

D22 of 08.08.16

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(3.36 p.m.)

**The Minister of Business, Enterprise and Cooperatives (Mr S. Bholah):** Madam Speaker, allow me first and foremost to commend the hon. Minister of Finance and Economic Development for the pragmatic approach he has adopted in the formulation of the 2016-2017 Budget.

This Budget marks a turning point in how it has been presented. It stands out as being studiously articulated around 10 key strategies, each accompanied by a forceful and wide-ranging set of measures that are aimed at meeting the expectations of the Mauritian population.

In the face of a sluggish economic context as accentuated by Brexit and Eurozone concerns, the hon. Minister of Finance and Economic Development has judiciously sought to strike a balance between promoting economic growth and social responsibility, while maintaining fiscal discipline.

With this Budget, the Government has hit the bull's eye as it has the merit of being a concrete response to the population's economic and social emergencies. Priorities have been well identified and practical solutions have been brought forward to act upon them. Crafted to give a new impulse to the economy, Budget 2016-2017 paves the way for the adoption of a new economic cycle focused on innovation, boosting exports and private investments. It clearly enunciates a new spirit geared towards public sector reform, notably with enhanced business facilitation and acceleration of public investment in the digital field, a new orientation which is ambitious but sorely needed.

The high point of the 2016-2017 Budget, Madam Speaker, is undoubtedly its social penchant, with a bold and distinct inclination to cater for our fellow citizens who are at the lower rung of the social ladder. This Government has pledged to fight poverty and to empower those families so that they can move up the ladder. This commitment underpins the core philosophy of this Government and some strong social measures taken in this Budget

eminently translate this vision. The hon. Minister of Finance has taken an unprecedented decision – that of eradicating absolute poverty in Mauritius by introducing a new scheme under which every adult on the Social Register will be entitled to a monthly subsistence allowance based on a minimum threshold of Rs2,720 with a maximum threshold of Rs9,520 for a family of two adults and three children along with a designed programme to get out these people of the poverty trap.

Madam Speaker, this is higher than our current threshold of Rs6,200 and 40 per cent higher than that advocated by the World Bank. Isn't that an unambiguous proof of this Government's sincere commitment when it comes to providing a decent quality of life to our most unfortunate citizens?

As stated by the hon. Minister of Finance and Economic Development and I quote -

“The challenges of tomorrow cannot be met with our mindset, policies and actions locked in the paradigm of yesterday”.

The harmonious blend concocted to meet economic as well as social imperatives indeed sets Mauritius on a new course of its development path. And above all, this budget, with its diversified nature, has, on top of having an invigorating effect, has created a feel-good factor among various strata of our society, that is, the business community as a whole, youngsters, households and the underprivileged, amongst others.

For more than half a century now, Gross Domestic Product (GDP) and its predecessor, Gross National Product (GNP), have been reasonably accurate metrics used to measure a country's economic performance and its ability to produce wealth for its citizens. It naturally takes center-stage in the present context, as members of the House are keen to debate about the 2016-2017 Budget. There have been and there will be traditionally numerous speculations and comments about the GDP forecast made by the hon. Minister of Finance in his Budget Speech. This is part of the game, given that GDP has always been a powerful benchmark to guide economic development.

Madam Speaker, I have listened carefully to many interventions in this House and I will refer to the intervention of hon. Reza Uteem. In his opening speech, which was - I must admit – delivered in a very nice tone. He criticised in a very constructive manner, I must say,

most parts of the debate and I understand him being a Member of the front bench of the Opposition. I will state an extract of his speech where he says –

“However much I would like to believe the hon. Minister of Finance and Economic Development, Madam Speaker, no one, no economist, no report from local bank, not even the Bank of Mauritius is expecting GDP growth to exceed 4.0 per cent.”

And he goes on to say –

“And, with the full effect of Brexit yet to be felt, with a downward revision of global growth by the International Monetary Fund, I am afraid that the 4.1 per cent growth is likely to be a mirage.”

