

# EMERGING markets

information  
for  
foreign  
investors

Country  
in focus:

November / December 2008 issue seven

United  
Arab  
Emirates

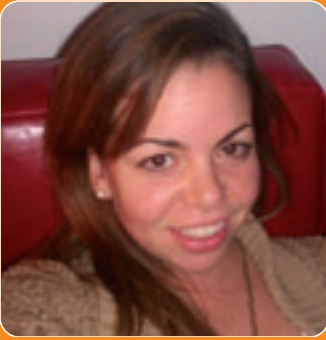
UAE: Much more than just oil and gas

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# Editor's welcome



A handwritten signature in black ink that reads "Patricia Gomez". The signature is fluid and cursive.

**Patricia Gomez**  
Editor

**Our main focus in this issue of Emerging Markets is the United Arab Emirates, a country that is becoming less dependent on the natural resources that have kept it alive until now - oil and natural gas - and is diversifying its economy, with three main sectors taking centre stage: construction, manufacturing and services.**

Croatia has also become a booming economy with potential for investment in many sectors, thanks to the privatization of strategic, government-owned assets, with more than half of last year's foreign direct investment going to the financial, chemical, and telecommunications sectors.

In Mauritius, we discover that this picturesque island is not only an attractive tourist destination, but it has also left behind its one-crop economy by actively encouraging the development and promotion of the new thriving sectors of the island, for example information communication technology (ICT) and seafood.

Finally, we have incorporated a section into this issue which deals with the current financial crisis, and how emerging market economies are coping, many with more success than the more developed economies of the world.

**Next issue: To be confirmed**

# UAE: Much more than just oil and gas

The UAE, commercial centre of the Gulf, has the modern infrastructure, the multi-cultural workforce, and the pro-business attitude which would make any place an attractive destination in which to do business.

**Tim Howe**, managing partner at MSI's Dubai accounting member firm, **Al Ghaith & Co**, gives us even more reasons for which to look to the country for investment opportunities.

## Background Information

- 7 emirates comprise the UAE including Abu Dhabi, Dubai and Sharjah.
- The official language is Arabic but English is the common language.
- The government of the UAE is a federation with specific powers to the UAE federal government and other powers reserved to the individual emirates.
- Its legal system is a federal court system introduced in 1971; all emirates except Dubai and Ras Al Khaimah have joined. All emirates have secular and Islamic law for civil, criminal and high courts.
- Until recently foreigners were not allowed to own property in Dubai. However there are now several developments (including The Marina, Palm Island, Arabian Ranches, Emirates Lakes, The Meadows, The Greens etc) that now allow foreign ownership. Prices range from around Dhs 800,000 to over Dhs 50 million.

## Tax

There is no personal income tax levied in the UAE and the only company tax is levied on certain foreign banks and oil companies.

With the exception of Abu Dhabi, the other emirates levy a municipal tax which currently stands at 10% on the rental value of office premises and 5% on residential rental. There is also a 10% tax imposed on hotel services and entertainment and sundry taxes on items such as alcohol, tobacco, cinema tickets etc.

Apart from certain exceptions (mainly personal possessions, industrial raw materials and re-exports), there is also a 5% import duty on the value of imported goods.

The zakat (an Islamic tax on property and income) is not officially levied in the UAE.

## Double Taxation Treaties

The following countries have a double tax treaty with the UAE:

Armenia, Austria, Belarus, Belgium, Canada, China, Czech Republic, Egypt, Finland, France, Germany, India, Indonesia, Iraq, Italy, Jordan, Korea, Kuwait, Lebanon, Malaysia, Morocco, Netherlands, New Zealand, Pakistan, Poland, Romania, Singapore, Spain, Sri Lanka, Sudan, Switzerland, Syria, Tajikistan, Thailand, Tunisia, Turkey, Ukraine, Yemen.

