

INVESTOR'S MAG

The glass ceiling has cracks, but it isn't shattered as yet

Jennifer Jean-Louis
AfrAsia Bank

Risks linked to climate change represent one of the biggest challenges

Sattar Jackaria
Eagle Insurance

Both Mauritius and South Africa have evolved into significant financial hubs in the region

Ravin Dajee
Absa Bank
(Mauritius) Limited

Taking Stock of Africa's Economic Outlook

The future of the Mauritius-South Africa business relationship is promising

Bilal Adam | President
South African Chamber of Commerce in Mauritius

There is a growing recognition of the value that diverse leadership brings to organisations

Kevina Takoordyal
Africa HR Solutions

Mauritius IFC advantage lies in its proven track record, or 'proof of concept'

Ashvin Deena
MCB

South African investors are particularly drawn to properties in Mauritius that offer the potential for Permanent Residency

Emilie Guerel
Pam Golding
Properties Mauritius

“
**The future of the
Mauritius-South Africa
business relationship
is promising**”

Bilal Adam

President | **South African Chamber of
Commerce in Mauritius**

Bilal Adam, President of the South African Chamber of Commerce in Mauritius, provides a comprehensive overview of the robust business relationship between Mauritius and South Africa. Bilal emphasizes the strategic benefits Mauritius offers to South African enterprises aiming to expand throughout Africa and globally. He highlights success stories and challenges, underscoring the Chamber's crucial role in trade facilitation, regulatory advocacy, and collaborative efforts for mutual economic development.



Can you provide an overview of the current business ecosystem in Mauritius and how it benefits South African businesses?

Mauritius serves as an excellent platform for South African businesses looking to expand into Africa and beyond. Its strategic location and favorable business environment make it an attractive destination for establishing headquarters, which is particularly advantageous, offering ideal time zones for conducting business across Asia, the Middle East, and Europe.

Many South African businesses have chosen to set up their head office in Mauritius, drawn by its robust legal framework, including the Privy Council as the Highest Court of Appeal and absence of exchange controls, facilitating agile transactions.

Mauritius also serves as a hub for bilateral investment as evidenced by the strong investment flows from South Africa into Mauritius and vice versa. Similarly, trade data accentuates the strong economic ties between the two countries, with Mauritius ranking among South Africa's top trading partners for both imports and exports. South Africa Exports to Mauritius was US\$639.43 Million during 2023 while Mauritius Exports to South Africa was US\$199.98 Million during that same period, demonstrating the substantial volume of commerce between the two nations.

I would say the close relationship between South Africa and Mauritius, supported by favorable business conditions and extensive trade ties, creates a mutually beneficial ecosystem for business expansion and investment. This symbiotic relationship not only encourages growth for South African businesses venturing into new markets but also enhances economic cooperation and development between the two countries.

What are the key sectors where South African businesses have found the most success in Mauritius?

We have a very diverse array of South African businesses that have found success in Mauritius, with many of them, contributing to the thriving economic partnership between the two countries. For instance, Aspen Global and GRIT are great success stories alongside other notable entities like Investec, Sanlam, Stewards Investment Capital and ENS Africa. Aspen Global a leading global multinational supplier of branded and generic pharmaceutical products. Aspen portfolio comprises more than 90 products with 4,500 trademarks and responsible for sourcing and managing more than 3,500 different pharmaceutical products from over 75 manufacturing sites around the world and supplying to more than 150 countries internationally. This demonstrates the ability of Mauritius to be hosting internationally operating companies.

GRIT is a real estate company that is listed on both the London and Mauritius stock exchanges. The company has built an impressive

property portfolio across Africa, founded by a South African team based in Mauritius. This demonstrates not only the ability of South African businesses to expand their operations globally but also the attractiveness of Mauritius as a hub for investment and growth.

Stewards Investment Capital is another key example of a successful business, headquartered in Mauritius and founded by South Africans. With offices in South Africa, Stewards has expanded in the USA and also invested in US listed FAVO Capital, a rapidly growing direct funding company offering solutions to emerging, small, and medium-sized businesses.