This is what he said. Well, the 4.1 per cent which the hon. Minister of Finance has stated in his budget is taking into consideration the various points he has enunciated. Neither the IMF nor the Bank of Mauritius had these information beforehand before predicting this. At the same time, I have in a previous intervention in this very House stated that figures are figures and I had already stated that any fruits coming from a good economic performance are not necessarily cascaded to the downtrodden people. I have given many examples of countries that are cited in the BRICKS economies and I must go and state today how the GDP came forward. It was back in 1934 when an Economist called Simon Kuznets delivered a report to the US Congress and at a time when the US economy was promising, there was no available data, so he came with a report and he stated about national income. There the question of national income and later GDP came into concept. It was at a moment of crisis as I said. But in this report, there was a warning which most nations and economists tend to ignore today. It is stated that -

“The welfare of a nation can, therefore, scarcely be inferred from a measurement of national income”.

He further stated that -

“GDP is a tool to help us measure economic performance, but it is not a measurement of our well-being.”

This is what he said.

We have simply ignored Kuznets warning. We live in a world where GDP is a benchmark of success in a global economy. Politicians boast themselves with GDP going up. Unfortunately, the world is marching to the drumbeat of GDP.

Now, we have to turn to a measurement revolution and it is here that this social progress index comes into play. The social progress index is a measurement of a society completely separate from Gross Domestic Product (GDP). It is based on three dimensions –

- (i) Basic human needs for survival. Here, any nation must take into account if it can provide nutrition and basic medicines to its population, water, sanitation, shelter and personal safety;
- (ii) Access to building blocks to improve their lives. The elements which are incorporated here are education, information, health and sustainable environment, and
- (iii) Does everyone have a chance to pursue his goals and dreams?

Again, this encompasses human rights, freedom of choice, inclusion and access to advanced education. I believe that if it takes into account all these dimensions then we can say that the fruits of a good economic performance are being enjoyed by all the people.

However, despite GDP's success as the key indicator for any society, more and more modern policymakers across the world are questioning this metric's exclusionary focus on economic factors at the expense of other social elements. Let us take the case of oil-rich States in the Middle East – they may have the highest levels of GDP per person, yet they lag behind in terms of civil rights, education and a host of other quantifiable and desirable measures.

I believe that including the consideration of social factors when assessing a nation's performance is more reflective of reality. A country's destiny depends on its degree of economic growth as well as the well-being of its population and of its potential for sustainable development. In this perspective, this budget reassures us as - with, for example, a well-rounded Marshall Plan against poverty, we observe that we are in line with this more holistic approach about a country's overall situation.

Economic growth has lifted many Mauritians out of poverty and improved the lives of many more over the last decades, particularly following the Economic Miracle accomplished

by the present Leader of the House during his prime-ministership in the 80s-90s. Yet, with numerous new challenges shaking our society, it is increasingly evident that a model of development based solely on economic progress is incomplete.

Economic growth alone is not enough. A society which fails to address basic human needs, equip citizens to improve their quality of life, and provide opportunity for its citizens is not succeeding. We must widen our understanding of the success of societies beyond economic outcomes. Inclusive growth, which is on top of the agenda of this Government, indeed requires achieving both economic and social progress. That is indeed why almost 50% of the Rs117.4 billion earmarked as expenditure for the fiscal year 2016/2017 will be allocated to such items as social protection, education and health, which are critical to a nation's well-being.

I will thus today urge all MPs as well as external analysts to think out of the box while debating about the 2016/2017 Budget and to go beyond the sole consideration of GDP. Let us call a spade a spade – Gross Domestic Product has too often been inappropriately used as a measure of national well-being, something for which it was, in fact, never designed.

I would like to draw the attention of the House about the Social Progress Index (SPI), which claims to have created a new way of assessing our society beyond GDP. I find it quite revealing that this new measurement index to help quantify social progress, separate from economic indicators, has been developed by the business community itself. This should reassure the sceptics.

