

Strategic Engagement: Markets, Transnational Networks, and Globalization in Mauritius

BY DEBORAH A. BRÄUTIGAM

In the late 1980s researchers began to notice that the Africa region contained an anomaly. While most of the region was struggling through the first stages of a prolonged recession marked by stagnation, industrial regression, and large debts, Mauritius was exporting its way into the ranks of upper-middle income countries. As world trade began to recover from the shocks of the oil crisis, inflation, and high interest rates, Mauritius was able to ride the tide of expansion, with annual growth rates reaching 7-8 percent. Shifting commodity prices have given such temporary growth booms to other small developing countries, but few have been able to parlay a boom into a sustained industrial transition. Indeed, in much of the analysis of sub-Saharan Africa, the idea still survives that countries and regions are relegated to a marginal role in the global economy by forces outside their control. Why was Mauritius different?

Mauritius did not follow a conventional route to this unusual performance. As in similar but better-known cases of East Asian countries, debates are heated about the factors that explain the success of Mauritius. Is it an advertisement for an open market and small government? Or does Mauritius confirm the advantages of strategic economic planning by the state? Without discarding either of these pos-

Deborah A. Bräutigam is Associate Professor in the International Development Program at the School of International Service at American University.

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sible explanations, there is a third possibility: government and business have worked together closely to shape the way Mauritius engages with the global economy. This strategic engagement has taken place for the most part outside of the country: joint missions to attract and recruit foreign investment, active promotion of an enlarged regional platform for Mauritian business, and efforts to shape the rules of global trade in multilateral forums. What is particularly unusual about these efforts is that they have been jointly spearheaded by the private sector and the government. Without wasting scarce resources, the government's diplomatic, economic, and political weight is tightly focused on constructing external advantages for the island.

Mauritius is a densely populated Indian Ocean nation, one of several in the Mascarene island chain. Dependent on sugar for almost all of its exports, and with high unemployment, steep population growth, and a multiethnic population that had experienced some ethnic unrest, the future did not look promising in the period immediately following independence in 1968. However, within a few years the country experienced rapid growth in manufacturing for export, primarily in garments and textiles. At the same time, the domestic manufacturing sector also grew, as did financial services and tourism. Information technology is the next target, and the government has constructed several incubators to attract investment into cyber-industries and related services.

Explaining Growth

Between 1979 and 1986, both the World Bank and the International Monetary Fund were actively involved in a series of stabilization and structural adjustment programs in Mauritius. As a result of these programs, Mauritius enacted outward-oriented reforms to make the country less protectionist, reducing some of its extensive government controls and interventions. Looking back on the contributions of these adjustment programs to Mauritian performance, a 1989 World Bank report said that Mauritius "had implemented a program of stabilization and structural adjustment which succeeded in creating an economic environment in which most of the preconditions for sustained, export-led growth were satisfied."¹ In particular, the report pointed to trade and exchange-rate regime liberalization, reductions in price controls, and restraints on wages and government spending as core elements of the policy framework and the key to the high growth

rates, measures similar to the prescriptions of the Washington Consensus. Many Mauritians agreed with the World Bank's analysis, as did the World Trade Organization, which noted that "Mauritius's structural adjustment programs of the 1980s had laid the foundation for a decade of high growth."²

There is much evidence to support this interpretation. Mauritius clearly has an outward-oriented approach to trade. During the 1980s, Mauritius underwent considerable market-oriented liberalization along the lines commonly required by international financial institutions. Mauritius successfully carried out five successive IMF agreements between 1980 and 1986, and received two structural adjustment loans from the World Bank. Stabilization policies followed the pattern common to countries receiving loans from the World Bank and the IMF, and they were a clear success. Mauritius devalued the rupee several times in the period between 1979 and 1983, a critical approach to maintaining a competitive, outward-oriented economy. The government adopted austerity policies and restrained wage increases below the inflation rate. In addition, the government cut taxes on companies, personal income, and sugar exports. Cuts were made in rice and flour subsidies and the prices of a number of commodities that had been controlled by the government were liberalized in 1985. Between 1985 and 1987, protection for local firms was reduced, quotas were removed, and there was some liberalization of access to foreign exchange.

