Investing in Mauritius

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Nation needs to reignite the engine of growth

A lacklustre economy and corruption scandals dominate the agenda, reports *Andrew England*

It was no coincidence that Sir Anerood Jugnauth, Mauritius's prime minister, chose a conference centre at CyberCity last month to deliver the first big economic speech of his latest term of office.

CyberCity, about 15 minutes drive from the capital, Port Louis, in many ways epitomises the strides the small, Indian Ocean nation has taken as it has evolved into one of Africa's most developed, stable and wealthy nations.

Clusters of gleaming, high rise office blocks, housing local and international groups, including HSBC, Deutsche Bank and Standard Chartered, stand as symbols of the economy's diversification from reliance on traditional industries such as sugar and textiles.

Indeed, its economic success in the years after independence from Britain in 1968 earned so much fame that analysts refer to the "Mauritius miracle".

But as the country of 1.26m looks ahead to its next stage of development — with Sir Anerood targeting a "second economic miracle" — a sense of uncertainty has been lingering following lacklustre growth and a spate of scandals.

And Sir Anerood, an 85-year-old political veteran and former prime minister who took office after leading an opposition alliance to a surprise victory in last December's election, is brutal in his assessment of the situation.

"Once again, we inherited a disastrous legacy. During the past nine years, the country had a poor leadership that sank the economy," he told the audience of politicians, business leaders and diplomats in August. "We inherited a country where corruption, nepotism and fraud had become the operating culture."

Such comments clearly have a political dimension. But they were in tune with the "nettoyer" or "clean-up"

Looking festive in Port Louis: business people say the new government needs long-term vision to meet its goals — Dreamstime

message he campaigned on as he led his Mouvement Socialiste Militant (MSM) party back to power — as part of L'Alliance Lepep, a tie up with two other political parties — after nearly a decade of rule by his rival, Navinchandra Ramgoolam, leader of the Labour party.

The pledges to tackle corruption were generally welcomed. And with gross domestic product growth averaging about 3 per cent in the past nine years, there was a palpable sense that a fresh direction was needed.

A report on Mauritius by the World Bank published in June describes the country as being at a "crossroads", saying the government faces "mounting social and economic challenges that will make it more difficult to achieve high-income status in the medium term".

In his August speech, Sir Anerood outlined his government's plans to target average annual growth of 5.5 per cent from 2017 and to raise per capita income, which was about \$9,000 in 2013, to more than \$13,500 by 2018. The plans include revamping manufacturing, developing a so-called ocean economy focused on marine activities, expanding the financial services sector and supporting "smart cities".

There is also a push to tap into the potential of faster growing, less developed nations on mainland Africa.

Yet within business circles there is a perception that the so-called "clean-up" and scandals have distracted from economic policies and development.

Arnaud Lagesse, chief executive of GML, one of Mauritius's biggest conglomerates, says: "They need to take action for the economic development, there's nothing much being delivered."

Other business people say there is a need for a long -term vision and see the "clean-up" as partly being about settling political scores.

The most prominent scandals concern the collapse of British American Investment — a company that the

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Inside

Need for both investment and reforms

Economy Infrastructure is inadequate and there are worries about inequality, writes *Andrew Jack*

Hope for the future: CyberCity

A short drive from the tatty shopfronts and slow-moving traffic of Vacoas-Phoenix in central Mauritius, Jean-Louis Roule, head of CIDP, a pharmaceutical and cosmetic-testing company, sits surrounded by modern art in a slick first-floor office that would not look out of place in the high-tech centres of San Francisco or Boston.

In a neighbouring unit occupied by Quantilab, dozens of sophisticated machines are silently at work, supporting the company's growing international reputation as a centre for anti-doping controls and food and drug safety testing.

Such companies in Mauritius's Biopark offer glimpses of a prosperous and more diversified future. But they remain exceptions at a time when economic growth has slowed and analysts are warning of barriers that may impede renewed expansion.

Gilbert Gnany, chief strategy officer at Mauritius Commercial Bank, forecasts that GDP will expand by 3.8 per cent this year, against an official target of 5.7 per cent for 2015-16. He cautions that the country will need to substantially boost private sector investment to meet such ambitious targets. So far, industry remains cautious.

Some analysts point to structural factors. Since 2010, the World Bank warned in a report this year, growth in Mauritius has slowed while inequality has increased. The report described growth as "disappointing" for the bottom 40 per cent. It called for a restructured education system to be at the core of change.