## Advantages of the UAE for Business

- No currency restrictions
- No restriction on profit transfer or capital repatriation
- Easy communication links

## Economy

There is no doubt that the UAE has one of the fastest growing economies in the world. According to official figures, the real GDP grew more than 48% from 2005 to 2007.

Although the country is becoming less dependent on its oil and natural gas revenue, nearly 40% of GDP is directly based on their output. The country currently pumps over 2.5 million barrels per day but even at this rate it has reserves of nearly 100 billion barrels - enough to keep going until at least the end of this century.

The country is becoming less dependent on these natural resources and is making impressive attempts at diversifying its economy. This is being assisted by a massive construction boom, an expanding manufacturing base and an ever-growing service sector.



Burj Al Arab Hotel, Dubai, United Arab Emirates.

National currency	Emirati dirham (AED)
Population	4.62 million
GDP	US\$ 164.4 billion
GDP per capita (PPP)	US\$ 37,000
Real GDP growth	7.5%
Consumer price inflation	14%
Exchange rate	Emirati dirhams per US dollar - 3.673
Import partners	China 13%, India 10%, US 9%, Japan 6%, Germany 6%, UK 5%, Italy 5%
Export partners	Japan 23%, South Korea 10%, Thailand 5%, India 5%
FDI	US\$ 18.6 billion (2006)
World Bank 'Ease of Doing Business' ranking	68

\* All figures are 2007 unless otherwise stated



**There are developments in place worth a total of over US\$ 700 billion. Such projects include:**

**The Burj Dubai** - The world's largest building ready for occupancy in 2009.

**3 Palm Islands** - Jumeirah, Jebel Ali and Deira - the largest man-made islands in the world. (Jumeirah - already occupied - is the smallest of the three and consists of a trunk, a crown with 17 fronds and a surrounding crescent island that forms an 11 km long breakwater. The island is 5km by 5 km and is larger than 800 football pitches).

**Dubai World Central Airport** - Planned as the world's largest passenger and cargo hub with annual capacity for 12 million tons of cargo and 120 million passengers. Its 6 parallel runways - 4.5 km in length and 800 metres apart - will allow four aircrafts to land simultaneously.

**Dubailand** - Expected to be twice the size of Disney World.

**Dubai Mall** - Recently opened and slated to be the world's largest shopping mall.

**Dubai Sports City** - Covers most sports including a Manchester United Academy, the International Cricket Council, Tiger Woods' first golf course etc., and will be the base of possible future Olympic / World Cup bids.

**Bawadi** - A 10 km boulevard which will have 51 hotels and more than 60,000 rooms with an expected cost of US\$ 100 billion.

**Meydan** - A state of the art horse racing facility with a 1 km grandstand housing 60,000 and with a total area of 76 million sq ft.

**Dubai Metro** - The 52 km long Red line will be operational in September 2009 followed by the 22 km Green Line in 2010 with a further 230 km of lines already planned.

**Emirates** - Travelling to over 100 destinations and with orders for a further 200+ airplanes including 56 Airbus 380s.

#### Did You Know?

*The climate is among the hottest and most humid in the world. The Royal Air Force in Sharjah recorded a world record temperature of 167°F [75°C] during the summer of 1969 and winter humidity often exceeds 100%.*

It is to be noted that the above projects are all Dubai-based and that the construction boom in Abu Dhabi is only just beginning. There is much speculation that what will happen there in the coming years will leave Dubai standing. (Abu Dhabi is the wealthiest emirate with an average net worth for its 420,000 citizens of US\$ 17 million and more than US\$ 1 trillion invested worldwide. The Abu Dhabi Investment Authority - currently estimated at US\$ 875 billion - is considered the world's wealthiest sovereign fund). That being the case, the country is in for an interesting future to say the least.

According to the ministry of finance and industry, the total cumulative capital value of all non-oil and gas industrial projects exceeds US\$ 20 billion and, in turn, creating 290,000 jobs. A new wave of manufacturers are catering for the "new economy" by providing machinery and tools for various industry segments.