The success stories of South African businesses in Mauritius not only benefit shareholders and stakeholders in both countries but also contribute to the overall economic development and prosperity of the region. This synergy reinforces the importance of promoting continued collaboration and partnership between South Africa and Mauritius across various sectors for mutual growth and prosperity.

How does the South African Chamber of Commerce in Mauritius facilitate trade and investment between South Africa and Mauritius?

First and foremost, the Chamber recognizes the importance of relationships in conducting business effectively. We prioritize and actively promote strong relationship building and establishment of ties between South African businesses, the Mauritian community, and expatriates residing in Mauritius. This includes promoting collaborations through Memorandums of Understanding (MOUs) with key chambers such as the Australian Chamber of Commerce in Mauritius, the American Chamber of Commerce in Mauritius, the French Chamber of Commerce (CCIFM), and the Chinese Business Chamber. Our collaborative approach extends to hosting events that bring together leaders and experts from the business sectors of both Mauritius and South Africa, as well as representatives from the various chambers, to facilitate networking and knowledge exchange.

I would like to emphasize another key role of the Chamber, which serves as a proactive advocate for its members, partnering and lobbying with entities such as the Economic Development Board (EDB) and government entities. We work tirelessly to address issues that may impede investment or hinder trade, aiming to create a conducive environment for our members' industries to thrive. By providing a platform for communication, we help to identify and resolve any obstacles or challenges faced by our members, thereby promoting smoother operations and growth opportunities.

The Chamber also actively supports the EDB in promoting relationships and identifying opportunities for South African businesses to connect with Mauritius, facilitating their establishment in Mauritius and vice versa. This collaborative effort enhances bilateral trade and investment flows, promoting economic growth and development for both countries.

I would say the Chamber serves as a catalyst for enhancing trade and investment relations between South Africa and Mauritius, leveraging partnerships, advocacy, and collaborative initiatives to drive mutual success.

What are the most significant challenges South African businesses face when operating in Mauritius, and how can these be mitigated?

One significant challenge I would like to touch on and which has been a concern for our South African businesses is the people aspect. There is lack of ease in obtaining work permits for spouses and children of property permit holders which can deter investment and talent retention. Simplifying the process for family members to work and establishing a clear path to citizenship would encourage long-term commitment and investment in Mauritius.

Ensuring a clear pathway to citizenship for expatriates who have made significant contributions to the economy is important for encouraging a sense of belonging and stability. The current uncertainties surrounding residency permits and the potential

repercussions for families in the event of a permit holder's demise create anxiety and hinder long-term planning. As an example, many South Africans have chosen to move to Canada, USA, Australia and UK as these countries offer a clearer path to naturalization—an opportunity that Mauritius is currently missing out on.

It is also important to highlight that many Mauritians have moved to South Africa, invested in property, and have naturalised in the country. South Africa has a clear pathway to naturalisation for Mauritians – Mauritians can buy property anyway in South Africa.

It would be beneficial for Mauritius to adopt a similar perspective on immigration.

Another challenge I would like to touch on is the discrepancy between promised initiatives and their actual implementation. For instance, initiatives like the innovation box license with Intellectual Property tax holiday and crypto licenses have faced delays, impacting businesses' ability to plan and operate efficiently. To mitigate this challenge, there needs to be better alignment between policy announcements and their execution, ensuring regulatory certainty for businesses.

“
It is also important to highlight that many Mauritians have moved to South Africa, invested in property, and have naturalised in the country...”

Talent acquisition can also be a challenge in certain cases. While Mauritius has a skilled and multilingual workforce, there can be limitations in finding individuals with specific skill sets or international experience. There is a big opportunity here. Balancing the talent pool by integrating international expertise with local talent is essential to meet the diverse needs of businesses operating in Mauritius and is beneficial for Mauritius to get training and mentorship from international experts.

All challenges represent opportunities and require collaborative efforts between businesses, government agencies, and regulatory bodies. By enhancing regulatory transparency, optimizing talent acquisition strategies, and streamlining immigration processes, Mauritius can attract and retain investment, helping to promote sustainable economic growth and development.

How has the implementation of the African Continental Free Trade Area (AfCFTA) impacted the business dynamics between South Africa and Mauritius?

The implementation of the AfCFTA has had a transformative impact on the business dynamics between the two countries, opening up new avenues for collaboration and trade across the continent.

