

ADDRESS BY

**HON. JEAN FRANÇOIS CHAUMIERE
MINISTER OF LABOUR, INDUSTRIAL
RELATIONS & EMPLOYMENT**

Opening of new Textile Factory

Mazava Athletic Performance Wear Ltd

Date: Monday 11 January 2010

Time: 1600 hrs

**Venue: BPML Building, Argy
FLACQ**

My colleagues,

Hon. Anil Baichoo, Minister of Public Infrastructure, Land Transport & Shipping

Hon. Dharam Gokhool, Minister of Industry, Science & Research

Hon. Asraf Dulull, Minister of Information & Communication Technology

Hon. Dr. Rajen Mungur, PPS

Mr. Urben Geiwald, Chairman of Mazava Athletic Performance Wear Ltd

Mr. Gyn Lam, Director

Distinguished representatives of the Diplomatic Corps

Representatives of the Private Sector

Distinguished guests

Ladies and Gentlemen,

It gives me great pleasure to be among you today on the occasion of the opening of a new textile factory – namely the **Mazava Athletics Performance Wear Ltd.**

It is always gratifying to be associated with such an event, and it gives us all a sense of pride and accomplishment whenever a new factory is being opened and a new business is being launched – more particularly at a time when the country is still battling against the impact of the international economic and financial crisis. Hence, the opening of a new factory these days is certainly a very big challenge.

I wish, therefore, to congratulate the promoters, and particularly the Chairman of **Mazava Athletics Performance Wear Ltd**, Mr. Urban Geiwald, the Director, Mr. G. Lam and their team for making this project – that of setting up a new factory in Mauritius a reality. It is really a very bold initiative – a perfect answer to those few ones who are still describing an extremely gloomy picture of the situation in the Textile Sector.

Ladies and gentlemen, we must all agree that the textile sector in Mauritius has been going through a difficult phase lately. It is true that there has been a re-structuring of this industry, due to globalization, the loss of guaranteed quotas in the wake of the dismantling of the Multi-Fibre agreement, and now due to the International financial crisis. However, there is still a future for the textile industry in Mauritius – if all stakeholders “want” a future and act accordingly. What we need is a constant re-engineering of this industry so that it should be in tune with what is going around us

and take stock of new competitors, new demands from the market, and new feedback from the market place.

As you are aware, technological changes, emergence of global markets, changes in financial markets, competition on the international front, new business and management practices, are but some of the most significant developments transforming the world. Additionally, the government is in the forefront in providing to investors the right environment and facilities – infrastructural, institutional and financial support to the business community.

Ladies and Gentlemen,

Most of the economic and social indicators have shown that the government was always right in coming up with enabling and bold measures in time through successive budgets since we took office in 2005. We have been able not only to address the serious and catastrophic economic situation we had inherited, but we have also been able to mitigate the impact of the world economic and financial crisis with some success.

The **Additional Stimulus Package** initiated by the government had a direct focus on saving enterprises that were being driven to the brink of breakdown by the crisis. The aim was to support these

entrepreneurs, save jobs, protect our markets, industries and the economy. Thanks to the Additional Stimulus Package, we have been able to save thousands of jobs particularly in the Textile Sector, contrary to those who were speaking of massive job losses due to the international economic crisis. The Additional Stimulus Package has indeed contributed to make our economy even more resistant and resilient to the impact of the global crisis. Hence, the reasons why the government has deemed it necessary to maintain the Additional Stimulus Package until December, this year, including all the funds committed for the Stimulus Package.

It is, therefore, not surprising at all if the World Bank cites Mauritius as the 17th best place in the world to do business, ahead of countries like Sweden, South Korea and France. Although, the array of business facilitating support and measures have much to do to ease the business climate, we should not forget the social and political stability that the country enjoys thanks to our inherent respect for good governance and democracy.

As you may be aware, the USA has recently decided to suspend trade benefits granted under the **African Growth and Opportunity Act (AGOA)** for countries like Guinea, Niger and Madagascar, citing a lack of progress with regards to good governance and democracy. All AGOA countries are reviewed for eligibility every year. According to

Anthony Newton, the Director of the **Economic Policy Staff in the US State Department's Bureau of African Affairs**, governments that don't demonstrate good governance or adherence to democratic norms will find themselves in the position of their eligibility under AGOA terminated. It means, therefore, that AGOA is not just an economic incentive program. It has its political components as well. It goes the same for the **Economic Partnership Agreement** signed with the European Union.

As a result, unfortunately, Madagascar's \$600 million a year textile industry may adversely be affected as US buyers will not take the risk in placing orders in Madagascar. Just imagine the disaster – when half of Madagascar's 150 factories – employing over 50,000 workers – supply major US stores. According to information, it would also mean a downsizing of the textile industry in Madagascar by about 50 per cent.

Ladies and Gentlemen,

Mauritius, contrary to many countries, including those I have just mentioned, has been able to come up unscathed through the economic crisis, not only because of the reforms and measures we have initiated, but also due to our respect for good governance, to democracy and most importantly because of the political and social stability we enjoy. Mauritius is cited by the Financial Times as being one of the only 32 countries the Economic Intelligence Unit considers a “full democracy”.