For much of the period since independence, Mauritius grew strongly, shifting from sugar cane into textiles and fish processing, and then into outsourcing and offshore financial services.

It avoided the disruptions of many of its African peers. Instead there was political stability, relative harmony with the private sector, and an unusually strong social services system offering pensions, free education and health.

The ethnic mix — with a legacy of French as well as British rule, and Indian and European settlers alongside Africans and Chinese — has given the country a strong international outlook. Many of the relatively highly skilled workforce are bilingual in English and French.

> 'Without social peace there is no long-term development'

But today, the advantages of past decades are waning. One former senior official says: "There are two big myths in Mauritius: free education and free health." He and others caution that underfunded state provision and inefficient subsidies have resulted in an outdated system.

That helps explain the social focus of the new government which came to power in December pledging a sharp rise in pensions. "We believe that without social peace there is no long-term development," says Vishnu Lutchmeenaraidoo, the finance minister.

Ministers have called for an emphasis on creating an "Ocean Economy" focused on marine activities, and large-scale infrastructure investment including a series of "Smart Cities".

Yet Mr Lutchmeenaraidoo concedes that meeting election pledges and funding ambitious new projects will require increased tax revenues.

Physical infrastructure has lagged behind growth. The M2 motorway that connects BioPark to Port Louis is frequently clogged with traffic, slowed down by traffic lights and roundabouts.

It passes CyberCity, a cluster of modern skyscrapers, which is impressive from afar. But at the foot of the buildings, employees, who have travelled far from home, struggle to find parking spaces and walk on roads with no pavements to buy their lunch from hawkers.

"The road network is now handicapping the economy and discouraging people from investing," says Gaetan Siew, an architect who is helping co-ordinate the government's Smart Cities programme.

Human capital will be just as important for future plans. A litmus test for the new administration will be its attitude to immigration. It would aid many in the offshore and financial services sector if foreigners could gain residency, employment and the right own land more easily.

In a small island economy, modest policy changes could provide a large boost — or a substantial setback — in the years ahead.

Uncertainty lingers as scandal rocks establishment

Politics

Critics say a government-led 'clean-up' campaign is really about settling political scores, says *Andrew England*

While numerous African nations have endured periods of political turbulence in their post-independence years, the political landscape in Mauritius has tended to be one of stability.

Indeed, the island nation has stood out as a beacon of flourishing democracy for Africa, as the country's political parties have peacefully jostled for power, and, more often than not, ended up divvying up cabinet posts among themselves, as a series of alliances have formed governments.

Yet a sense of political uncertainty has been rippling across the country, nine months after an opposition alliance, L'Alliance Lepep, defied the odds and secured victory at December polls.

"We have had periods of uncertainty before, but suddenly we have fragility everywhere," says a Mauritian commentator.

In large part, the uncertainty is linked to the fortunes of three ageing political heavyweights: Sir Anerood Jugnauth, the prime minister and founder of Mouvement Socialiste Militant (MSM), Navinchandra Ramgoolam, the leader of the Labour party and the man he replaced, and Paul Bérenger, leader of the Movement Militant Mauricien (MMM).

The trio have dominated the political landscape since the nation's founding leader, Sir Seewoosagur Ramgoolam took the helm after independence in 1968. He served until 1982.

The latter's son, Navinchandra, served as prime minister between 1995 and 2000, and again from 2005 to 2014, while Sir Anerood held the post from 1982 to 1995 and 2000 to 2003. Mr Bérenger enjoyed a brief spell in the top office from 2003-2005, in an alliance with Sir Anerood's MSM party.

Now, however, the futures of all three are shrouded in uncertainty at a time when Mauritian politics have been rattled by scandals and controversy.

At 85, Sir Anerood is expected to bow out of politics when his term ends. His son Pravind — who has taken over as MSM leader — is groomed to be his successor. But the younger Jugnauth's political future is in jeopardy, after he was sentenced to 12 months in prison for a conflict of interest relating to a previous tenure as finance minister.

He resigned from his current cabinet post, but proclaims his innocence and is appealing against the conviction.

Mr Ramgoolam's political future has also been cast in doubt after he was provisionally charged with offences including money laundering after police raided his home and seized large sums of money.

He has denied the allegations, and claimed that the money was legitimate funding for his party.