AfCFTA has been facilitating much-needed growth in intra-Africa trade. Currently, only 17% of African exports are intra-continental, compared with 59% for Asia and 68% for Europe. AfCFTA aims to eliminate 90% of tariffs, boosting intra-continental trade by 52% annually over a five-year period.

Mauritius is both geographically and strategically well-positioned to leverage the potential of AfCFTA and act as a nexus along the India-Africa and China-Africa Trade Corridors, leveraging its newly implemented agreements with India and China through the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) and the Mauritius-China FTA, respectively. Through AfCFTA, Mauritius has attracted FDI from South Africa, establishing a

presence in the region. The removal of tariffs has lowered barriers to entry, encouraging cross-border investments, leading to increased job creation.

Since the inception of AfCFTA, Mauritius has leveraged its strategic positioning and trade agreements, such as the Mauritius-China Free Trade Agreement and its participation in the Southern African Development Community (SADC), to become an integral part of the regional value chain. This integration allows for seamless movement of goods and services, promoting greater economic cooperation between the two countries.

As an example, with the removal of tariffs and trade barriers under AfCFTA, businesses in South Africa can now export goods to Mauritius without facing prohibitive duties. Mauritius, renowned for its processing capabilities, can then add value to these goods. If we take the simple example of oranges exported from South Africa to Mauritius, the island in turn can juice the oranges, and export the final products to destinations like China with minimal friction in trade. This creates a win-win situation for both countries, enhancing their competitiveness in global markets. There are many such examples.

“
The business relationship between Mauritius and South Africa holds significant potential for future growth and collaboration...”

Under AfCFTA, businesses can use the benefits of increased market access and streamlined trade regulations to carve out new growth opportunities and solidify their positions as key players in the African economy.

What future trends do you foresee in the Mauritius-South Africa business relationship, and how is the Chamber preparing for these changes?

The business relationship between Mauritius and South Africa holds significant potential for future growth and collaboration. South Africa, as a powerhouse economy on the African continent, continues to drive innovation and development across various sectors, including technology and financial markets. The strong trade ties between the two countries, evident in their significant import and export activities, serve as a solid foundation for future cooperation.

From a Mauritian perspective, there are robust ties between the two nations, not only in business but also in personal relationships, with many Mauritians married to South Africans and vice versa. This interconnection extends to investments, with both Mauritians and South Africans actively investing in each other's property markets as a means of diversification and risk mitigation.

Both Mauritius and South Africa emerge as attractive destinations for talent and investment, given their favorable business environment. The Chamber plays a vital role in facilitating these business relationships, providing support and resources to its members to navigate the changing landscape.

Furthermore, Mauritius and South Africa have the potential to position themselves as global fintech hubs, particularly in the realm of digital asset custody. By leveraging their expertise and infrastructure, Mauritius and South Africa can attract crypto investors globally and contribute to the development of the fintech sector. This strategic move not only enhances the countries' economic stability but also accelerates their journey towards becoming prominent players in the digital economy.

“
Mauritius and South Africa have the potential to position themselves as global fintech hubs, particularly in the realm of digital asset custody...”

Offering long-term residence permits to those who bring at least USD 1 million worth of Digital Assets into the Mauritius Digital Custody Programme is a significant incentive. Additionally, providing clear and streamlined processes to secure business and tax incentives for these fintech millionaires can further enhance the appeal, creating a favorable environment for their success.

The promotion of Digital Custody in Mauritius enhances the country's appeal as a fintech destination and brings several key benefits to the economy. Typical crypto millionaires, known for their tech-savvy nature, luxury lifestyle, and active involvement in business ventures, present a unique opportunity for Mauritius. These individuals actively contribute to the economy through business activities and possess a high spending power that stimulates various sectors, from real estate to luxury goods. Moreover, the economic impact of a young technopreneur is much greater than that of retired high-net-worth individuals, creating a ripple effect of economic growth and innovation.

The future of the Mauritius-South Africa business relationship is promising, marked by continued collaboration, investment, and innovation. The Chamber remains committed to supporting its members and promoting a conducive environment for business growth and bringing new ideas to drive mutual success.