I acquainted myself with the 2016 Social Progress Index which includes 133 countries covering 94 percent of the world's population. Finland is this year's top performing country, followed by Canada, Denmark, Australia and Switzerland in order. The US ranks 19<sup>th</sup> and has lost grades compared to last year's index. Mauritius ranks 40<sup>th</sup> and is located in the Upper Middle Social Progress category, a diverse group achieving a good performance overall, ranking in the top half of countries globally, but with several areas of improvement which have been thoroughly addressed in the 2016/2017 Budget: access to ICT and advanced education, health and wellness and inclusion, amongst others.

It is laudable that the hon. Minister of Finance and Economic Development has come up with a Budget that will trigger growth that benefits all segments of society, rather than growth at all costs. While debating on the Budget, we should assess our country's success in turning the projected economic progress into improved social outcomes for our fellow citizens. Instead of making a fixation on GDP solely, we should truly care about economic growth that goes hand in hand with the imperatives of meeting basic needs, improving the foundations for wellbeing and creating opportunities for our people. Indeed, it is by understanding the relationship between economic development and social progress that we will be able to build a successful, united Mauritian community.

Madam Speaker, I now come to my field of predilection, that is, SMEs. I am particularly thankful to the hon. Minister of Finance and Economic Development and the Budget team as the recommendations of my Ministry as well as of entrepreneurs in general have not fallen on deaf ears.

MSMEs have gone through rough seas for the past few years, particularly with ever-growing competitive environment generated by globalisation. With the 2016/2017 Budget, I am confident that they will indeed breathe a sigh of relief. They are placed at the very front of the stage since the dynamism of local entrepreneurship and its capacity to generate wealth are clearly recognized. SME parks, matching grants and improved access to capital will definitely give a boost to the sector of micro, small and medium businesses.

At this stage, I wish to point out some of the key measures benefiting the SME sector translated into figures: three years suspension on trade fees for licenses up to Rs 5,000 and below; eight years tax holiday for start-ups registered with SMEDA; four years tax holiday for enterprises registered with SMEDA having less than Rs10 m. of turnover effective as from 01 July 2016; three years extension for the SME Financing Scheme, with an interest rate to be brought down from 7.4% to 6%; Rs50 m. grant under the National SME Incubator Scheme; Rs100 m. line of credit for factoring services; Rs500 m. into an SME Venture Capital Fund and a 40% reduction in air freight costs to Europe in the textile and apparel sector over a two-year period. Those figures are eloquent and their potential beneficial impacts are obvious!

Moreover, to the great satisfaction of our entrepreneurs, the Leasing Equipment Modernisation Scheme (LEMS) is being reintroduced to facilitate the financing of new

equipment and state-of-the-art technology for manufacturing enterprises that lack the credit or the required collateral to access traditional forms of financing. The Budget equally poses ground works for a transition to the next phase of economic prosperity with the advent of the digital revolution. A critical measure is indeed the VAT exemption on 3D printers, from which all SMEs will benefit. The idea is to provide all companies with the possibility of having access to modern and high-precision production techniques, thus facilitating the adaptation of their products to a highly competitive market.

During my consultations with entrepreneurs, Madam Speaker, the issue of market access has often cropped up and I have always urged them to turn to export. Most of the time, they would legitimately bring forward all the barriers and hassles they are confronted with, engaged in complex export procedures. In this perspective, the setting up of a national e-commerce platform by MEXA, together with Government, will be a gateway to the rest of the world as it will connect consumers from all over the world to the export-ready products of our SMEs.

The projected outcome of such measures is recognizable. Such a strategy which consists in facilitating access to technology for SMEs is about fostering a wave of modern entrepreneurs. Our economy is ripe for change and is entering a new cycle and for this to happen successfully, we indeed need a class of entrepreneurs that is equal to the challenge, and who are well equipped to succeed in the most sophisticated of markets.