However, there is also strong evidence that Mauritius's success was more a case of state intervention than neoliberalism.³ Stabilization policies focus on adjusting to a shortfall in revenues or foreign exchange. Mauritius has a long history of needing to adjust to shortfalls like this, and much experience in negotiating the necessary budget cuts and other policy changes. Dependent on sugar exports but subject to periodic droughts and cyclones, not to mention instability in the market price for sugar, the colonial government had tightened its belt many times before to address towering deficits and debt.

There is also limited evidence that liberalization itself contributed to Mauritius's industrial transformation. Export processing zones (EPZs) were the most significant source of the industrial exports produced on the island. Located around the island, these bonded factories in effect enjoyed a free trade policy regime. They began producing for export in the 1970s and took off in the 1980s when the coun-

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try stabilized. The tax cuts did not affect this growth, as EPZ firms had the incentive of a tax holiday.⁴ Trade liberalization also did not affect this since the EPZ area already imported all of its inputs duty-free. Furthermore, the liberalization that Mauritius has undertaken—

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in trade, price controls, bank interest rates, and the government requirements for priority allocation of bank credits—has either been gradual or took place after the main period of industrial export expansion. In fact, successive

governments have avoided complying with many of the conditions imposed by the World Bank and the IMF in the late 1970s and 1980s. Moreover, the government established three new state-owned enterprises during the structural adjustment period and privatized none.

In short, successive governments managed the macroeconomic basics well, but liberalization was much spottier. Instead, what we see is a sustained and consistent pattern of efforts to manage external markets. That is, Mauritius sought to construct global ties and networks that would provide a more advantageous international environment. Mauritius could have remained a poor, dependent commodity producer, but it did not. We need to understand how and why. Strategic global engagement provides part of the answer.

There are multiple ways in which Mauritians have actively constructed formal and informal international linkages. Four cases in particular illustrate these strategic ties: the colonial origins of these institutionalized practices, which have their roots in the Mauritian sugar industry and its ties to Great Britain; the establishment of the export processing zone in 1970 and the promotion of the zone to Asian businesses; the active expansion of Mauritius's informal economic zone into the mainland of the African continent; and the pursuit of trade preferences in the United States through the Africa Growth and Opportunity Act.

Sugar and Preferential Access

The origins of this pattern of strategic engagement extend back into the colonial period. Already in the early nineteenth century the world sugar market was characterized by various import restrictions, pref-

erential arrangements, and price supports. In the eighteenth century, Jamaica and the West Indies were the principal sources of sugar imports to the UK, and they enjoyed a preferential sugar tariff. This preference was abolished in 1825, and production in Mauritius responded robustly. By the mid-nineteenth century, Mauritius was the single largest producer of sugar in the British Empire.⁵ When the repeal of the Corn Laws in 1846 heralded the start of the era of free trade in the UK, colonial sugar preferences were threatened, and eight years later they were removed entirely. The impact on planters in the colonies and on the British sugar refining industry was enormous, particularly as European countries were subsidizing exports of their own overproduction of beet sugar. From an average of 70,000 tons per year from 1870 to 1874, exports from Mauritius to the UK plunged to an average of only 12,000 tons annually from 1880 to 1894.

Colonial planters and sugar refiners joined together to lobby parliament against free trade. Although the Mauritius Chamber of Agriculture had periodically stationed a representative in London since 1856, it established a permanent office there in 1915.⁶ Several rounds of international agreements attempted to find a solution to the problem of cartels, subsidized overproduction, and consequent low world prices. Employing conventions like quotas, voluntary export restrictions, and limits on production repeatedly failed to produce a sustainable system. What they did accomplish, however, was to clarify that sugar would be a matter for skillful diplomacy and would not be left to the ebb and flow of global markets.

The lobbying skills of Mauritian negotiators were thus honed in an environment in which distortions made it difficult to know which countries could actually be competitive under free market conditions. In periods when world prices were high—such as during World War II and the decade or so thereafter—these agreements provided consuming countries like the UK with relatively cheap sugar. When world prices were low, consumers in effect paid higher prices for their imports. For exporters enjoying these arrangements, the benefits could be quite substantial. Such was the case for Mauritius.