The first industrial city of Abu Dhabi includes economic zones for base metals, building and construction products, electronics, plastics, manufacturing and automotive industries and has already attracted US\$ 3 billion in investment. Meanwhile Dubai's industrial city is targeting in excess of US\$ 2 billion over the next five years.

An October 2008 IMF report said that inflation has emerged as a key issue and it expects the UAE's inflation to rise in 2008 before it falls in 2009. The report also touched on the global credit crisis and its impact on the equity markets. It also stressed the need for policymakers to closely monitor developments in real estate prices and assess vulnerabilities of the financial system to property price corrections and liquidity pressures.

Both the country's stock markets have taken a battering. The Dubai Financial Market has lost half its value this year with market heavyweight Emaar Properties falling to AED 4.93 in early November - its lowest level in almost four years. The Abu Dhabi securities exchange has fared little better.

### Business Culture Tip



*The basic working week is 5 days, beginning on Saturday instead of Monday.*

It is perhaps not surprising to see that the UAE tops in daily per capita consumer spending at US\$ 27 as compared to US\$ 3.50 in the rest of the Arab world. The high consumer spending has risen by 122% over the past five years and now stands in excess of US\$ 320 billion. This expansion in consumer spending comes at the expense of saving and further impacts negatively on the economy when nearly 90% of the goods bought have to be imported.

High oil prices, housing and office shortages and until recently strong liquidity and cheap credit led to the surge in real estate and consumer inflation. Rising prices will increase business costs and will reduce consumer-spending power.

Government officials are quick to point out that the country has an economy strong enough to weather the current credit crunch and is probably the one country least affected by the financial crisis. The fall in the price of oil and the increase in the value of the dollar (and the dirham) will reduce recent inflationary pressure.

The 2009 US\$ 12 billion budget - announced in October - indicated a 21% increase in allocation mainly in the fields of health and education.

At the same time, the government pumped US\$ 32 billion into the local economy and made it clear that it was ready to make available more funds - if necessary - to ensure that the credit crunch would not hamper development projects and derail the economic growth momentum.

The UAE has witnessed unimaginable growth especially over the past decade. Traditionally the country was dependent on pearl fishing, fishing, agriculture and trade. This was followed by oil production in the 1950s becoming the prominent source of national revenue and this rendered the "old economy" less important. In recent times the drive has been to diversify and reduce the country's dependence on oil. To date UAE leaders seem to have managed this process exceedingly well.

### Useful Links



**News & information on the United Arab Emirates supported by the National Media Council:**  
[www.uaeinteract.com](http://www.uaeinteract.com)

**Department of tourism and commerce marketing of the Government of Dubai:**  
[www.dubaitourism.ae](http://www.dubaitourism.ae)

**Dubai Chamber of Commerce:**  
[www.dcci.gov.ae](http://www.dcci.gov.ae)

**Dubai Holding (created to consolidate and lead Dubai's large-scale infrastructure and investment projects):**  
[www.dubaiholding.com](http://www.dubaiholding.com)

### Top Industry Sectors



*Petroleum and Petrochemicals; Fishing; Aluminium; Cement; Fertilizers; Commercial Ship Repair; Construction Materials; Boat Building (some); Handicrafts; Textiles.*

### Need more information on the UAE?

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Or

**Khalid M. Kadfoor Al Mehairi** at **Emirates Advocates & Legal Consultants** in Dubai for information on legal services.