The 2016/2017 Budget also makes provision for a series of measures geared towards an appropriate matching of skills. The skills mismatch is a sad reality that significantly affects our SMEs, particularly in technical sectors like woodwork or handicraft. Via this Budget, Government is putting emphasis on training as a prerequisite to address the skills mismatch. Some 4,000 persons will be enlisted under the National Skills Development Programme for training in technical skills that are in high demand. And so as not to do things by halves, the Budget also makes provision for the reinforcement of the corresponding legal framework for the Technical and Vocational Education and Training and the setting up of a Skills Development Authority as an independent regulator.

Madam Speaker, well aware of the constraints that some regulations represent for small businesses and entrepreneurs, the hon. Minister of Finance and Economic Development has rightly laid emphasis on the possibility of removing unnecessary burdens at this level.

Less administrative overheads will definitely help small businesses to focus on growing rather than on tickling regulatory boxes. Last year, Government removed and simplified around 70 permits or clearances. We also set up MyBiz, the SME One Stop Shop, to act as a single window for all licenses, permits and other clearances required by entrepreneurs. This year, we are going further by, for example, suspending trade fees for licences, as already mentioned, except for those engaged in activities such as gambling, and sales of liquor and cigarette. This measure, Madam Speaker, will benefit new businesses and some 75,000 existing businesses.

Since I have been serving as Minister responsible for the SME sector, I have been concerned by the high rate of mortality among start-ups. Indeed, seven out of ten start-ups generally die prematurely for a variety of reasons ranging from lack of entrepreneurial know-how to problems accessing markets. It is in this context that a Business Incubator was launched few weeks before the Budget in Mahebourg. This new infrastructure provides mentoring services to support young and innovative entrepreneurs and to help them find solutions to their problems. I hereby wish to express my gratitude to the hon. Minister of Finance and Economic Development for supporting my Ministry in this mission through the National SME Incubator Scheme. The Rs50 m. grant under this scheme will be a thrust with regard to our commitment to increase the lifespan of those start-ups which will shape the future entrepreneurial landscape of our country.

Madam Speaker, as stated before, the sectors in which our MSMEs are operating are already experiencing unprecedented challenges as a result of trade liberalisation in line with the globalisation process, the World Trade Organisation regulations and the dismantling of safety nets like the Multi-Fibre Agreement or the Sugar Protocol. This situation is further aggravated by very tough competition from imported and imitated products from low cost countries, in particular China. Despite this difficult context, the Government has, once again, and rightly so, propelled this sector to the forefront of the economic landscape.

In a climate of global uncertainty, Mauritius has no choice but to continue to transform its economy to maintain the rapid pace of growth from the previous decade and take it to the next level. As we move towards becoming a high-income economy, the SME sector is being called upon to become the main source of growth, output and employment. To pursue such challenging targets successfully, it is obvious that we need the most adapted, dynamic and proficient resources.



The mission of the Business and Enterprise Division of my Ministry is to act as a facilitator and catalyst in the promotion, development and growth of a globally competitive and innovative SME sector through the creation of the appropriate legal, institutional, operational and financial framework. My ministry has been, up to recently, endowed with a single entity, the SMEDA, to materialise and implement all actions to be taken within this framework. As per the SMEDA Act, this institution is supposed, *inter alia*, to provide a service delivery network which increases the contribution of MSMEs in the national economy and enhances the contribution of MSMEs in the national economy and enhances economic growth; devise and implement development support programmes and schemes for SMEs; facilitate, assist and provide the necessary support to SMEs to gain market access and business opportunities, and to compete successfully in the national and international markets.

I must say that great was my disappointment when I realised, simply after a few weeks in office, that SMEDA is, in fact, an ailing organisation mired in a deep state of apathy and paralysed by its own bulkiness. Years and years of mismanagement, malpractices and absence of strategic direction have borne this consequential legacy, which is in sharp dissonance with the ambition of this Government to make the SME sector become the engine of our economic growth.

It is a fact that the success of the activities provided by SMEDA to our SMEs is very much mitigated, and most importantly, it does not inspire trust and confidence among its main public, that is, our entrepreneurs.