The two most important conventions for Mauritius have been the 1951 Commonwealth Sugar Agreement (CSA), antedated to January 1, 1950, and the Sugar Protocol attached to the Lomé Convention in 1975. The Commonwealth Sugar Agreement allocated quotas to Commonwealth producers for entry into Commonwealth consumption

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markets. Prices were guaranteed for the first two years and negotiated thereafter. In general, however, prices were well above those prevailing on world markets. Mauritius had a price-guaranteed quota of 335,000 tons under the CSA. The Commonwealth Sugar Agreement lasted for nearly twenty-five years, during which most of its signato-

THE PRACTICE IN MAURITIUS OF THE PRIVATE SECTOR WORKING WITH THE GOVERNMENT TO HELP SHAPE INTERNATIONAL TRADING AND INVESTMENT DECISIONS HAS VERY DEEP ROOTS.

ries became independent. As the UK negotiated its January 1, 1973, entry into the European Economic Community (EEC), it also negotiated the inclusion of the Commonwealth Sugar Agreement as an annex to the Lomé Conven-

tion, which established special preferences and aid for the smallest and least developed former European colonies in Africa, the Caribbean, and the Pacific (the “ACP” countries). As the Lomé Convention negotiations were concluding in late 1973, world sugar prices rocketed upward because of a combination of supply shortages, speculation, and consumption increases.⁷ This forced the ACP countries, former beneficiaries of the CSA, to decide in a situation of strong free market prices whether to agree to lock in promises to deliver fixed amounts of sugar to Europe at prices indexed to the EEC price, and if so, what amount to agree to deliver. In response, countries made different decisions. Jamaica, which previously had the largest CSA quota, negotiated a reduction from 797,000 tons to 118,300 tons. Fiji, Malawi, and Mauritius increased their quotas, which left Mauritius as the new leader with an increased quota of 487,000 tons.

The Sugar Protocol brought the Mauritian government, the Sugar Syndicate, and the Chamber of Agriculture into annual negotiations that led to a close relationship with the major British sugar refiner Tate and Lyle. As a historian of Tate and Lyle noted, “It is striking to note that each time the ACP countries negotiated the price of sugar for the coming year in Brussels, they had had previous consultations with Tate and Lyle in London.”⁸ These consultations and the bargaining that happened annually over price and other factors were important enough for the sugar industry in Mauritius that it—alone among the ACP countries—added another office in Brussels. As a former minister of agriculture in Mauritius noted, “The negotiations for preserving the integrity and substance of the Protocol have also gradually become more complex and arduous....[T]hese negotiations will continue to demand from the ACP States all the skills they can muster.”⁹

Thus, the practice in Mauritius of the private sector working with the government to help shape international trading and investment decisions has very deep roots. In the late 1940s, the Chamber of Agriculture's representative in London, Sir Philippe Raffray, led the delegation from Mauritius in negotiating the CSA.¹⁰ These private sector representatives consulted regularly with the colonial administration and later the independent government of Mauritius. A memoir prepared by Sir Guy Sauzier, the Chamber of Agriculture's representative in London, is instructive:

In addition to my activity in Great Britain, I decided to pay regular visits to Brussels and to Paris to meet officials of the EEC Commission and representatives of beet sugar producers and beet growers. At the same time, I suggested to the Prime Minister, Sir Seewoosagur Ramgoolam, that he should organize a high level tour of the capitals of the Common Market, in order to meet high-ranking Ministers and officials, and put our case to them.¹¹

The high-level tour included two private-sector representatives from the sugar industry. Sauzier was later made Mauritius's official representative to the EEC and, as he remarked, "I was thus able to act in a dual capacity as representative of the private sector as well as of the Government."¹² The negotiations over the Sugar Protocol shaped subsequent state-society relations and contributed to the country's unusual ability to influence the rules of global trade, and to construct networks of economic advantage. As a Chamber of Commerce and Industry official put it recently, "It is now clear that the partnership struck between government and the private sector at the time of [the Sugar Protocol negotiations] was a defining moment of the economic history of post-independence Mauritius."¹³

The EPZ and Asian Business Networks¹⁴

Chinese merchants arrived in Mauritius while the island was still under French control, setting up shops and, on several occasions, planting tea. After the British takeover, Chinese immigration increased. By 1850 there were several thousand Chinese on the island who dominated the small shops in Port Louis and the rural areas.¹⁵ A

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Chinese Chamber of Commerce was organized in 1908, and the Chinese began to establish some of the country's first factories before and after the turn of the century.¹⁶ The Chinese population maintained contacts with their ancestral villages in mainland China for family visits and to bring spouses back to Mauritius. As other villagers settled in other parts of Asia, family networks expanded to connect Mauritian Chinese to their kin throughout Asia. With the advent of communist rule in China, many of these relatives fled to Hong Kong and Taiwan, which made family connections particularly strong in those two areas.