Several of Mr Ramgoolam's former ministers have also been questioned, as the new government presses on with its "clean-up" campaign.

"Never in the years since my childhood has Mauritius gone through such a wildcat, political turbulence," says Arvin Boolell, a senior official in the Labour party and a former foreign minister.

Mr Bérenger's MMM party, meanwhile, has split into three because of his decision to team up with the Labour party and to back Mr Ramgoolam's plans ahead of the elections to amend the constitution to give the traditionally ceremonial presidency more powers.

That was interpreted by many as Mr Bérenger and Mr Ramgoolam pursuing their own power agendas.

"We got a lot of collateral damage, we lost because of him [Mr Ramgoolam]," Mr Bérenger says. Mr Boolell counters that the allegations against Labour party officials have been driven by vendettas and revenge from within the current administration.

"When he [Sir Anerood] came to power, he was hell-bent not on running the country but settling scores," Mr Boolell says.

Government officials dismiss suggestions of a vendetta against political opponents, countering that they were elected on promises to "clean up" alleged corruption.

"The clean-up will continue," says Nandcoomar Bodha, MSM's secretary-general and the minister of infrastructure. "Everything was dysfunctional . . . We never dreamt the cleaning would go so deep."

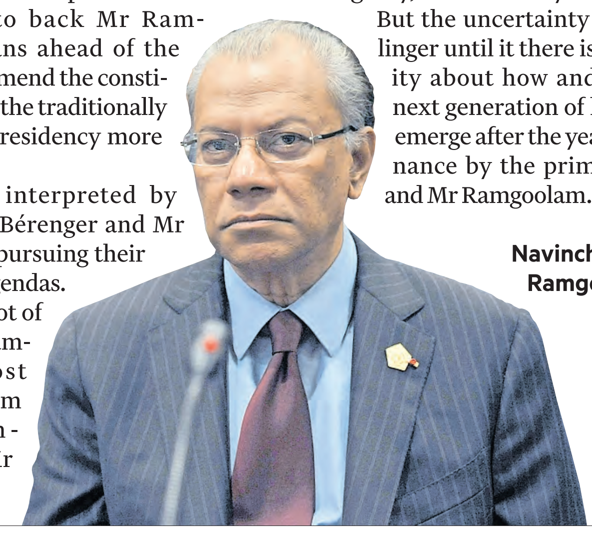
Yet even he was surprised by the MSM-led alliance's victory at December's election, given that it was taking on a rival alliance containing two of the three largest parties — the Labour party and the MMM.

In part, the victory is explained by the fact that the electorate had grown tired of nine years of Labour-led government and wanted change.

But politicians and analysts say there are also signs the traditional role of ethnicity and religion in determining people's voting behaviour could be diminishing.

"People are more idealistic, they want to see things happening, there's a sense of urgency," Mr Bodha says.

But the uncertainty is likely to linger until it there is some clarity about how and when the next generation of leaders will emerge after the years of dominance by the prime minister and Mr Ramgoolam.



Navinchandra Ramgoolam

Nation needs to reignite the engine of growth

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government alleges was involved in a multimillion dollar Ponzi scheme — and the arrest this year of Mr Ramgoolam, the former prime minister, on provisional charges that include money laundering and conspiracy.

In the case of the former, the government revoked the licence of BAI's subsidiary, Bramer Bank, and put it in the hands of state-owned National Commercial Bank. It has also paid out billions of rupees to refund retail insurance policyholders and investors.

Mr Ramgoolam, meanwhile, is the highest profile of a number of former government officials who have been questioned as part of an investigation into corruption and mismanagement.

Separately, Pravind Jugnauth, the prime minister's son and leader of the MSM party, resigned his cabinet post after a court found him guilty of a conflict of interest when he was finance minister in a previous government.

Mr Ramgoolam insists he is innocent of any wrongdoing, while Pravind Jugnauth is appealing against his conviction. But the result is that the two main political groupings are gripped by uncertainty.

In his Cyber City speech, Sir Anerood appealed for patience. But the business sector is desperate to see action in improving education and skills, while also opening up the country to attract high calibre foreign talent.

"They need to build more scale and that means opening the doors a bit," says Anthony Withers, chief executive of Mauritius Commercial Bank.

Mauritius has many advantages. Both English, the official language, and French are widely spoken, and the island has carved out a reputation as a tax-friendly environment with income and corporate tax set at 15 per cent.