One of the highlights of the 2016-2017 Budget is the determination of the Government to embark on a series of timely reforms aimed at restructuring public service institutions, including SMEDA, in a bid to increase efficiency. The sector will definitely benefit from the merger between SMEDA, Enterprise Mauritius and the National Women Entrepreneur Council – those three institutions having either overlapping or complementary functions when it comes to enterprise development. On top of leading to a rehabilitation of SMEDA in its current form, the new institution that will emerge from this exercise ought to transcend the efficiency problems arising from the duplication of roles and the fragmentation of operations, as it has been the case to date.

A word of caution, however. I wish to draw the attention of the House and of all the stakeholders involved, without exception, that we have no choice but to get it right from the

very beginning when it comes to the merger process. One of the fundamental reasons behind the inefficiency of SMEDA is that it is a bulky organisation with more than 100 employees, three-quarter of which is composed of redundant administrative positions. This is mainly due to the result of the merger in 2005 of the then Small and Medium Industries Development Organisation (SMIDO) and the National Handicraft Promotion Agency (NHPA) into the Small Enterprises and Handicraft Development Authority (SEHDA), which was later renamed as SMEDA.

Prior to the merger, SMIDO had 45 employees and NHPA had 67; SEHDA was set up with all these employees without any attempt to create a common working culture and to propose a conducive structure for the organisation to deliver according to its redefined mandate, as provided in the Act. A reduction of 48 employees was proposed following the merger, but had not been acted upon. A new Act was proposed in 2009 to set up the SMEDA, and once again, the relevant authorities failed to address those severe institutional capacity weaknesses. The consequences of such a *'laisser-tout-aller'* were inevitable, but it is a pity that it is the community of entrepreneurs who has been the most acutely affected by the irresponsibility of successive previous regimes.

A Government that aims at bringing sustainable change and propelling SMEs as a major driver of the economic development of our country does not have the right to repeat the same mistakes made by previous governments. Indeed, the greatest loss that most mergers suffer is not due to a poor match, but rather to poor post-merger implementation.

As far as I am concerned, I am determined to take all adequate measures to ensure that the SMEDA-EM-NWEC merger is carried out *'dans les règles de l'art'* for it to function in the context of an optimum structure, with the required skills and with a performance-oriented approach.

A merger has to be viewed as an exercise of value creation. The fundamental premise of this merger is that the merging entities, that is, SMEDA, Enterprise Mauritius and NWEC, will undeniably be more valuable together than they are separately.

The overarching objective of this major reform, Madam Speaker, should be to re-integrate and strengthen that forthcoming institution's capacity to formulate and develop enterprise policy. I am conscious that we will need to clearly define the specific value that will have to be created for entrepreneurs from this merger. I am among those who strongly

believe that the relationship between citizens and the State is the key feature in any democratic society. Since now, the relationship between SMEDA and entrepreneurs has been fractious and marked by dissatisfaction. The merger will provide us with a golden opportunity to recraft this relationship, in particular by ensuring that it is designed to deliver encompassing, quality services to entrepreneurs, and to contribute effectively to the accomplishment of the economic agenda of the Government.

The institution that will be born from this merger will have no choice but to be the preferred point of contact of entrepreneurs of all horizons when it comes to support and advice in the fields of enterprise development, access to markets and business opportunities. This is a must, and I will be intransigent about this aspect.

Madam Speaker, on another note, my Ministry is fully engaged in informing and training our entrepreneurs through different workshops on how to develop the export-readiness of their products and services, notably due to the restricted size of the local market. This was, however, without counting the shock waves sent to the whole world from the decision of 17.4 million voters in the United Kingdom to leave the European Union (against 16.1 million voters opting to remain). Mauritius is no exception. Many think that Brexit has caught us on the wrong foot with regard to our export-oriented policy.