The establishment of the EPZ in 1970, and its subsequent success, is directly tied to these Asian networks. As independence drew near for Mauritius in 1968, the idea of manufacturing for export gained hold in the business community. One of those who pushed for the establishment of an EPZ was Sir Edouard Lim Fat, a university professor in engineering and a member of a prominent industrialist family. Lim Fat's in-laws had fled the area around the southern Chinese city of Canton (now Guangzhou) to settle in Taiwan, where he and his family visited frequently.¹⁷ Along with other Mauritians, Lim Fat seized on the idea of the EPZ, which he had seen in operation in Asia. He also traveled to Puerto Rico to study its EPZ, one of the first outside of Asia. Once the Export Processing Zones Act was passed in December 1970, Chinese Mauritians began to promote investment and joint ventures, "taking advantage of numerous personal contacts in these Far Eastern lands" to promote the EPZ "with ceaseless missionary zeal."¹⁸ The Lim Fat family established one of the first three EPZ factories with a partner Lim Fat met in Hong Kong.¹⁹ Former Cabinet Minister Sir Jean Ah Chuen was another early investor in the EPZs.²⁰ Sir Jean Ah Chuen's sister was married to a businessman from Hong Kong who was the honorary consul for Mauritius there. Using his contacts, the Ah Chuen family established several EPZ factories, including two joint ventures with Hong Kong firms.

Sino-Mauritian business networks helped ensure that in the first decade of operation some 60 percent of the capital investment in the EPZ came from Hong Kong.²¹ Other investment came from Taiwan, Malaysia, and Singapore. The appeal of Mauritius as a destination for capital from the overseas Chinese network in Hong Kong and elsewhere was clear: "The Hong Kong investor who comes here does not feel so much like a stranger as he would in Africa. He sees Chinese faces, he eats Chinese food, [and] his wife has someone to talk

to.”²² While Asian business networks brought capital to Mauritius, they also brought ideas and transferred technology and know-how. In many cases local investors had been joint venture partners or had been employed by Asian firms located in the Mauritian EPZ. The knowledge they gained from close contact with experienced producers and from their marketing stood them in good stead when they launched their own firms, sometimes as subcontractors to their original employers.

Although Chinese business networks were grounded in societal linkages, the Mauritian government also played a central role in nurturing Asian investment. Both the private sector and the Mauritian government recruited Asian investors. For example, in 1983 the prime minister gave two promotional seminars in Hong Kong to advertise Mauritius with full knowledge that Hong Kong industrialists were concerned about the future of Hong Kong. Government leaders made numerous trips to Asia to court investors, and regulations were changed to facilitate investment. By 2000, Mauritius had concluded twelve treaties with Asian countries to avoid double taxation; among other sub-Saharan African countries, only South Africa came close to this total with five.²³ Between 1986 and 1993, three Asian countries joined the two former colonial powers, France and the UK, as the top five sources of foreign investment in Mauritius.²⁴

Although Asian investment has declined over the past decade, as of 2001 the largest foreign-owned firms and joint ventures in the EPZ were still those established by investors from Hong Kong: Novel Textiles, Sentosa Enterprises, the Esquel Group, Sinotex, Goodlands, and Star Knitwear, among others.²⁵ A Singaporean firm made one of the decade’s largest investments in Mauritius: the Port Louis racetrack.²⁶ Chinese business organizations and firms in Mauritius continue to promote contacts and connections with their counterparts in Asia. For instance, meetings are often held with the Associated Chambers of Commerce and Industry of Malaysia—largely a Chinese organization—to propose joint ventures in Namibia, Botswana, Mozambique, and Madagascar.²⁷ The government and the Chinese community continue to cooperate in nurturing their Asian networks. Lim Fat, for example, was made Chairman of the Mauritius Freeport Authority in 1992 and used his contacts to promote Asian investment in service-oriented Freeport as a gateway to African markets. In a new twist to the Asian ties, some Mauritian firms have now started to invest in China.

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Investing in Africa

Although only a minority of Mauritians are of African origin, and more than two-thirds have closer ethnic ties to South Asia, there has long been an active interest among propertied families in economic ties with the rest of Africa. Many of the prominent Franco-Mauritian plantation-owning families had invested in sugar and agriculture in

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South Africa and Rhodesia (now Zimbabwe) before independence, and this continued after 1968. The Mauritius Chamber of Commerce and Industry maintained a repre-

sentative in South Africa to promote its interests during the apartheid period, and the government itself rowed against the tide of breaking off ties with South Africa after independence, saying, "We hate apartheid just like any other African country. But business is, of course, a different matter."²⁸ This pragmatic approach was dubbed "eating the banana from both ends."