But there are hurdles it will need to overcome. An often repeated complaint is the poor state of Mauritius's air connectivity to Africa.

Sir Anerood said he was taking a "personal interest" in looking at the possibility of setting up a regional airline to connect to Africa. He also noted, that while about 30,000 ships pass Mauritius annually, just one in 10 call at Port Louis.

Rama Sithanen, a former finance minister and director of International Financial Services, a private group, says the challenge is that the traditional sources of growth have been exhausted.

He asks: "How do you reignite the engines of growth and how do you draw the lessons of what happened in the past and ensure the growth is inclusive and the prosperity is shared? And can you make it durable?"

And Mauritius's past successes cannot be used an indicator of future prosperity. "The world has changed," Mr Sithanen says. "This is a big challenge for many people, who don't realise the game has changed."

Country vies with larger neighbours to be an entrepôt

Trade As demand stagnates in Europe, Mauritius wants more links with Africa, says *Andrew England*

As Mauritius developed into one of Africa's wealthiest and advanced nations, the island nation's focus tended to be far beyond the shores of its home continent.

With sugar, textiles and financial services the mainstays of its economy, the country's traditional trading partners have been Europe, India and the US. In terms of Mauritian exports only two African nations — South Africa and Madagascar — registered in its top 10 partners last year. For imports, only South Africa makes a showing in the top 10.

But a combination of factors has shifted the mindset of both public and private sectors in recent years and today all the talk is of Africa being a driving force behind the nation's next stage of development. As Europe's economies have seen slow progress and Mauritius's traditional industries have slowed, Africa has produced some of the world's fastest economic growth rates.

Mauritian officials want to transform the island's sleepy port into a key transshipment and bunkering point for Africa and see it become a centre for financial institutions and companies operating on the continent.

"The future has to cater for the connectivity and the link between Africa and Asia," says Xavier-Luc Duval, the deputy prime minister. "The future will be sea connectivity and air connectivity."

One vision is for Chinese entities — which have rapidly expanded across Africa over the past decade — to use Mauritius as a stepping stone to the continent.

The two countries recently signed an agreement that will allow for 56 flights a week between the Asian behemoth and the island nation, Mr Duval says.

"That was at the insistence of the Chinese. They wanted to do it, because they see Mauritius as a safe, secure, port or haven for Chinese operations," he says. "But it depends on connectivity."

Other officials talk of using tax incentives to attract African and international groups to set up bases.

"The whole world is going to go to the African continent in the next 10 to 20 years — this is where it's all going to happen," says Sudarshan Bhadain, the financial services minister.

The Mauritian government has already signed initial agreements with Ghana, Senegal and Madagascar to establish investment zones in those countries in an attempt to support Mauritian companies wanting to build an African presence.

Yet there is an acknowledgment that much needs to be done if Mauritius is to achieve its aims. Mauritians have the advantage of speaking both French and English, but the nation's air connectivity to mainland Africa is poor, with flights restricted to South Africa and Kenya.

Growth: some are taking their sugar expertise to the mainland — Tim Cocks/Reuters

Mauritius will also be competing with others, including South Africa, Kenya and Nigeria, in its quest to be a regional hub.

While the government tries to achieve its aims, private sector groups are making some headway. The government says more than 80 have already invested across the continent.

Terra Mauricia is a prime example with a sugar business in Ivory Coast, and a venture with Kenyan partners to provide sanitation services across east Africa. It is also looking to set up sugar projects in Ghana and a bottling plant and distribution network in Uganda.

Cyril Mayer, managing direct at Terra, says: "Mauritius is a small market, and, relative to Africa, we have good know-how, and Africa is probably the only continent where we are able to bring some value."

Arnaud Lagesse, the chief executive of GML, a large conglomerate, says: "I think Mauritius has understood the opportunity of Africa," he says.

GML, which has interests including sugar, finance, industry, construction and beverages, already has a sugar operation in Tanzania and Kenya and a seafood joint venture in Gabon.

Mr Lagesse believes Mauritius is not tapping into the full potential of Africa.

"We are missing some opportunities. This African growth could probably give us another 0.5 to 1 per cent of GDP growth," Mr Lagesse says. "And 0.5-1 per cent GDP growth is huge for us; it's huge in terms of employment and spending."