The Government as well as the business community have indeed expressed their concern about the potential impact of Brexit on our country's economy and on our enterprises. The EU has been the main destination for our top exports for the last five years, with the UK, which represents 12% of our total exports, topping the list. Our main exports to UK in 2015 have been textile and garments, about Rs4.9 billion; fish, Rs2.1 billion, and sugar Rs1.1 billion. Stakeholders affirm that our export proceeds from the UK will be affected by 10% due to exchange risk only. A recent study of the Mauritius Exports Association (MEXA) states that our textile sector will be particularly affected, with significant losses to be expected and about 2,500 jobs in jeopardy.

It is quite clear that the negative impact of Brexit on the Mauritian economy is inevitable. Does this mean that we should resign ourselves to simply accept this state of affairs and endure the turmoil patiently without seeking for new avenues? This, in fact, is the worst-case scenario that we could inflict ourselves and the most counter-productive attitude that we could adopt.

According to Article 50 of the Treaty of European Union, the withdrawal of the UK will be effective after a transitional period of two years following UK notification. Without saying that we should thus sit back and relax as we will continue to trade on a duty free and quota free basis with the UK as per the Interim Economic Partnership Agreement during that period; there is no need, however, for us to give way to panic. This transitional period is a breathing space that ought to be wisely used and maximized upon, notably by adopting a strategic and proactive attitude. This is, in fact, the opportune moment for us to think big by finding ways to improve our productivity, diversify our markets, sharpen our economic diplomacy strategy and explore promising sectors.

In his answer to the Private Notice Question of the hon. Leader of the Opposition on 28 June, the Rt. hon. Prime Minister stressed on our need to continue diversifying our export and export markets, our aim being to move from being a Euro-centric exporter to a more diversified export and tourism-based economy.

Already, with increasingly diversified trade and investment ties with the United States, China, India as well as various African, Middle Eastern, and other Asian countries, our country is slowly but surely paving the way for it to be less economically dependent on its historical partners in Europe. This policy has already started to bear fruit as latest figures show that over the last five years, whilst Europe remained our main export market, its overall market share has significantly decreased from 72% to 55% as a percentage of the total domestic exports.

To build on this positive trend, economic diplomacy, which occupies a prominent place in this new era, will be crucial. The hon. Minister of Finance and Economic Development has extensively catered for this aspect. Since there is an urgent need to expand our economic space, the Budget makes provision for seven more economic counselors who will be posted around the world to promote our country and explore new markets for our products and services.

Madam Speaker, the USA is one of those new markets. According to the IMF, the USA is among the countries to be least affected by Brexit – its economy is expected to grow by 2.2% in 2016 and 2.5% in 2017. This is good news for Mauritius, particularly with regard to AGOA, which has been renewed to 30 September 2025, we have nine years more to go, and which provides us with the opportunity to benefit from an average of 17.5 per cent

customs duty advantage relative to non-African suppliers. We need to free ourselves from euro-centrism when it comes to exports? AGOA, without being the panacea, is a valuable option. Our exporters, who have traditionally been euro centric, therefore, have to make the efforts required to familiarize themselves with the pipeline structure and behaviour of the U.S. clothing market. According to information that I have, the imports of U.S. from AGOA represents only 2 per cent of its total imports and from this 2 per cent the main chunk comes from South Africa in terms of vehicles which land into the USA duty free and quota free. This only shows the big potential lying ahead and, unfortunately, we have just been relying on the U.S. clothing market where AGOA has so many, some 5,000 to 6,000 items on which we can capitalize.

Moreover, so as to fully take advantage of AGOA, we need to shake up the misinterpretation as to the fact that AGOA is basically concerned with textiles and apparel – there are, in fact, 7,000 products eligible under this agreement, with newly-added products comprising, *inter alia*, previously excluded items such as footwear, luggage, handbags, watches, etc., i.e. things that can be produced in Mauritius.

Now, given the size of the island and the constraints on resources, it might not be feasible or it would be naive for Mauritius to consider too large an array of products for export under AGOA. Our entrepreneurs should instead focus on those goods where they can create a niche. Some of the main products that Mauritius could focus on are jewellery and watches, given that our entrepreneurs already have some expertise in the manufacture of these.