In the period immediately after independence, however, Mauritius did little to promote economic ties with sub-Saharan Africa. Mauritius did join the Organization for African Unity (OAU), and the new government quickly initiated a request to be included in one of the French-sponsored African regional organizations, the African and Malagasy Common Organization (OCAM). The latter move was at least strategic and directed toward Europe. Mauritius was able to parlay this membership into French sponsorship of its special association with the EEC in 1972. This gave the country dual sponsorship from France and the UK when the EEC was negotiating the terms of the Lomé Convention and the attached Sugar Protocol. Otherwise, Mauritius did not establish any embassies on the African continent for nearly a decade, and when it did begin to form linkages, they were largely commercial in nature.

In 1982 a government team launched the Indian Ocean Rim Initiative, the first direct effort to tie Mauritius more closely to its island neighbors. In the late 1990s, Paul Bérenger, who later became prime minister, served as a "roving ambassador" to promote business links with the Seychelles for Mauritian investment in tourism, Madagascar for investment in export processing, and Mozambique for investment in sugar. Over time, the country became a member of the Common Market for Eastern and Southern Africa (COMESA) and the

Southern African Development Community (SADC), and established embassies in five African countries. These regional ties brought the government and the business class closer together. The first time the government invited the Chamber of Commerce and Industry to join the government team in diplomatic negotiations was over the SADC Trade Protocol in 1995.

Madagascar was the first major target for Mauritian business. Geographically close, and with vastly more land and people, the “Big Island” drew the interest of Mauritian firms in the EPZ who were finding that the rapid wage increases in the late 1980s were resulting in lost orders at the lower end of the garment market. Floréal, one of the largest garment manufacturers in Mauritius and a subsidiary of the large Mauritian conglomerate CIEL Group, was the first Mauritian firm to venture into Madagascar. In 1989 Floréal began to shift its T-shirt business to Madagascar, keeping the higher end woolen sweater factories in Mauritius. Thirty to forty Mauritian companies were operating in the MFZ just before the 2002 political crisis in Madagascar, and many more left as the crisis stretched on for months.

Since 1994, Mauritian companies have invested in services, tourism, banking, agri-business, and manufacturing in Comoros, Mali, Kenya, Seychelles, Côte d’Ivoire, Chad, Rwanda, Malawi, Tanzania, and South Africa. Mauritius Telecom partnered with France Telecom and others to invest in a Cameroon mobile phone project. The State Insurance Company of Mauritius (SICOM) signed a contract to restructure Emose, Mozambique’s state-run insurance company. The privatization of Mozambique’s state-owned sugar plantations and refineries drew the interest of Mauritian investors as well. A consortium of three largely Franco-Mauritian conglomerates with their roots in the Mauritian sugar industry—WEAL, Mon Loisir, and ENL—purchased the Marromeu sugar refinery and plantation. Another group of Indo-Mauritians joined with the Mauritius Agricultural Cooperative Federation to explore investing in the Companhia do Buzi sugar refinery and 20,000 hectares of land. By 2003 Mauritius was the largest investor in Mozambique.²⁹ CIEL invested in a sugar estate and mill in the Kilimanjaro region of Tanzania, and Harel Frères purchased shares in two sugar complexes in Côte d’Ivoire, only to have one of them occupied by rebel soldiers shortly afterward.

The growing interest is accompanied by continued concerns about political instability in the region. Many of the countries in which

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Mauritians have invested have been hit by coups, attempted coups, and political unrest. These developments, as a recent editorial commented, “have shaken the confidence of Mauritians in the region. But [Mauritians] have no choice. [They] must deal with it, because the region is a card that [they] simply must play in the game of...economic development.”³⁰

U.S. Trade Preferences

In December 1994 the U.S. Congress asked President Bill Clinton to develop legislation that would promote the integration of African countries into the world economy. Ultimately, this would become the Africa Growth and Opportunity Act (AGOA). From the beginning, the act was intended to encourage economic and political reforms in Africa by rewarding reformers with preferential access to the U.S. market. As the bill was negotiated, Mauritius organized support from other African countries and businesses interested in the passage of an Africa trade bill.³¹ Over time, the joint efforts of the government and the private sector led to the construction of a strong transnational coalition to help shape and promote the passage of the bill that became AGOA in 2000.

