentives to promote sustainable behaviour among entrepreneurs. For instance, the importance of SMEs to inclusive growth, especially because of their role in employment for women and young people, justifies dedicated attention to helping smaller firms **internationalise**. I find it quite revealing that the G20 trade ministers stressed at their last meeting in Shanghai that G20 countries, which have the necessary capacity, should help developing countries and SMEs follow international standards and regulations. When it comes to trade, the large majority of trade agreements paid little attention to the specific needs of SMEs until recently. The G20 has pledged to facilitate the **inclusion of SME needs in trade agreements** by recommending a stronger SME representation in the WTO, and by strengthening knowledge of as well as clarifying priorities on SME market access impediments.

Ladies and Gentlemen,

Coming to the **Economic Partnership Agreement**, its major cornerstone is the provision of market access without any quotas or tariffs to the European Union single market of **500 million consumers**. Under the **interim-EPA** signed in Mauritius in **2009** between the **European Commission** and four **Eastern and Southern African (ESA)** countries (namely Mauritius, Madagascar, Seychelles and Zimbabwe), Mauritius is able to have full duty free and quota free access to the EU market. And, since the implementation of the **i-EPA**, there has been a diversification in the Mauritian export basket which now includes non-traditional

products such as pharmaceutical products, fertilizers, essential oils, medical equipment, and electronic equipment amongst others.

Nevertheless, Mauritius continues to face several challenges which need to be addressed to strengthen the economy and its export performance. Presently, only a small part of the SME sector is able to identify and exploit the opportunities and deal with the challenges of globalization and trade liberalization. It is indeed by capitalizing on regional economic integration and preferential market access that Mauritian SMEs will be in a position to seize opportunities and build competitiveness both in its traditional markets in the West and still untapped high-growth emerging regional markets. It is in so doing that Mauritius will fully realize its potential as a strategic hub for international trade and investment.

How do we achieve this? The answer is clear-cut: we have to be competitive and productive! And to be able to meet these requirements of competitiveness and productivity, our SMEs are called upon to foster **a culture of quality**.

From a national policy perspective, allow me to remind the audience that the vision and mission set in the 10 year Master Plan for SMEs are based on five main objectives that are envisaged to support the transformation of our enterprises into innovative, globally competitive, sustainable and value creation entities. They are:

- (i) improve SME competitiveness;
- (ii) foster high growth potential SMEs;
- (iii) upgrade skills and job opportunities;
- (iv) improve value addition; and
- (v) increase market share.

You will notice that the questions of quality and internationalisation are inherent to these objectives. Moreover, the first objective directly focuses on improving SME competitiveness and growth by transforming SMEs into agile players with improved

productivity, better quality products and resiliency to compete in the global economy. The report points out that with productivity levels estimated to be about **45 to 60%** (mainly in the garment manufacturing sector) as compared to **more than 85%** in larger enterprises, SMEs are showing the characteristics of sluggish players. Another damning figure revealed in the Master Plan is that **over 80%** of small establishments are not exporting and **are not being supported** to develop export quality products and services.

Ladies and Gentlemen,

There are so many complementary dimensions to the quest for better quality. They generally include:

- i.* the ***organizational and management aspects of SMEs***, including the production processes, logistics and relations with clients;
- ii.* the ***products***, which consist of either goods or services. For example, when it comes to products, it is essential to adopt international standards and to comply with regulations regarding rules of origin, sanitary and phytosanitary measures, etc.
- iii.* the ***quality of the business environment*** refers to the constraints that influence transaction costs, such as the regulatory environment, export procedures and documentation, infrastructure bottlenecks, certification costs, Internet access and the cost of export credit insurance

Thus, **all parties**, be it entrepreneurs, the private sector, trade support institutions and Government will have to toil to be able to honour their respective parts in the realisation of this culture of quality in the SME landscape.

In this context, TradeCom II is **a commendable empowerment programme** which will, undoubtedly, give the necessary tools and impart knowledge to our SMEs for the implementation of measures focused on quality and competitiveness in order to access the global market. I am particularly pleased to note that a **“Quality Manual”** has been developed by the Quality Consultant for this project,

in collaboration with the **Mauritius Standards Bureau, Mauritas and SGS**. The Guide, which you will have the opportunity to discover during this workshop, provides information on the quality infrastructure and standards that can be adopted by SMEs to enhance competitiveness and increase market access.

I am pleased to note the comprehensive nature of the current programme when it comes to promoting exports among Mauritian SMEs, and more particularly Women and Young Entrepreneurs, and enhancing the business environment of the country in the framework of the i-EPA Implementation. I would particularly like to highlight the projects of upgrading Business intelligence capacities through the strengthening of the monitoring cell covering national and regional needs, and of providing assistance in the setting up a **European Business Information Centre (EBIC)** for supporting business linkages with the EU market.

Another major feature of the TradeCom II Programme will be the awareness campaigns about trade opportunities and benefits under the i-EPA and the Trade Facilitation Agreement.

Ladies and Gentlemen,

I have been informed that 32 SMEs have been selected to participate in the project. It is worth noting that **7 of these 32 SMEs** were selected in the context of the **SME Innovation Award** organised in 2017 by the Business and Enterprise division of my ministry and that **6 of them** were among those awarded for their efforts in terms of product or process innovation. I am thus very optimistic about the output of this project and I furthermore think that the future is bright.

I would like to express my sincere gratitude to the European Union Delegation for its continuous and unflinching support to Mauritius. This specific project under Trade Com II is yet another testimony of EU's commitment to support our development endeavours.

Such an empowering project can but inspire the SME sector and the business community at large in Mauritius to embrace a new economic cycle based on increasing quality, focusing on innovation and boosting exports.

Before concluding, I will urge all stakeholders to make the most of the range of highly specialized technical services provided by the team of experts involved in the implementation of this project. I am confident that this workshop will act as a **valuable springboard** for the next phase of engagement with our European and regional trade partners on further initiatives for moving our relationship forward.

Allow me to borrow the words of **Debashis Sarkar**, an award-winning author and management consultant, who rightly pointed out, I quote - **“Quality is the biggest differentiator for your business”** - End of quote.

I wish you fruitful deliberations.

I have the pleasure to declare the workshop open.

Thank you.

S.B