The potential of Africa as a reliable partner should not be overlooked. The 2016-2017 Budget precisely advocates to continue to build on our Africa strategy where we have made concrete progress in the past year, with the signing of agreements with Senegal, Madagascar and Ghana for the establishment and management of Special Economic Zones.

Madam Speaker, we are members of SADC and COMESA, which, according to me, are a breeding ground for our SMEs. Figures from 2010 to 2015 show that there has been a notable increase in domestic exports to the SADC and COMESA Member States, moving from 12% to 18%. South Africa stays the main regional export market followed by Madagascar, Kenya and Seychelles. South Africa and Madagascar together make up for 84% of total domestic exports to the region and this fact pinpoints the untapped potential in the

SADC/COMESA region. For example, our paint industry has an important role to play in the coming years for the development of Mauritian exports, particularly in the countries of the SADC, COMESA and the Indian Ocean Commission (IOC).

In addition, the conclusion of the Continental Free Trade Area negotiations in 2017 will bolster intra-regional trade through the creation of a wider market, increased investment flows, enhanced competitiveness and development of cross-regional infrastructure. The CFTA comprises the three largest regional economic communities (RECs) in Africa: the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the Southern African Development Community (SADC) and will cover some 6,000 products. It is expected to create an enabling environment for regional trade through the creation of a single economic space bigger than any of the individual three RECs. It is, therefore, imperative that local entrepreneurs take advantage of the enlarged market within the entire region.

The potential of these sizeable markets (the USA, SADC, COMESA, CFTA) undeniably augurs well for Mauritian exporters. And icing on the cake: as per the 2016-2017 Budget, Mauritius will finalise the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) and Preferential Trade Agreement (PTA) with India, adding to the existing PTA with Pakistan, thus, ensuring a confident entrance for local exporters in Asia.

On top of diversifying our markets, new sectors are beginning to surface. Indeed, a number of new products such as Animal Feed, Printed Materials and Medical/Surgical Instruments were ranked among our top 10 exports in the year 2015. New markets and new export sectors, at the end of the day, the future does not look that grim, provided that all parties pitch in to make things happen.

After all, we should not be under any illusions. We all know that there has never been a level playing field for Small Island Developing States (SIDS) like Mauritius in the process of globalization and being aware of our vulnerability to external shocks, we have always been used to take up such challenges and to confront change. Mauritius is a resilient country and we know that together, we have the capacity to develop adequate mechanisms to adapt to this new economic configuration. This Budget is helping us to build on this resilience by finding ways to improve our productivity, diversify our markets, sharpen our economic diplomacy strategy and explore promising sectors.

Madam Speaker, I will now turn to the cooperative sector. The cooperative sector or the cooperative movement is over a century old. In fact, the first cooperative society was set up in 1913 and, evidently, it was in the sugar cane sector. So, today, the cooperative movement is 103 years old, we can say. There have been other cooperative societies in the sugar cane sector itself, in the tea sector, in the agricultural sector, in the production of fruits, vegetables, in fishing, in transport and also Cooperative Credit Unions.

However, this sector has not known much progress and the Rt. hon. Prime Minister always reminds me that if this sector, the cooperative movement, would have been taken care of in the right way, it would have been a powerhouse in the economy of Mauritius and I agree fully with him.

We have done much to reactivate the activities for the cooperative sector and this sector has not attracted our youth for various reasons. The cooperative stores, the retail shops, have almost disappeared in Mauritius and there used to be, if not, maybe hundreds of cooperative retail shops in each village and in each town as well. Added to this, there has been the advent of the failure of the Mauritius Cooperative Credit Bank (MCCB) and, thereafter, the Mauritius Post and Cooperative Bank (MPCB). *Et comme dit l'adage 'jamais deux sans trois'*, there has been the case of the Vacoas Multipurpose Cooperative Society last year, *qui va rester quand même dans les annales du mouvement coopératif après la MCCB et la MPCB*.