The United States had already become one of the largest markets for Mauritian garment exporters at a time when U.S. businesses were also worried about the impact of the North American Free Trade Agreement on the domestic market. With only a tiny staff—one ambassador and three diplomats—the Mauritian embassy was still able to extend its influence through the partnerships forged not only with the private sector at home in Mauritius, but also with other African embassies and governments and their business associations. Beginning in the summer of 1995, Mauritian embassy officials and businessmen worked together with staffers in Congress to strategize about the contents of the bill and how they could get it passed.³²

The embedded connections between the government and the private sector were very close throughout this effort. In Mauritius, the Minister of Trade and Commerce presided over a “High Powered Committee” on AGOA, which met monthly to connect key ministerial officials with representatives from the Joint Economic Council, the Mauritius Chamber of Commerce and Industry, and various private sector firms.³³ However, most of the hard promotion of AGOA was done in Washington.

The embassy supported the founding of the Mauritius-United States Business Association (MUSBA) in 1995. The president of the MUSBA was Washington lawyer Paul Ryberg, whose firm represented the interests of the Mauritius Sugar Syndicate in the 1969 allocation of sugar quotas in the U.S. market. Ryberg worked with Peter Craig, the embassy's trade commissioner, and Maurice Vigier de la Tour, president of the Mauritius Export Processing Zone Association and a high-level official with the large manufacturer Floréal, as the country's AGOA team. Ryberg and Craig also served as editors of the Mauritius-U.S. Trade Bulletin, a publication issued by MUSBA. Prime Minister Ramgoolam traveled to Washington several times to help lobby for the bill. This close partnership blurred the boundaries between the private and public sector, and it was extremely effective. U.S. congressional staff who worked with the Mauritians to get the bill passed called the Mauritians "indispensable.... They were extremely well organized," and said, "Their people are really top notch."³⁴

The highly visible position Mauritius took to promote the trade bill brought unwelcome attention from the bill's opponents—particularly the American Textile Manufacturers Institute—who began a campaign to discredit Mauritius as "not really African," and merely a platform for Asian industrialists.³⁵ The Mauritians realized they needed partners on the African mainland, and in 1999 MUSBA established another group to aid in the lobbying effort: the African Coalition for Trade (ACT). Ryberg, who also served as the president of ACT, noted that, "MUSBA and ACT will lobby Congress in tandem in support of the Africa Bill, and we hope that ACT's relatively broader constituency will give it enhanced credibility in its dealings with Congress."³⁶ Over time, ACT's credibility began to grow in the United States as business associations and private firms from Botswana, Côte d'Ivoire, Kenya, Lesotho, Madagascar, Malawi, Mozambique, Senegal, Swaziland, Tanzania, Zambia, and Zimbabwe joined the coalition. Indeed, the passage of the Africa Growth and Opportunity Act, and the subsequent two major revisions, AGOA II and AGOA III, drew Mauritius closer to the mainland of sub-Saharan Africa, where the government and the private sector were already expanding their economic and diplomatic reach.

Successful Strategic Engagement

In June 2004 the Mauritian minister of foreign affairs, international trade, and regional cooperation addressed the eleventh meeting of

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the United Nations Conference on Trade and Development (UNCTAD) in Brazil. “The results of globalization,” he said, “are what we make of it....[Success] requires a process of sustained engagement of all the actors themselves, including states, international organizations, business and civil society.”³⁷ The examples above show how Mauritius—small, vulnerable, and distant from all of its markets—has nonetheless fostered this strategic engagement.

Several factors made this strategic engagement possible. A long history of colonial experience with the construction of the sugar market showed Mauritians that markets were often constructed to suit some interests and disadvantage others. Mauritian exporters learned that although they were small, they could sometimes shape the markets that were critical to their products. Another determinant was that after independence political leaders made use of the domestic bourgeoisie instead of suppressing, exiling, or expropriating them. The government used the networks and contacts of local business to bring in investment and to negotiate trade deals. Although well-established Chinese and Indian business networks exist in other African countries,

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few of these governments have been able to leverage international contacts and networks. In contrast, they have suppressed and, in the case of Uganda under Idi

Amin, even expelled Asian entrepreneurs. Another important element for strategic engagement was democracy. The government of Mauritius has a long tradition of consensus building and regular consultation with major societal groups. This was the case even during the colonial period.