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**Website:** [www.emiratesadvocates.com](http://www.emiratesadvocates.com)

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**Website:** [www.msi-anr.com](http://www.msi-anr.com)

Or

**Dr. Mohd A. Maher** in Abu Dhabi for information on accounting and auditing services.

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**Website:** [www.almahergroup.com](http://www.almahergroup.com)

# Croatia

National currency	kuna (HRK)
Population	4.5 million (July 2008 est.)
GDP	US\$ 69.59 billion
GDP per capita (PPP)	US\$ 15,500
Real GDP growth	5.7%
Consumer price inflation	4.5%
Exchange rate	kuna per US dollar - 5.3735
Import partners	Italy 16%, Germany 14%, Russia 10%, China 6%, Slovenia 6%, Austria 5%
Export partners	Italy 19%, Bosnia and Herzegovina 14%, Germany 10%, Slovenia 8%, Austria 6%
FDI	US\$ 3.55 billion (2006)
World Bank 'Ease of Doing Business' ranking	97

All figures are 2007 unless otherwise stated



Croatia is currently preparing for membership in the European Union, its most important trading partner. Compared to other advanced transitional economies in the region, Croatia is in the middle group in terms of foreign direct investment (FDI). According to the trade and investment promotion agency, there have been numerous large-scale foreign investment projects initiated in Croatia of US\$ 20 million and above, including Rockwool Group (Denmark) with an investment value of US\$ 110 million and Applied Ceramics (USA) with an investment value of US\$ 30 million.

## Did You Know?



*Croatia has a place in the history of clothing as the origin of the necktie (kravata).*

## Privatization

The main source of FDI since Croatian independence has been the sale of large state assets such as utilities. The state insurance company and banks are being sold by the government, usually through international tenders, and in some cases through initial public offerings (IPOs), as was the case recently with the state oil company INA and the national telecommunications services provider HT.

Nearly two-thirds of the Croatian economy has now been privatized, and around 90% of bank assets are privately owned, mostly by strategic foreign investors.

Information regarding the Croatian Privatization Fund, including information on companies currently for sale, can be found on its website (see list of interesting links below).

In October 2007, the Croatian government, as part of its privatization efforts, offered to the public first rights for purchase of its 32.5 per cent stake in Croatia Telecom.

## FDI

Foreign Direct Investment between 1993 and the third quarter of 2007 totaled \$24.3 billion, with investments in the financial, chemical and telecommunications sector accounting for 58% of total investment. FDI in Croatia has shown steady growth in recent years. It is estimated that FDI for the first 3 quarters of 2007 amounted to 9.7% of GDP.

According to official statistics from the Croatian National Bank, Austria is the largest source of foreign investment in Croatia, accounting for 27% of total FDI since 1993. The Netherlands is second with 17% of total FDI, followed by Germany with 14% and France with 8%. Because transactions are often executed through third countries and

the Croatian National Bank records the country of origin of the final transaction leading to the investment, in many cases, this results in misleading statistics. The U.S. Embassy in Zagreb estimates that the actual amount of U.S. investment in Croatia is approximately \$ 2.5 billion, making the U.S. one of the leading investors.

## Business Culture Tip



*Address people with their honorific titles plus surname. If you are unsure of titles then use "Gospodin" for Mr, "Gospodja" for Mrs and "Gospodice" for Miss. Only close friends and family members tend to use first names. Never jump to first name terms without being invited to.*

## Incentives

As of January 1, 2007, the investment promotion law offers potentially significant incentives (the amount of which is dependent upon the percentage of unemployment in the respective county) to investors, foreign and domestic, such as 1500-3000 euro incentives for each new job, assistance with retraining and tax incentives. It provides for incentives that apply only to investments in production based businesses, technological development centres and strategic business support activities.



Bay of Dubrovnik, Croatia.

The minimum amount of investment that qualifies for incentives is 300,000 euros. Tax incentives include substantially lower profit tax obligations and customs relief. The text of the law is available on the Croatian National Bank's website.