Now, coming to MPCB, the Mauritius Post and Cooperative Bank, this was set up in 2001. Of course, the Rt. hon. Prime Minister was Prime Minister at that time, hon. Paul Bérenger was the Minister of Finance and hon. Pravind Jugnauth was the Minister of Agriculture. I was on the Board of the Sugar Investment Trust (SIT) as Chairperson. When this bank was being set up to give a new boost to the cooperative movement as far as the financial institution is concerned, the SIT approached hon. Bérenger and offered to participate in the shareholding of the MPCB to the tune of 10%. Hon. Bérenger was quite surprised and, of course, he said that he never thought of such a help in putting up a financial institution for the cooperative movement and he welcomed the idea so much so that he offered the then Chief Executive of the Sugar Investment Trust to be the first Chairperson of the MPCB.

So, the MPCB was set up in 2001 and the rest is history; we all know what happened. But what is sad, Madam Speaker, is that today when I am in the process of reviving the

cooperative movement, the cooperative movement does not have a financial institution today. The Vacoas Multipurpose Cooperative Society could have been at the centre point in terms of financial resources, a bank proper for the cooperative movement. This has also failed.

*(Interruptions)*

Which is more sad, Madam Speaker, is that all the depositors of the Post Office Savings Bank (POSB) who have been merged with the MPCB, have also been deprived of a bank as such. Needless for me to comment on SIT! My colleague, the hon. Minister of Agro-Industry and Food Security is here. Back in 2001, every effort was made, starting from the Rt. hon. Prime Minister, with hon. Bérenger as Minister of Finance and hon. Pravind Jugnauth as Minister of Agriculture to, again, give a boost to SIT. We acquired some 7,000 acres of land at Rs125,000 per *arpent* and this group is to become one of the main institutions for planters, for the workers of the sugar industry. Today, we do not recognise this SIT. As former Chairperson of SIT, I am very sad today.

*(Interruptions)*

**Madam Speaker:** You can ask this question when you intervene!

**Mr Bholah:** However, at the level of my Ministry, we are doing our level best to reignite the flame in the heart of co-operators. In this vein, I can list a number of actions that I have already taken. For example, we came up lately with a book which we named ‘Top 100 Cooperatives’ which was well acclaimed and which gives a lot of visibility to the whole nation as to what the different cooperative societies are doing in this country. We have also launched a Directory of cooperatives which depicts all the services and the addresses of the different cooperative societies.

We have set up a Tertiary Cooperative Society called the Mauritius Cooperative Alliance. The structure of the cooperative movement is such that at the base level, we have primary cooperative societies and then cooperative societies of the same segment of economic activities are grouped into federations. This is the second layer. Now, to complete the third layer which looks after the interests of the whole cooperative movement, we have created and set up the Tertiary Cooperative Society, the Mauritius Cooperative Alliance.

Year after year, we are launching the Mauritius Excellence Award for cooperative so as to reward the best performing cooperative society. We have also set up the Law Advisory Committee, which is in law, but which has never been set up by any Government previously.



We have also organised a lot of markets so that many cooperative societies can exhibit and sell their products in the different cooperative sectors in the different cooperative societies.

We are in the process of reviewing the law. The present law dates as far back as 2005 which was brought forward by the then Minister of Cooperatives, hon. Koonjoo. This also is being looked into. We are in the process of computerising the Ministry and I am happy that the Minister of Finance and Economic Development has provided for funds in this respect. Again, in order to train and sensitise people in the cooperative movement, we are putting up a National Cooperative College at Bois Marchand. Again, I am very thankful to the hon. Minister of Finance and Economic Development for giving us the appropriate funds.

Madam Speaker, more will be done in this cooperative sector. At the level of my Ministry, I am doing my utmost to again build up the image of the cooperative movement in Mauritius. I am happy that the Rt. hon. Prime Minister has been encouraging me since I assumed duty in this Ministry and we believe that with the help of one and all, we will be able to again project a good image for the cooperative movement in Mauritius.

With this, I thank you.

**Madam Speaker:** I suspend the sitting for half an hour.

*At 4.30 p.m. the sitting was suspended.*