These norms facilitated the forging of partnerships, but the bonds were not automatic. Trust was built slowly through several decades of trial and error. During this process government and business saw the utility of mutual engagement. The private sector in particular saw the potential rewards that lay in assisting government policy analyses by transcending special interests to speak with one voice through the Joint Economic Council. All of this suggests that, at least in the case of Mauritius, the institutional prerequisites for strategic engagement were not formed overnight. As with any social capital, individual beneficial interactions accumulate and generate momentum for national improvement.

The challenge for others is not to follow in the footsteps of Mauritius. Other countries have had different colonial experiences resulting in different starting points, and global markets today are different from what they were nearly four decades ago. Yet the rewards of strategic engagement are just as relevant today. The economic success of Mauritius offers strong evidence that intelligent planning, making use of the global ties and networks found in one's own society, and creating a shared vision can help achieve national economic goals. The current global environment of widespread international trade and linkages makes these steps even more necessary for fostering development and avoiding the fate of the Mauritian dodo, which failed to adapt to a rapidly changing environment. ■

NOTES

- ¹ World Bank, *Mauritius: Managing Success* (Washington, DC: The World Bank, 1989), xi.
- ² World Trade Organization, "Trade Policy Review Body: Review of Mauritius, Concluding Remarks by the Chairperson," October 1995. http://www.wto.org/wto/english/tratop_e/tp16_e/tp16_e.htm.
- ³ For a detailed discussion, see the chapter by Arvind Subramanian and Devesh Roy, "Who Can Explain the Mauritian Miracle? Meade, Romer, Sachs, or Rodrik?" in Dani Rodrik, ed. *In Search of Prosperity: Analytic Narratives on Economic Growth* (Princeton, NJ: Princeton University Press, 2003), 205-243.
- ⁴ The sugar export tax reductions did undoubtedly allow for increased investment in the EPZ, however.
- ⁵ Pierre Chalmin, *The Making of a Sugar Giant: Tate and Lyle 1859-1989*, Erica E. Long-Michalke, trans. (London: Tate Gallery, 1990), 25. Unless otherwise stated, the information in this paragraph is from this excellent and voluminous source.
- ⁶ August Toussaint, "Historique de la Chambre d'Agriculture, Île Maurice, suivie d'une Analyse des Rapports Annuels (1854-1951)," unpublished typescript, n.d. (circa 1971), 2, 8.
- ⁷ Chalmin, *The Making of a Sugar Giant*, 439.
- ⁸ *Ibid.*, 475.
- ⁹ M. Dulloo, Minister of Agriculture, Fisheries and Natural Resources, "Foreword," in Mauritius Sugar Syndicate, *The Sugar Protocol and Mauritius* (Port Louis: Editions IPC, 1991), iii.
- ¹⁰ J. Jacques Koenig, "The Commonwealth Sugar Agreement," in *The Sugar Protocol and Mauritius*, 5.
- ¹¹ Guy Sauzier, "The Negotiations Leading to the Sugar Protocol," in *The Sugar Protocol and Mauritius*, 39.
- ¹² *Ibid.* Sauzier reports that he was strongly in favor of retaining the application for a quota increase, even in the face of what was then a high world market price for sugar. "I was much heartened when the Prime Minister informed me that he shared my view and that I could proceed accordingly." *Ibid.*, 45.
- ¹³ Rajendra Tagore Servansingh, "Small States: From Vulnerability to Competitiveness," *Chamber News*, 30 January 2004.
- ¹⁴ This section draws on a longer article by Deborah Bräutigam, "Close Encounters: Chinese Business Networks as Industrial Catalysts in Sub-Saharan Africa," *African Affairs* 102 (2003): 447-467.
- ¹⁵ Philip Snow, *The Star Raft: China's Encounter with Africa* (Weidenfeld & Nicolson, New York, 1988), 55.
- ¹⁶ "The Chinese Chamber of Commerce: a few historical notes," *90th Anniversary Special Souvenir Magazine* (Dec. 1998).
- ¹⁷ Edouard Lim Fat, interview with author, Port Louis, Mauritius, 19 April 1999; see also Dick Chan, "Mauritius wants to be Hong Kong," *South China Morning Post* (Hong Kong), 23 January 1995.
- ¹⁸ L.M. Lim, "Hong Kong and the free zone," *L'Express* (Port Louis, Mauritius), 11 July 1997. See also Michael Young, "Mauritian development strategy: Hong Kong is the model," *The Financial Times*, 5 May 1971.
- ¹⁹ Ironically, his partner was German, although he met him through Chinese network connections. Edouard Lim Fat, interview with author, Port Louis, Mauritius, 19 April 1999.
- ²⁰ Donald Ah Chuen, interview with author, Port Louis, Mauritius, 21 April 1999.
- ²¹ Roland Lamusse, "The breakthrough in export-processing industrialization in Mauritius," (discussion paper no. 13 at the African-American Issues Center, Boston, MA, no date, c. 1985).
- ²² Comment by Philippe Chan Kin, former chairman of the Mauritius Export Processing Zone Association.