#### Major investors

The Croatian National Bank provides information about foreign investments in aggregate form which can be found on their website (see useful links below). The following is a list of some of the major (\$20 million and above) foreign investments in Croatia to date:

- Foreign investor: Barr Pharmaceuticals (U.S)/Pharmaceuticals/Croatian company: Pliva/Value \$2.3 billion.
- Foreign investor: Deutsche Telekom (Germany)/Telecommunications/Croatian Company: Croatian Telecom (51% of shares)/Value: \$1.272 billion.
- Foreign investor: MOL (Hungary)/Oil Industry/Croatian Company: INA d.d. (26% of shares)/Value: \$505 million.

#### Main Sectors

In 2007, 7.2 percent of economic output was accounted for by agriculture, 32.8 percent by industry and 60.7 percent by the service sector. The industrial sector is dominated by shipbuilding, food processing and the chemical industry. Tourism is a notable

source of income during the summer, with over 10 million foreign tourists in 2006 generating a revenue of 8 billion euros. Croatia is ranked as the 18th most popular tourist destination in the world.

The country certainly has great possibilities for anyone looking to carve out a niche market. Increasing numbers of holidaymakers are seeking vacations that involve more than simply lolling on a beach. Take the water: Croatia is perfect for nautical tourism, dive tourism, cruising on small boats, and fishing tourism. Inland, you could offer equestrian tourism, biking tourism, adventure tourism, ecotourism, or hunting tourism (many Italians regard Croatia as a great hunting location). If you're interested in a health tourism venture, Croatia is a country with many natural spas and cooking schools.

#### Top Industry Sectors

*Chemicals and Plastics; Machine Tools; Fabricated Metal; Electronics; Pig Iron and Rolled Steel Products; Aluminium; Paper; Wood Products; Construction Materials; Textiles; Shipbuilding; Petroleum and Petroleum Refining; Food and Beverages; Tourism.*

#### Investment Climate

Croatia is an open market for foreign investors and those who go there to do business. Foreign investors are not subject to any special laws or regulations. You can carry out business under the same conditions as local business structures. In addition, foreign investors have some guarantees that aren't available to domestic investors. The Croatian constitution provides for the free repatriation of profits or capital upon termination of an investment.

Opportunities exist for foreign companies in a range of sectors. These include major infrastructure projects in railways, roads, power, water, oil, gas, telecommunications, tourism, shipbuilding, health care, medical equipment, consumer goods, and construction materials.

#### Useful Links

**Trade and Investment Promotion Agency:**  
<http://www.apiu.hr>

**Croatian Chamber of Commerce:**  
<http://www2.hgk.hr>

**Zagreb Stock Exchange:**  
<http://www.zse.hr>

**Croatian National Bank:**  
[www.hnb.hr](http://www.hnb.hr)

**Croatian Privatization Fund:**  
[www.hfp.hr](http://www.hfp.hr)

#### Need more information on Croatia?

Contact **Ranko Pecarevic** at **Pecarevic & Relic** in Zagreb for information on legal services.

**Email:** [ranko.pecarevic@p-r.hr](mailto:ranko.pecarevic@p-r.hr)

# Mauritius

National currency	Mauritian rupee (MUR)
Population	1.27 million (July 2008 est.)
GDP	US\$ 14.27 billion
GDP per capita (PPP)	US\$ 11,300
Real GDP growth	5.4%
Consumer price inflation	8.8%
Exchange rate	Mauritian rupees per US dollar - 31.798
Import partners	India 15%, France 13%, China 8%, South Africa 7%
Export partners	UK 28%, UAE 14%, France 13%, US 8%, Madagascar 6%, Italy 4%, Belgium 4%
FDI	US\$ 450 million
World Bank 'Ease of Doing Business' ranking	27

All figures are 2007 unless otherwise stated



## At a glance

Mauritius has many factors that contribute to making it an attractive destination for investors - democracy, a stable Government, a very good infrastructure, excellent communications, an outstanding network of sea and air transport, a free market economy based upon export oriented activities, a highly literate, bilingual (English and French) labour force, a high standard of living, good international schools, favourable market access, very good incentives, and an experienced financial sector providing excellent services.

