

MAURITIUS: Doing Business 2009: Mauritius Ranks Highest in the Region

September 17, 2008

The World Bank released the Doing Business Survey 2009 this week, and Mauritius scores the 24th place in the Ease of Doing Business Index, progressing by four places since last year. The report highlights the sustained commitment of Mauritius to improve its competitiveness through various regulatory reforms initiated over the past 5 years, and considers it as the country with the most favorable business regulations in the African region, scoring even better than South Africa, which ranks 32nd. Areas in which Mauritius brought reforms during 2007/8 include starting a business, registering property and getting credit.

While Singapore continues to top the list on the ease of doing business, followed by New Zealand, the United States and Hong Kong (China), Azerbaijan is this year's top reformer, with the most regulatory reforms for 2007/2008. It has introduced a one-stop shop for business start-up in January 2008, halving the time, cost and number of procedures to start a business, amended its labor code to make employment regulation more flexible, eased credit procedures, and introduced online filing and payment of taxes.

The top performers have also maintained improvement on their procedures. Singapore has further simplified its online business start-up service. New Zealand has introduced a single online procedure for business start-up, lowered the corporate income tax and implemented a new insolvency act. Hong Kong (China) streamlined construction permitting as part of a broader reform of its licensing regime. And entrepreneurs in Toronto, Canada, can now start a business with just one procedure.

The report points out that this continuing reform is not surprising as many of these high-income economies have institutionalized regulatory reforms, setting up programs to systematically target red tape. Examples include the "Be the Smart Regulator" program in Hong Kong, Simplex in Portugal, Kafka in Belgium, and Actal in Netherlands. To identify priorities, these governments routinely ask businesses what needs reform. Belgium for instance reformed business registration after 2,600 businesses identified it as a major problem in 2003. Starting a business now takes 4 days instead of two months, and new business registrations increased by 30% in 2 years. In Portugal, 86 of the 257 initiatives came from discussions with businesses.

During 2007, the Board of Investment in collaboration with the Ministry of Finance and Economic Development set up four Technical Working Groups (TWG) comprising key representatives from the public and the private sector to work on topics where Mauritius ranked poorly, namely (1) Dealing with licences (2) Registering property (3) Getting credit (4) Enforcing Contracts. The objective of each TWG was to make specific recommendations, to be eventually translated into administrative and policy reforms aimed at improving the investment climate in Mauritius. The Chamber chaired the TWG on Enforcing Contracts and recommendations included the introduction of specialized commercial courts, e-filing and e-courts, case management practices and commercial arbitration. Such a consultative approach on the part of government can contribute in a significant way towards improving the ease of doing business in the country, and the Chamber looks forward to working more closely with public authorities on similar initiatives.

The Doing Business Survey is a World Bank report that ranks economies based on ten indicators of business regulation that record the time and cost to meet government requirements in starting and operating a business, trading across borders, paying taxes, and closing a business. This year's report ranked 181 economies and reported on reforms in 113 such economies. The rankings however do not reflect such areas as macroeconomic policy, quality of infrastructure, currency volatility, investor perception, or crime rates.

Since 2004, the Doing Business Survey has spurred around 1000 regulatory reforms worldwide, with many countries learning from each other, and basing their reforms on best practices of the top performers.

Source: International Business Law Services