It is, therefore, not a coincidence that the World Bank has chosen Mauritius as the venue for an International Conference on the theme: “sharing reform experiences”. This conference which will be held as from Wednesday, this week, will be attended by some 125 participants from 15 countries and it will include a delegation of top officials from the World Bank and other international financial institutions. This will, indeed provide Mauritius with the opportunity to show again how we are successfully coping with the exigencies of globalization and with the impact of the international economic crisis.

Ladies and Gentlemen,

You may be aware that some apprehensions have been voiced out in certain quarters regarding possible massive job losses in the

manufacturing sector this year, primarily because of the strong Mauritian currency. Personally, I do not believe in this, just like I did not believe the prediction of massive redundancies that never, in fact, took place last year in the wake of the international financial crisis.

Recent statistics, in fact, show that there has been a gradual decline in the overall unemployment rate since 2005 when the unemployment rate stood at 9.6% as compared to 7.4% today. It is nothing compared to the 57,000 job losses during the years 2001 to 2005 in the EPZ sector alone. Contrary to those years where no immediate protection was available for laid-off workers, today workers under similar situation are better protected under the new labour laws, particularly the **Employment Rights Act**.

We have, for example the **Workfare Programme** under the **Employment Rights Act** which has the merit of ensuring a means of immediate subsistence – a maximum of Rs10,000 and a minimum of Rs3,000 for a maximum period of 12 months to all laid-off workers. Unlike the situation prevailing under the previous legislations where many workers did not receive any compensation on the closure of enterprises, the **Workfare Programme** guarantees a Transitional Unemployment Benefit.

This programme, in fact, maintains a contact between the laid-off worker and my Ministry until he is placed in a job, retrained and reskilled or is assisted through the SEHDA – now known as SMEDA – Small and Medium Enterprise Development Authority – to set up a small business of his own. The **Workfare Programme** also ensures payment of the laid-off workers contribution to the NPF on his behalf for a maximum of 12 months. This is indeed a revolutionary scheme which has also been commended by the ILO.

Ladies and Gentlemen,

Since the coming into operation of the new labour legislation in February last year, some 1,700 laid-off workers have benefitted from the Workfare Programme. About Rs50 million has been paid to these workers as **Transition Unemployment Benefit**. May I seize this opportunity to remind employers in general that laying-off of workers by enterprises in distress should be a decision of last resort, and that in this regard government has provided enough means to ensure protection of enterprises and employment. So much with regard to protection of workers under the new labour legislation – namely the **Employment Relations Act** and the **Employment Rights Act** and under other relevant measures.

Ladies and Gentlemen,

The situation is different today. Various indicators show signs of economic recovery. The opening of this factory today also shows another tangible evidence that investors still believe in Mauritius because of the government's efforts to providing a conducive business environment. As Minister responsible for the portfolio of employment, I can also confirm that there are over 5,000 vacancies actually existing in the manufacturing sector alone.

In fact, there are numerous job opportunities. However, we have to concede of the inherent problems of mis-match and of other problems related to labour market. In this connection, my ministry intends to come up with a **National Employment Policy** this year. The assistance and support of the ILO is being sought to this effect.

As Minister of Labour and Industrial Relations, I am satisfied that Mauritius is not lagging behind as far as labour laws relating to industrial relations and conditions of employment are concerned. In fact we have a very comprehensive piece of labour legislation that is not only worker-friendly, but also investment-friendly. We have also ratified all the core conventions of the ILO and we are doing our best to comply with all provisions of conventions adopted by the ILO.

The government is also committed to the promotion of **Decent Work** and social upliftment of workers through a better and equitable

sharing of benefits of economic progress. In this regard, my ministry is presently finalising the Decent Work Country Programme document. This document highlights ways and means to make the best possible use of available ILO resources to advance the **Decent Work Agenda** and thereby improving the working and living conditions of workers in Mauritius.

Since my appointment as Minister of Labour, Industrial Relations and Employment, I have ensured that social dialogue be given top priority as a means not only to strengthening employer-employee relations, but also as a tool for promoting better living and working conditions and greater social justice. It is essential that social dialogue becomes the cornerstone of our industrial relations strategy. Towards this end, we have also improved and redefined the institutional framework. Social dialogue institutions can only be effective if they have the trust and confidence of all partners concerned.

I wish to repeat it again. It is my own sincere belief that confrontation does not necessarily resolve problems. The answer to many of our problems, and particularly labour and industrial relations problems lies in social dialogue, good communication based on mutual respect and on effective use of collective-bargaining.

Let me once again, congratulate and thank the chairman, the Director and management of **Mazava Group** for having chosen Mauritius as the location for a new factory. I understand that this unit will manufacture sportswear and knits for major European and USA customer well known brand, as well as for Asia and Australia. You may rest assured that you will find in Mauritius, the perfect country for doing business, and that in a very near future you will find the need to further expand your business in this Island.

To conclude, I extend my best wishes to the company, to its workers and to all those who will be part of this big family which is striving hard, not only to further their individual and collective objectives, but also to increase the wealth of the nation.

I thank you for your attention.

◆◆◆◆◆◆◆◆