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tion, in Blaine Harden, "Mauritius breaks out of Africa's poverty: free export zone works wonders for tiny island," *Los Angeles Times*, 21 November 1988.

²³ United Nations Conference on Trade and Development (UNCTAD), "Tax Incentives and Foreign Direct Investment: A Global Survey," *ASIT Advisory Studies* 16 UNCTAD/ITE/IPC/Misc. 3, (Geneva: UNCTAD, 2000), 38.

²⁴ World Trade Organization, *Mauritius Trade Policy Review* (1995; 2001); United States Department of State, *Mauritius: 2005 Investment Climate Statement* 4 (2005). <http://www.state.gov/e/eb/ifa/2005/42089.htm>.

²⁵ UNCTAD, *Investment Policy Review: Mauritius*, (Geneva: UNCTAD, 2001), 8.

²⁶ Other investments from Singapore include the Singapore Network Services, which invested in an electronic data interchange (EDI) network in 1994 to improve the management of trade documents in a joint venture with the State Investment Corporation; the Mauritius Chamber of Commerce and Industry; and three parastatal organizations. See *Business Times*, 15 April 1994.

²⁷ Léon Baya, "Mission en Malaisie: la Chinese Business Chamber confiante des possibilities de 'joint-ventures,'" *Le Mauricien* (Port Louis), 13 February 1999.

²⁸ *Africa Contemporary Record* 3 (1970-1971): B152, cited in Larry Bowman, *Democracy and Development*, (Boulder, CO: Lynne Rienner Publishers, 1990), 155.

²⁹ "Second Sugar Project in Mozambique," *Indian Ocean Newsletter* 867, 24 July 1999.

³⁰ Mahmood Cheeroo, "La Question Régionale," Chamber News, newsletter of the Mauritius Chamber of Commerce and Industry, Port Louis, Mauritius, 8 March 2002. Mauritius also made use of its African connections in the Doha trade round negotiations at the WTO. "Mauritius is trying to gather support, especially through the Africa Group, to voice out its concerns on the devastating effect that the erosion of preferences and a substantial tariff reduction would have on its economy. But the future looks gloomy." Rooma Narrainen, "WTO Negotiations," *Chamber News*, 11 July 2003.

³¹ Paul Ryberg, remarks at Port Louis Conference on the Africa Growth and Opportunity Bill, Labourdonnais Hotel, Port Louis, 21 January 1999.

³² Paul Ryberg, interview, Washington, DC, 15 March 2005.

³³ "AGOA: Les rapports de trois sous-comités étudiés par le comité Cuttaree," *Le Mauricien* (Port Louis), 20 August 2001.

³⁴ Confidential interview, Washington, DC, 4 March 2005.

³⁵ At this point, 72 percent of the garment and textile industry in Mauritius was locally owned. See H.E. Chitmansing Jesseramsing, Ambassador of Republic of Mauritius, Testimony before the Subcommittee on Trade of the House Committee on Ways and Means, Hearing on U.S. Trade Relations with Sub-Saharan Africa, 3 February 1999. <http://waysandmeans.house.gov/legacy.asp?file=legacy/trade/106cong/2-3-99/2-3jess.htm>. The Mauritius Chamber of Commerce and Industry (MCCI) Web site states that 60 percent of the EPZ firms, including sectors other than textiles, are domestically owned. <http://www.mcci.org>.

³⁶ "President Clinton: A Genuine Framework for U.S.-Africa Trade Relations," *Industry in Focus* 43 (March/April 1999), 39.

³⁷ J.K. Cuttaree, "Statement," UNCTAD XI Conference, Sao Paulo, 16 June 2004.