Sector refocuses on its own continent

Financial Services

Appointment of a financial services minister underlines a fresh commitment to attract overseas investment companies, says *Andrew Jack*

When Delta, a South Africa-based property investment fund, decided to switch the offshore domicile of its international operations from Bermuda to Mauritius a year ago, it gained unexpected benefits.

"We've been very pleased," says Bronwyn Corbett, head of Delta, as she reflects on the success of the operation.

She points to the depth of domestic investment capacity, citing 35 groups who attended its recent results presentation in Port Louis. "Mauritius has been a lot more advantageous than we originally thought," she says.

Over the past two decades, the country's role as a financial centre has grown significantly on the back of deep links to India. But Delta has been part of a second, Africa-focused wave on which Mauritius is keen to capitalise.

In a sign of its commitment to the financial services sector, the new government has appointed a minister for financial services, Sudarshan Bhadain.

Things have come a long way since the 1990s, when Rama Sithanen, finance minister, at the time, diversified into offshore services at a time when "sugar was becoming sour, not sweet".

He says: "We created the ecosystem for global business, a regulatory, legal and incentive framework for people to invest via Mauritius."

India was opening up its economy, and the two countries — with long historical connections — signed a treaty that offered mutual investment protection and substantial tax benefits.

But if New Delhi thought the arrangement would primarily help Indian companies expand abroad, Port Louis offered a framework for what would prove to be a far bigger attraction: US and European investment in India.

Ben Lim, head of Intercontinental Trust, a financial services company, recalls rapidly shifting one India-focused fund to Mauritius from a domicile in Netherlands Antilles in order to trim costs and improve returns.

"Mauritius offered a favourable tax regime, no exchange controls, no capital gains tax and no hefty stamp duty," he says.

Today, India still represents the bulk of the offshore financial sector by volume, says Mr Sithanen, who now runs International Financial Services, a management company.

Yet, like Mr Lim, Mr Sithanen says there has been growing interest in investment funds linked to Africa, such as Delta.

Robin Mardemootoo, a lawyer specialising in financial services in Port Louis, says an additional attraction is the country's strong legal system, a legacy from the British colonial period.

There are some problems — the government has been criticised by some for its handling of Bramer Banking Corporation, a subsidiary of British American Investment (BAI). Bramer was suspected of being involved in a Ponzi scheme. The government launched an investigation, revoked its licence and has taken over its activities.

Bronwyn Corbett: 'Mauritius has been a lot more advantageous than we originally thought'

"We had no choice," says Vishnu Lutchmeenaraidoo, the finance minister. "We faced an earthquake and we had to reassure investors."

But the government's stance on tax havens shows the clearest indication of how it wishes to position itself for the future.

Mr Lutchmeenaraidoo stresses: "Mauritius is no longer and will no longer be a destination for shell companies. It will become a legitimate, transparent international financial centre."

Calls to boost tourism sector

Leisure industry

Visitor numbers are up, but the Maldives and Sri Lanka have more, writes *Andrew England*

At the plush Lux resort on Mauritius's eastern coast, some holidaymakers cool off in the large pool, while others are enjoying lunch at a beachside restaurant looking over pristine white sand and the calm, turquoise waters of the Indian Ocean.

It is the tourist low season, as Mauritius goes through its cooler winter months, but the sun is shining and the climate warm.

Such images typify how Mauritius is seen by many in the outside world — a paradise Indian Ocean island and upmarket tourist destination. Despite it being low season, the hotel is enjoying occupancy rates of more than 80 per cent. Rooms with an ocean view are going for €500 a night.

The mix of visitors at the hotel, one of five Lux establishments on the island, is illustrative of the shifting dynamics of the industry — appealing to the traditional European tourist, but also the fast emerging Chinese market.

Yet Lux's chief executive, Paul Jones, a veteran of the island's tourism sector, is far from satisfied. He thinks the industry is functioning below potential, as it competes with fellow Indian Ocean destinations such as the Seychelles and the Maldives.

"Go back 25 years and we were leaders in the Indian Ocean. We were beating everybody, including Sri Lanka, the Seychelles, the Maldives and Réunion," he says.

"Today, we are number three," he adds, after the island fell behind Sri Lanka and the Maldives in terms of total tourist arrivals and annualised growth.

Mauritius did pass the psychological barrier of attracting 1m visitors for the first time last year, according to government figures, and the number of tourist arrivals in the first half of 2015 was up 8.9 per cent compared with the same period in 2014. But figures for 2013 compiled by the UNWTO show Mauritius's total arrivals of 993,000 were behind those of the Maldives (1.1m) and Sri Lanka (1.3m).

