



**Financial Services Commission  
Mauritius**

***Mauritius: The Financial Gateway to Africa***

**24 October 2011**

**Good afternoon Ladies and Gentlemen**

Most certainly you would have had a fruitful morning and it is my pleasure to contribute to your deliberation.

There is no need for me to convince you that Africa is the Land of Opportunity.

**Africa: Land of Opportunity**

Africa – is important for minerals and agricultural resources as well as for those seeking new market opportunities.

- Second largest continent, it covers about 30 million sq km or about 22 per cent of the world's total land area.
- The fastest urbanising continent in the world - Population of 840 million.

**Growth by regions (real GDP growth in percentage)**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Africa</b>	3.1	4.9	3.7	5.8
Central Africa	2.6	4.7	5.3	5.7
Eastern Africa	5.7	6.2	6.7	6.7
Northern Africa	3.5	4.6	0.7	5.1
Southern Africa	-0.5	3.3	4.5	5.5
Western Africa	5.6	6.7	6	6.8

**Source:** African Development Bank.

**Source:** 2011 African Economic Outlook, African Development Bank

For the last fifteen years, I have been travelling there and spent the last five on the Continent. The development in these last few years despite the crisis has been one of growth. My own experience in Africa has been one in infrastructure, utilities,

agriculture, mining and of course financial services which act as the vehicle for funding for the other sectors.

### **Why Mauritius?**

Probably, you will need some solid arguments from me.

Yes, I believe that Mauritius is strategically positioned with an economical and business-friendly approach to be the preferred gateway to tap Africa's potential.

Mauritius is an African country and is, excluding South Africa, the only International Financial Centre in the region. Mauritius offers a good and secure living environment, a relatively strong pro-business regulatory environment, as well as well-developed physical infrastructures.

Mauritius is at the heart of regional cooperation – Mauritius is a member of The African Union (AU) and the regional organisations such as Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA), and Indian Ocean Rim – Association for Regional Cooperation (IOR).

	<b>SADC</b>	<b>COMESA</b>
Countries	15 Member states	19 member states
Population	170 million	400 million
GDP	US\$ 471 billion	US\$ 360 billion
Regional Market	US\$ 360 billion	-
Import Bill	-	US\$ 32 billion
Export Bill	-	US\$ 82 billion
Source:	SADC Website	COMESA Website

Source: SADC

### **COMESA**

Common Market for Eastern and Southern Africa (COMESA) promote regional economic integration through trade and investment. 19 member states with population of over 400 million and annual import bill of around US\$ 32 billion with an export bill of US\$ 82 billion

## Why Mauritius as an International Financial Centre?

One of the previous speakers has talked about what attracts foreign investment funds. Mauritius fulfils most of these criteria and in addition, has:

- Strategic Location with political and economic stability
- Favourable/ Strategic Time Zone (GMT +4)
- Modern and Reliable Infrastructure
- Multi-lingual and professional pool of professionals
- Quality and competitive services

It is also worth mentioning that Mauritius has:

*(a) 36 Investment Promotion and Protection Agreements signed – 16 with African countries (Mozambique, South Africa, Madagascar, Sénégal, Burundi, Botswana, Cameroon, Comoros, Ghana, Mauritania, Republic of Congo, Rwanda, Swaziland, Tchad, Tanzania and Zimbabwe)*

(Source: Board of Investment, Last updated 18 October 2011)

*[Except for Cameroon, Mauritania, Swaziland and Tchad, from personal experience, I can vouch for the investment potential of the remaining 12 African countries]*

### **(b) Global reach with extensive Double Tax Avoidance Agreements (DTAAs)**

- 36 DTAAs in force - 13 with African countries (Mozambique, Seychelles, Madagascar, Namibia, Rwanda, Swaziland, Tunisia, Botswana, Lesotho, Senegal, South Africa, Uganda, Zimbabwe)
- 5 treaties awaiting signature (Malawi, Nigeria, Egypt, Ghana, Kenya)
- 3 treaties awaits ratification: Russia, Congo, Zambia

(Source: Mauritius Revenue Authority)

### **(c) Tax Regime**

- Uniform rate for Individuals and Corporate – 15%
- Tax credit for actual foreign tax paid or deemed foreign tax credit of 80%, which makes it an effective rate of 3%
- No tax on: Repatriation of profits, Capital gains, Dividends

## Mauritius - Legal and Regulatory Framework

- In order to regulate such a dynamic market as the financial services sector, characterised by ongoing innovation and organisational evolution, we have considered numerous regulatory aspects, among which, prudential rules and the operational framework.
- We have also widened the scope of application of our laws to accommodate more market players while ensuring a proper regulatory framework to spur the growth of the financial services sector.
- The jurisdiction prides itself with a robust regulatory framework with the right balance between the need for regulation and business development
- Mauritius fully supports international initiatives combating money laundering and terrorist financing such as the Financial Action Task Force (FATF), Basel, the International Organisation of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).