Strategically located in the Indian Ocean at the crossroads of Africa and Asia, Mauritius is known for its beauty and sub-tropical climate which make it an all-year-round holiday destination. There is also a unique blend of cultural diversity, social peace, political stability and racial harmony. Its steady economic growth over the years coupled with social cohesion and prosperity are enough to ensure continuing development.

After sustained growth over the last thirty years based on sugar, textiles and tourism, Mauritius is now taking steps to further its economic development in order to consolidate its position as a premier international hub. The business climate on the island is friendly yet extremely competitive.

## Investing

Foreign Direct Investment has played an important role in the development of Mauritius and will be decisive when the country embarks on high value-added, capital intensive and knowledge-based activities.

By pursuing a liberal investment policy and actively encouraging foreign direct investment in all sectors of the economy, providing attractive packages of both fiscal and non-fiscal incentives (tailor-made to the needs of each priority area of development) investment is being promoted on many fronts.

The government has passed legislation, built state-of-the-art infrastructure, invested in human capital and introduced packages of investment incentives for the manufacturing, financial services and ICT sectors so as to promote Mauritius' investment environment.

In this respect, the Board of Investment (BOI) promotes and facilitates investment in Mauritius and was set up to strengthen the framework for foreign direct investment. The primary role of the BOI is to stimulate development, expansion and growth of the economy by promoting Mauritius as a competing business and service centre. It aims at streamlining the legal framework and

provides a one-stop shop service to both local and foreign investors. The BOI receives, processes and approves all applications in a reliable and speedy fashion. Investors can also obtain the necessary secondary permits and clearances from relevant authorities, through the BOI, allowing for timely implementation of projects.

## Business Culture Tip



General business hours are Monday to Friday from 8.30am to 4.30pm. Government offices are open between 9.00am to 4.00pm. Banks (main branches) are open between 9.00am to 3.15pm Monday to Friday and are closed on Saturday and Sunday.

## Government backing

Apart from the restructuring and modernization of the textile and sugar sectors, the government is putting emphasis on the development of the ICT (information communication technology) sector and the promotion of Mauritius as a seafood hub in the region, using existing logistics and distribution facilities at the Freeport (free trade zone at the port and airport).



Port Louis, Mauritius.

To diversify the economic base and generate sustainable growth even further, the government is actively building on certain industries:

- land-based oceanic industry.
- hospitality and property development.
- healthcare and biomedical industry.
- agro-processing and biotechnology.
- knowledge industry.

In view of the importance of foreign investment as a source of sustenance to economic growth, the government of Mauritius has taken a series of policy measures to encourage its flows into manufacturing, offshore banking and financial services, information technology, communications and tourism.

#### Economic overview

Not only is Mauritius ranked 27th in the World Bank 2008 Doing Business Survey for ease of doing business, but it is the number one country in Africa. Its long tradition of private entrepreneurship, has led to a strong and dynamic private sector. Firms entering the market will find a well-developed legal and commercial infrastructure.

With regard to telecommunications, Mauritius has a well-developed digital infrastructure and offers state-of-the-art telecommunications facilities including international leased lines

and high speed Internet access. Telecommunications services were liberalized in 2003.

The government policy is to leave production to the private sector while still controlling key utility services including electricity, water, waste water, postal services, and broadcasting. The State Trading Corporation controls imports of rice, flour, petroleum products, and cement.

#### Top Industry Sectors



*Food Processing (largely sugar milling); Textiles; Clothing; Mining; Chemicals; Metal Products; Transport Equipment; Non-electrical Machinery; Tourism.*

#### Opportunities

Excellent opportunities for investment in Mauritius exist in various sectors of the economy including manufacturing, the knowledge industry, regional headquarters, tourism and leisure, financial services, textiles and apparel, the spinning sector, electronics and light engineering, the manufacture of medical and biomedical equipment, pharmaceuticals (the scope for exports of pharmaceutical products is particularly high in SADC (southern African development community) and COMESA (common market for eastern

and southern Africa) region), agro-business, jewellery and watches, and freeport activities (processing and export of tuna), amongst other sectors.