Vision of paradise: the island has been successful as a high-end destination, but critics say more must be done — Dreamstime

Mr Jones says Mauritius's competitors have done more to expand air access and run effective television promotional campaigns

"We were always advocating selective [top end] tourism," he says, but adds: "There has in the past been a certain amount of complacency."

His is not a lone voice, and Xavier-Luc Duval, the deputy prime minister and tourism minister, is spearheading a strategy to boost the sector. This includes making Mauritius easier to get to and revitalising its marketing strategy.

"Mauritius still has a tremendous reputation and tremendous potential," Mr Duval says. "But . . . you've got to get the basics right and maybe that was what was not being sufficiently stressed previously."

He adds that the government does not want any new hotels to open in the next two years, because "we want to give people the time and confidence to reinvest in their product".

"Let's increase demand so that it gets back to equilibrium," Mr Duval says.

But a bone of contention is air access to the island. There have been accusations that the government is limiting flights provided by foreign airlines because it is seeking to protect the commercial interests of Air Mauritius, the state-owned carrier. The government recently turned down an Emirates airline request for a third daily flight.

Mr Duval, however, says there is "lots of room" in Mauritius's bilateral air agreements that is being unused by the foreign airlines, and puts the onus back on the hotel groups.

"What we are saying to the hoteliers is look at your own product . . . make it attractive in winter, in summer," Mr Duval says. "Provide people with a sense of place, encourage people to do activities."

Nirvan Veerasamy, co-founder and managing director of Yu Lounge, a privately run VIP lounge service at Mauritius's international airport, says both the public and private sectors need to work together to bolster the sector.

"We have been fighting the prices game instead of the value game," Mr Veerasamy says, adding that he thinks Mauritius needs to continue attracting the high spending tourist and keep its offering as exclusive as possible.

"We have to differentiate ourselves," Mr Veerasamy says. "It's still a top class destination, but we have to get our act together."

Where there is agreement, is on the industry's need to adapt to the changing dynamics in global tourism and reach out to the fast growing Chinese market.

Last year, overall tourist arrivals in Mauritius grew by 4.6 per cent according to government figures. But tourists from Asia increased by 19.5 per cent to 158,361, more than a third of whom were Chinese visitors, up by 51 per cent to 63,365.

Mr Jones says that while Europe — the traditional market for Mauritius's tourism — will always be important, China "has massive potential".

At the Lux hotel in Belle Mare in the island's east, Mandarin has already been added alongside French and English on signs. It also has a Chinese chef and Chinese-style tea house.

Mr Jones predicts Mauritius will be attracting 1.5m visitors by 2020.

Producers aim to find a sweeter future

Sugar

Diversification is vital, as prices continue to fall and costs rise, says *Andrew Jack*

A hand-painted mural stretches across an entire wall of the boardroom of the Mauritius Sugarcane Industry Research Institute, with a red line rising steadily from left to right towards the ceiling to show expanding production over more than 150 years. Then it comes to a sudden stop in the early 1970s.

For much of its colonial existence, successively under Dutch, French and British rule over more than three centuries, Mauritius relied heavily on sugar. Within three decades of independence, it has come under ever greater pressure to diversify as output and revenues have declined sharply.

"It's a tense moment," says Salem Saumtully, director of the Institute. Once a global centre of research that introduced new cultivation techniques and dozens of varieties of more productive and disease-resistant sugar cane, the institute has had to cut back and seek foreign funding, as support from domestic producers has declined.

According to data gathered by the Institute and the World Bank, in 1973, sugar cane cultivation in Mauritius peaked at 87,000 hectares, when the country's farmers were producing 713,000 tonnes a year, contributing more than a fifth of GDP and employing more than 20,000 families. Today, 53,000 hectares are under cultivation to grow less than 500,000 tonnes with fewer than 8,000 direct workers.

The 260 processing plants of the mid 19th century have been reduced to four today. Sugar now accounts for less than 3 per cent of GDP and below 2.4 per cent of exports, down nearly threefold since the start of the millennium alone.

A sharp blow came with the ending in 2009 of a system of preferential purchase agreements with the European Union, which had offered Mauritius favourable terms within Europe at substantially above the world market price.

In two years' time, a final concessionary set of sugar import quotas into the EU will come to an end.