### **“New” Legislation in 2007**

- *Financial Services Act* - The Act has streamlined and consolidated the whole licensing framework for various non-bank financial institutions and financial service providers and has introduced a new conceptual approach to global business to businesses of substance to set up in Mauritius.
- *Insurance Act* - The Act based on IAIS standards enhances the regulatory and supervisory framework for the insurance industry and provides greater protection to policyholders and other beneficiaries.
- *Securities Act* - The Act is based on IOSCO principles and broadens the Mauritius' securities industry.

### **Recently passed legislation – awaiting proclamation**

- Limited partnership Act 2011

### **Forthcoming legislation**

- Foundations Bill
- Pension

## **Mauritius - Competitive Edge and other developments**

**Financial Services Commission** - Integrated regulator for financial services other than banking and global business. The FSC licenses, monitors and supervises:

- Capital Markets
- Insurance and Pensions
- Other NBFIs
- Global Business

I have just come back from the IOSCO EMC annual meeting held in from the Dominican Republic. It is taking some time for the FSC to be signatory to IOSCO MMOU (appendix A), but we are working on it. The Mauritian regulator is known for its sound reputation and for delivering on agreements to which it is a signatory. Integrity, Ethics and Commitment applies to organisations as well as individuals.

Capital Markets regulators also have a role to play in promoting financial stability. As Mauritian regulator for securities, the FSC has been invited to become a member of the FSB regional Committee and FSC will play its role fully.

### **Global Business**

- 153 Management Companies licensed as at 30 September 2011 (out which 26 Corporate Trustees)
- Number of newly licensed GBC's in 2011 for period from January to September 2011: GBC 1's: 802; GBC 2's: 928.
- Currently at end of September total number of licensed GBC's stand at GBC 1's: 10,211; GBC 2's: 16,653
- In 2009, the share of total investment targeted to African countries out of 127 Countries stood at 8.662% and in 2010 the share of total investment targeted to African countries out of 133 Countries stood at 10.305%. Investment targeted to Africa increased from some USD 16 billion in 2009 to USD 27 billion in 2010. (See Appendix 1 below)

### Other Statistics: Investment Targeted to African Countries (USD)

	2009	2010
<b>Investment Holding</b>	11,958,739,145.76	21,398,029,714.76
(% increase)		78.93%
<b>Funds</b>		
<i>Collective Investment Schemes</i>	522,037,076.14	469,834,185.29
<i>Closed-end funds</i>	3,259,356,665.10	4,859,694,499.68
Total	3,781,393,741.24	5,329,528,684.97
(% increase)		40.94%

### Stock Exchange of Mauritius (SEM)

The SEM has been awarded the “*Most Innovative African Stock Exchange of the Year Award*” by Africa Investor in collaboration with New York Stock Exchange on 26 September 2011. The award recognises the numerous initiatives adopted to scale up the operational, regulatory and technological framework of the exchange – such as efforts to establish a platform to list, trade and settle in major international currencies (USD, EURO, and GBP) – as Mr. Sunil Benimadhu, CEO of SEM would have mentioned to you this morning.

### Global Board of Trade (GBOT)

The GBOT, the first electronic multi-class asset exchange in Mauritius is contributing to pave the way for our financial services centre to become the true financial and business gateway between Asia and Africa in the years ahead.

#### Rankings: Mauritius

- 20<sup>th</sup> in the World Bank Ease of Doing Business 2011 Report;
- 55<sup>th</sup> out of 139 countries in the Global Competitiveness Report 2010-2011 of the World Economic Forum;
- 1st in the Mo Ibrahim Index 2011 for good governance in Africa

- Mauritius ranks 9th worldwide (out of 141 countries) and 1st in Africa on the economic freedom scale of Canadian Fraser Institute
- Mauritius ranks 12th out of 183 economies in Economic Freedom by the Heritage Foundation
  - Mauritius is ranked 1st out of 46 countries in the Sub-Saharan African region
- 2010 Environmental Performance Index by Yale University and Columbia University: Mauritius ranked 6th out of 163 countries
- 24<sup>th</sup> out of 167 countries in the Democracy Index 2010 of the Economist Intelligence Unit
  - Mauritius – White List of OECD of 02 April 2009 : Countries having substantially implemented OECD Standards
  - French Government List – February 2010 and FATF List – 2010

## **CONCLUSION: Challenges and Way forward**

### **Challenges**

- All thought leaders seem to believe that tough times lie ahead of us.
- In such macroeconomic environment, a collective effort sustained by close collaboration among all stakeholders is of paramount importance.

Mauritius has to

- create value by being a hub beyond being just a gateway
- ensure efficiency of market and unlock opportunities in Africa
- diversify product base and encourage market penetration of new products coupled with adequate legislation
- maintaining the good repute of Mauritius as a safe jurisdiction
  - this places heavy responsibility on all of us present here today
  - in ensuring the highest standards and ethics.

Thank you.