MAURITIUS - COUNTRY ASSISTANCE STRATEGY

1. Let me first commend the Staff for the quality of this CAS paper. The document before us is well written, candid, and well thought out. We appreciate the intensive dialogue that underlies a highly relevant CAS. We welcome the intensive debate with all the segments of the society that led to the preparation of the CAS - Government, trade unions, civil society, private sector, NGOs, the media and the donors. That discussion was particularly intense and helpful. Mauritius’ genuine pluralistic political system, with two political parties participating in Government, underlines the relevance of nurturing consensus building for a shared vision to ensure broad ownership of economic policy. Ethnic diversity is a valuable Mauritian asset, but requires solid common ground for the country to move ahead. Therefore, we applaud Staff efforts to build consensus on the economic diagnosis as well as the vision and the key reforms to be implemented.

2. Mauritius is among the best performing countries in Africa and beyond. It has had an annual growth of 5.6% between 1970 and 1996, reached a life expectancy at birth of 70 years in 1995 versus 65 years in 1977, and an infant mortality of 19 versus 57 per thousand. Poverty and social inequality have been dramatically reduced. Although Mauritius is a well-known success story, it has not yet joined the High Performing Asian Economies. The country aspires to economic diversification and productivity increases in the face of growing international competition, with the phasing out of the Multi-Fiber Agreement and changing international sugar protocols. This will erode preferential access to the European Union and the United States of the two major export products, sugar (35% of the export in 1996) and textiles. Mauritius is also increasingly constrained by weaknesses in its human capital base, (e.g., in education, it has a secondary and tertiary ratio of 50% and 3% compared to 83% and 6% for Korea and 80% and 12% for Singapore); and rigid labor markets result in underutilized pockets of labor. Moreover, the infrastructure bottlenecks are also undermining the country’s efforts to perform as well as the East Asian countries.
3. To compete with the High Performing Asian Economies, Mauritius is implementing a strong, sustainable and sound macro-economic policies. It is also increasing its productivity by strengthening technological capacity, upgrading its human capital and enhancing the flexibility of the labor market. As far as the civil service is concerned, Mauritius is achieving output-driven, responsive and quality services, as well as a wage incentive structure that rewards diligence and highly-skilled technicians.

4. The Bank Country Assistance Strategy is consistent with Mauritius development objectives. It focuses on how to shape Mauritius competitive edge. Mauritius is not a country which consistently addresses the challenge of becoming a high performing economy. Consistent with the CAS, Mauritius is sustaining a growth rate of 4-6% from now on to 2000 onwards and decreasing its budget deficit from 6% to 2%. It is also increasing its capacity for secondary and tertiary education as well as improving the vocational training program. As regard to its infrastructure bottlenecks, Mauritius is removing them and becoming a key role player in the Indian Ocean region. Mauritius have proved equal to similar challenges in the past and we are encouraged that the country will come together to realize this new vision for growth. In short, Mauritius aims to produce at a competitive price, enhance quality, and to respond quickly to market signals. The CAS is based on an intensive dialogue and genuine ownership by a broad spectrum of society. Therefore, we would appreciate the Executive Directors’ support to this CAS.

5. Thank you.