Patrick de Labauve d'Arifat, head of Alteo, one of the largest producers and refiners, says his group has overseen an expansion of sugar cane cultivation in Tanzania and Kenya — and is aiming to increase sales across the continent. But he says prices are depressed and will remain so, and Alteo has had to diversify to survive, expanding into sectors including tourism, property development and energy.

That approach is shared on a more modest scale by some smaller producers with fewer resources, such as Patrick Guimbeau managing director of St Aubin.

"We have been raised on sugar," he says. "But it's difficult. Prices are falling, labour and energy costs are rising, and it's not profitable. The only way for us is high value added."

His family estate still produces sugar for sale to refiners, but has increasingly focused on rum and vinegar, as well as trying to find ways to can sugar cane juice, which is highly perishable. His business has opened its estates to tourists, built a restaurant, a shop, guest accommodation and a golf course. It also packages a range of speciality teas.

87,000	53,000
Hectares under sugar cultivation in 1973	Hectares under sugar cultivation today

Now there are efforts to increase the share of locally refined sugar, including some types exclusively produced in Mauritius.

There is discussion of a "Mauritius sugar" brand — or possible sub-brands. But that will require more investment, and a possible shift away from the unified Sugar Syndicate that currently buys all local production.

"This is a very structured, conservative industry," says Mr Saumtully. "There are deregulation concerns among the small growers. We have to rethink our marketing strategies."

Ameenah Gurib-Fakim set to make her mark as president

Profile

Andrew Jack meets the world's first Muslim female head of state

Ameenah Gurib-Fakim had built a successful career in science and business when an unexpected call last year heralded the start of an unusual new twist in her life. Within months, she had become Mauritius's first elected woman president — and the world's first female Muslim head of state.

"I had just given a Ted talk, when a journalist rang and said I was on a list to become president," she recalls.

At the time, the prospects of a new government seemed remote, a "David versus Goliath" struggle, as she puts it. She herself had no political ambitions or desire to campaign, but agreed to be considered.

Even after the unexpected victory of her Alliance Lepep party — which combines three political groups — in December, the incumbent president Rajkeswar Purryag initially refused to quit. Only after his belated resignation was she propelled into the post in June.

Ms Gurib-Fakim says: "People were fed up with the way politics was run, and wanted change. Before, they voted by caste and religion. For the first time, they voted instead for a party and its ideas."

While stressing that her role is "non-executive" — the position is largely a ceremonial one — she sees ample scope for influence. "This institution has to be above politics," she says. "I don't see myself running for a ministerial post in the future. A lot can be achieved through the presidency. There is plenty of space to do things."

Ms Gurib-Fakim trained as a chemist, worked as an academic and rose to become pro vice-chancellor of the University of Mauritius. Then she quit to join a fledgling biotech business seeking to identify cosmetic and pharmaceutical applications of natural ingredients derived from the country's flora.

In her new role, she cites science, her modest village origins and her faith in a minority religion as her influences. She stresses the pivotal need for equal opportunities and education to help bring together a society that remains stratified if largely peaceful.

"We are a diverse people in Mauritius, and we have managed to live together," she says.

She argues for renewed emphasis on education, including vocational training and creating opportunities for "late learners". She wants to build a knowledge hub and bring in "the big players", reinforcing science and technology for graduates.

"Cohesion through education is very important," she says.

She has already overhauled the presidential website, and shaken the dust off the institution by beginning to address Mauritians directly and informally through social media.

In a nod to her academic background, she has drafted plans for next year that begin with her official residence. She has decided to continue living in her own home, but has resolved that the park at Réduit where the presidential palace is situated, will become "the garden of the republic".

She plans to open up the house itself as a showcase for local people and tourists alike. She stresses its historical importance. Le Château de Réduit was built in 1749 and contains important artefacts including the table on which the French signed over Mauritius to British colonial rule in the early 19th century.

Tourism, including eco-tourism, is among her priorities. So are entrepreneurship and greater diversification.

"You have to produce more pillars of the economy," she says. "Regionally, we have a very big card to play. We need to look at how we promote inter-African trade."

The availability of resources and the complexities of politics may limit her own room for manoeuvre. But her agenda is clear for Mauritius: "We have to open up. We always need to get fresh blood," she says.

"The advantage we have is that we are small. And a small amount of money can make a difference."

Ameenah Gurib-Fakim: grand plans for her country

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