Another priority area is Information and Communication Technology, which is expected to play a lead role in the economic development of the country in the medium and long terms. The availability of high bandwidth connectivity (with SAFE Project and international Gateways) at near global parity in quality and tariff, on the one hand, and the setting up of dedicated IT habitats including the Cyber city at Ebéne, on the other hand, plus total Government support to this industry are testimony of the importance of this industry to Mauritius.

Opportunities also exist for the processing of raw materials and agricultural products for export markets, production of yeast, cut flowers and off-season products, the leather industry (manufacturing of leather and leather products, including footwear, travel goods and leather garments mainly for exports). Mauritius also wants to attract investment for its craftsmanship, which is well known in the diamond cutting, watch making and jewellery industries world-wide.

#### Economic strengths

The export-oriented manufacturing sector has been the backbone of the Mauritian economy for the past three decades and remains a major constituent of the Mauritian economy in terms of foreign exchange earnings, employment and contribution to GDP, and is called upon to continue to play an important role in the consolidation and diversification of the industrial base of the country.

With privileged market access, in terms of the quota-free and the duty-free entry into the European Union, Eastern and Southern Africa, and to the US market, investment opportunities exist in the abovementioned areas.

#### Interesting Fact



*With record catches the island boasts one of the best reputations around the world for deep-sea fishing.*

In the last thirty years Mauritius has earned international recognition as a reliable supplier of high quality products, now available in major department stores, fashion houses, and designer boutiques in Europe, the USA, Japan, Australia, and Africa. New opportunities exist for the manufacturing and assembling of niche high-value-added and high-tech products for export markets.

### AGOA

The Africa Growth and Opportunity Act has allowed for vertical integration of the textile industry in Mauritius. With a captive local market of around 45,000 tons of imported cotton yarns yearly, Mauritius welcomes projects for the setting up of cotton spinning mills on the island in the fulfilment of the rules of origin created under AGOA. This will further consolidate the lead position of Mauritius as the Fashion Centre in the region.

### Incentives

Certain incentives provided by the government to foreign investors in the manufacturing sector include:

- No customs or duty or sales tax on raw materials and equipment.
- No tax on dividends.
- No capital gains tax.
- Free repatriation of profits, dividends and capital.
- 50% relief on personal income tax for expatriate staff.

Some new incentives for the ICT Sector are:

- the availability of tax holiday up to 2008 for specified pioneering high-skills ICT operators typically geared towards the export market, such as software development, multi-media; and to high-level ICT training institutions.
- customs duty-free import of ICT and similar equipment.
- 50% relief of personal income tax for a specified number of foreign IT staff.
- duty-free import of personal belongings of foreign IT staff.
- effective fast track procedure for processing of visa and work permits for foreign staff, including spouses.

### Useful Links

**Board of Investment (BOI) -**  
[www.boimauritius.com](http://www.boimauritius.com)

**Mauritius Chamber of Commerce & Industry -** [www.mcci.org](http://www.mcci.org)

**Mauritius Freeport Portal -**  
[www.efreeport.com](http://www.efreeport.com)

**Ministry of Finance & Economic Development -**  
[www.gov.mu/portal/site/MOFSite](http://www.gov.mu/portal/site/MOFSite)

**Ministry of Foreign Affairs, International Trade and Cooperation -**  
[www.gov.mu/portal/site/mfasite](http://www.gov.mu/portal/site/mfasite)

**The Stock Exchange of Mauritius (SEM) -** [www.semdex.com](http://www.semdex.com)

### Need more information on Mauritius?

Contact **Patrice La Hausse de Lalouvière** at **Dale International Trust Company Limited** in Mauritius for information on financial services.

