

I N D U S T R Y

THE OVERLOOKED POWERHOUSE WHY MAURITIUS MUST REINVEST IN DOMESTIC MANUFACTURING



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AS the Association of Mauritian Manufacturers (AMM) celebrates its 30th anniversary in 2025, we are at a pivotal moment in our nation's economic journey. For three decades, we have championed the cause of local manufacturing, witnessing its evolution from humble beginnings to becoming a strategic pillar of our economy. Today, I invite you to reflect on our achievements and, more importantly, to look forward to the challenges and opportunities that will define the next chapter of Mauritius' industrial development.

THE UNDENIABLE IMPACT OF MANUFACTURING

The numbers speak for themselves. The manufacturing sector contributes 12.7% to our national GDP, generating Rs 76.8 billion in annual added value—Rs 21 billion of which comes from SMEs. We directly employ over 97,000 people. When we consider the ripple effect across the economy, 2 out of every 5 jobs in Mauritius, i.e. some 224,000 employees work in the manufacturing and its related sectors. The industry's impact extends far beyond these figures. Manufacturing is the foundation upon which our economic sovereignty stands.

The COVID-19 pandemic served as a stark reminder of why a robust local manufacturing base is not just economically beneficial but strategically essential. When global supply chains collapsed, it was our local manufacturers who demonstrated remarkable agility

and resilience, pivoting their operations to meet the nation's vital needs. While other sectors have struggled to recover, manufacturing maintained steady growth and maintained its contribution to GDP, proving its resilience in the face of unprecedented challenges.

This experience reinforced what we at AMM have always advocated: a strong local industrial base is fundamental to our national security and economic autonomy. Import-substitution is not merely an economic strategy—it is a safeguard for our future.

THE MULTIPLIER EFFECT: MANUFACTURING AS AN ECONOMIC CATALYST

Every rupee invested in manufacturing generates significantly more economic activity than in many other sectors. This multiplier effect stems from manufacturing's deep interconnections with commerce, logistics, distribution, and communication. When we strengthen the manufacturing sector, we strengthen the entire economy; be it in terms of value addition or job creation.

Just imagine some of our key strategic sectors: poultry production, waste management, oil, flour, animal feed, beverages, and industrial gas. These are not just businesses—they are pillars of our food security, environmental sustainability, and industrial independence. They are industries in which Mauritius has built capacity not just to serve our local market but to compete regionally and globally.

THE URGENT CASE FOR INCREASED INVESTMENT

Despite its resilience, our manufacturing sector faces unprecedented challenges. Rising electricity costs, freight expenses, raw material prices, regulatory compliance costs, and wage pressures are squeezing margins and threatening competitiveness. Many of our SMEs, which represent 70% of our membership, are particularly vulnerable to these pressures.

The Mauritian industry attracts only 4% of the country's total investments. We received Rs 7 billion of manufacturing investment in 2024 out of Rs 171

billion invested globally in the Mauritian economy. We estimate that, in order to build a strong industrial base, it is necessary, and possible to attract between Rs 20 and 30 billion in investments each year in this sector. At AMM, we fully intend to place the manufacturing sector and Made in Moris at the heart of all national economic ambitions.

The numbers tell a story that policymakers and investors would be wise to heed. Between 2018 and 2024, DOE's contribution to GDP grew by an impressive 14%, generating Rs 54.6 billion of value addition in 2024 alone.

This substantial value addition represents not just economic activity, but significant foreign currency savings for a nation with a high trade deficit. Every product manufactured locally is one less that needs to be imported, creating a buffer against currency fluctuations and international supply chain disruptions.

THE PARADOX OF OPEN MARKETS

Mauritius finds itself in what might be called a trade policy paradox. While com-



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mitted to tariff liberalization and market openness, the nation has struggled to implement protective measures employed by more developed economies. As the Association of Mauritian Manufacturers (AMM) notes, even announced measures to ensure imported products meet safety, quality, labelling and traceability standards have faltered in implementation for many years now.