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# Emerging Markets in the Economic Crisis

## Russia

Russian finance minister Alexei Kudrin and his counterparts from the three other so-called BRIC countries (Brazil, China, India), released a joint statement saying these institutions (World Bank, International Monetary Fund) had to reflect the "increasingly central role that emerging markets now play." They also agreed to help each other in countering the crisis by increasing trade and mutual investment, Kudrin said.

Brazil, Russia, India and China are members of the G20, a group of countries whose leaders convened in Washington on Saturday November 15th to discuss the global financial crisis.

Peter Aven, president Alfa Bank, said the crisis would not be catastrophic for Russia because mortgages are only 3 percent of the country's gross domestic product.

Russia's deep reserves will play a critical role in the country's ability to handle the crisis, said Arkady Dvorkovich, economic adviser to President Dmitry Medvedev.

Source: Moscow Times

## Middle East and North Africa

Amazingly, the only seven countries in the world that made money over the past 12 months are countries in which investors would have not put there money previously. Top of the list is Lebanon, where the Beirut stock market has risen by 51%, followed by Jordan, with a return of 21% in local currency terms. The rest of the countries on the list are either oil-rich Gulf (Oman is up 14% and Qatar 12%) or North African countries that have been living and growing off of the oil money coming from the Gulf states (Tunisia has risen 23% and Morocco is up 2%). The United Arab Emirates will pump about \$30 billion into Tunisia over the next 10 years, doubling the size of its economy.

The Gulf has an advantage over other emerging markets such as India or China in that its main export is oil - something that, despite recent massive jumps and falls is still trading above average prices. Also, the governments of these countries have a huge budget surplus which would soften the fall even if problems got worse and closer to home. The Gulf and the Middle East are even being seen as a source of capital for the West, and economists are still predicting the region will grow despite the troubles in the global economy. Middle Eastern property markets are expected to outperform all other regions by a significant margin.

Source: Times Online and BBC News

## India

Rohini Malkani of Citigroup India says "Being largely a domestic economy with exports including software at 17% of GDP, India is relatively insulated in comparison with most other countries".

Ashima Goyal, professor of economics at the Indira Gandhi Institute of Development Research in Mumbai responds "... domestic drivers of growth are robust and varied ... Indian growth rates should continue to attract robust long-term investments."

Source: The Economic Times, India

## Latin America

"The current international conjuncture, favorable for developing countries that export primary products, needs to be utilised before the situation changes. The countries of Latin America have accumulated close to US\$400,000 million in reserves. This is no small figure, in the hands of Latin American Central Banks and which needs to be utilised at an opportune moment in order to help regional integration and shield the continent in the face of the effects of the economic and financial crisis that is unfolding in North America and Europe and that threatens the whole planet."

Source: *The Economic Crisis in Latin America*, by Eric Toussaint, president of the Committee for the Cancellation of Third World Debt and author of *The World Bank: A Critical Primer*.

MSI Global Alliance (MSI) is a worldwide association of independent professional firms, and was formed in 1990 in response to the growing need for cross-border cooperation between independent professional services firms.

Despite the exponential increase in international business transactions, it is impossible and impractical, not to mention costly, for professional firms to have a presence in 300 different locations around the world.

MSI provides an alternative strategy for strong local firms that want to remain independent, yet still provide international services to their clients through affiliated firms that they know personally, and above all else, trust.

There is no substitute for local knowledge when it comes to 'getting things done' locally, whether it relates to the workings of the local court system or tax compliance requirements. This becomes even more valuable when provided by local professional advisors who, as members of MSI,

share a common belief in providing responsive, personalised, flexible and value for money services that can be delivered in either English or the local language.

This is the essence of what MSI provides for entrepreneurial businesses and independent professional firms around the world, and what differentiates MSI from the larger, multi-office professional firms.

Member firms can be approached direct or through the MSI Secretariat in London.

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