The result is a playing field that tilts decidedly against local producers. They face competition from imports that may not meet the stringent standards required of domestic products, while simultaneously grappling with higher labour costs and lower productivity than their international competitors.

THE PATH FORWARD: SMART SUPPORT, NOT PROTECTIONISM

Rather than a simple return to protectionist policies, what is needed is a smarter, more comprehensive approach to supporting domestic manufacturers without undermining Mauritius' commitment to open markets.

The time for decisive action is now. We need a comprehensive strategy to revitalize investment in manufacturing across four critical dimensions.

Creating a level playing field is essential as our local manufacturers compete in a global marketplace where they often face significant disadvantages. Foreign competitors may benefit from subsidies, lower regulatory burdens, and lower standards and norms, creating an uneven competitive landscape. To address this imbalance,

we must implement the promised Buy Mauritian Programme to give local producers a fair chance in domestic markets.

Accelerating innovation and skill development recognizes that the future belongs to manufacturers who can adapt, innovate, and upskill their workforce to meet evolving demands. We must expand successful programs such as "En Route Vers le Made in Moris," which has already demonstrated impressive results by helping 38 businesses with a collective turnover of Rs 500 million and supporting 460 employees. Significant investment in technological modernization and Industry 4.0 capabilities will be required to keep pace with global manufacturing trends, complemented by specialized training programs specifically designed to address the growing skills gap in modern manufacturing techniques and technologies.

Embracing circular economy principles is another imperative for our manufacturing sector; be it economically or environmentally. The AMM believes that supporting the development of recycling industries and circular business models has the potential to create new value streams while reducing environmental impact. By aligning industrial practices with the national Circular Economy Roadmap and the Waste Management and Resource Recovery Act, we can ensure regulatory coherence and policy support. Creating targeted incentives for manufacturers to redesign products and processes with sustainability in mind will further accelerate the transition to more environmentally responsible manufactur-

ing approaches.

Strengthening National Branding through Made in Moris leverages our successful branding initiative launched in 2013, which now represents an impressive 200 companies, 400 brands, and 4,000 products. This label has evolved into a powerful symbol of quality and national pride that deserves further support. We must establish the long-promised Made in Moris flagship store at the airport. By strengthening the connection between Made in Moris and our tourism industry, we can create powerful synergies between these vital sectors. Ultimately, integrating Made in Moris into our broader national branding strategy will enhance both domestic and international recognition of Mauritian manufacturing excellence.

Even amongst the world's most developed economies, the 'Going Local' strategy is on the rise, and Mauritius cannot afford to lag behind this trend in providing strategic support to its local manufacturing sector.

With its proven value addition, employment generation, and contribution to food security, DOEs represent not just an economic opportunity but a strategic imperative for Mauritius. The overlooked powerhouse of domestic manufacturing deserves not just acknowledgment, but active reinvestment and renewed policy focus. The economic data makes the case – now it is time for action.

LOOKING TO THE NEXT 30 YEARS

As we celebrate three decades of the AMM, we are not simply looking back with pride but forward with determination. The next 30 years offer an opportunity to build a manufacturing sector that is not just economically vital but environmentally sustainable, socially inclusive, and globally competitive.

The manufacturing sector that sustained our parents' generation must be reimagined for our children's future. This will require bold investment, visionary policy, and a commitment to innovation. The payoff will be immense: a more resilient economy, greater job creation, enhanced skills development, and a stronger national identity.

The COVID-19 crisis taught us that nations without manufacturing capacity are vulnerable nations. As we face an uncertain global future, with climate challenges, geopolitical tensions, and technological disruption, a robust manufacturing base will be our greatest asset.

The time to invest in manufacturing is not tomorrow—it is today. Join us in building a manufacturing sector that will secure Mauritius' prosperity for generations to come.



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