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Investment Opportunities in the Mauritius Freeport



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1. Introduction

Since the inception in 1992, the Mauritius Freeport is the ideal competitive regional logistics and value-addition platform for your distribution to the region. Today, the Mauritius Freeport contributes to about 0.6% to our GDP. The built-up space in terms of cold and dry warehouses, processing units, open air storage facilities and offices have also increased from 5,000m² in 1993 to 300,000m² in 2019.

This sector has so far attracted close to MUR 7 billion of investments with a number of projects under implementation within the seaport and airport zones. With the continued development of the Freeport sector, the trade performance has increased in terms of value and volume from MUR 23 billion and 347,000 tons in 2013 to MUR 29 billion and 517,000 tons in 2019.

With a view to further develop this sector other initiatives are presently being undertaken by the Mauritius Port Authority with the (i) extension of the existing dock of 560 m to 800 m, (ii) increase in the depth of the channel to 16.5 m to enable ships that berth more than 350 m long and having a capacity of 9000 – 10000 TEUS, (iii) accommodating 'large container ships' by 2018 and (iv) acquisition of two additional cranes to transfer containers.

2. Accolade of Mauritius Freeport

In its yearly publication released on 15th October 2020, fDi intelligence magazine ranked the Mauritius Freeport at the 9th position out of 61 free zones for the "Global Free Zones of the year 2020". Mauritius is also highly commended by the publication as an attractive free zone in Africa. The methodology of fDi's Global Free Zones of the Year Awards 2020 is focused on the attractiveness of freeport zones as well as facilities and incentives offered to investors.

fDi Global Free Zones of the Year – Top 10 Zones Globally		
Rank	Freezone	Country
1	DMCC	United Arab Emirates
2	Amata City Chonburi	Thailand
3	Free Zone Piro	Serbia
4	Łódź Special Economic Zone	Poland
5	Hamriyah Free Zone	United Arab Emirates
6	Panama Pacifico	Panama
7	Shanghai Waigaoqiao Free Trade Zone	China
8	Mauritius Freeport	Mauritius
9	Jebel Ali Free Zone	UAE
10	Aequus Special Economic Zone	India

fDi's Global Free Zones of the Year – Top 10 Zones Globally		
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1	DMCC	United Arab Emirates
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3	Łódź Special Economic Zone	Poland
4	Waigaoqiao Free Trade Zone	China
5	Cayman Enterprise City	Cayman Islands
6	Mahindra World City Chennai	India
7	Coyol Free Zone	Costa Rica
8	Ras Al Khaimah Economic Zone	UAE
9	Mauritius Freeport	Mauritius
10	Freeport of Ventspils	Latvia

Year	Accolades
2016	Winner: Sub Saharan Africa
2017	Incentives Award / Highly Recommended by FDI Magazine
2018	1 st in Africa and 8 th Globally
2020	Highly Commended in Africa and 9 th Globally

3. Freeport Activities

Investment opportunities exist in a wide range of authorized export-oriented Freeport activities to Freeport operators. Companies operating in the Mauritius Freeport can carry out the following:

- Warehousing and storage
- Breaking bulk, sorting, grading, cleaning and mixing
- Labeling, packing, re- packing and repackaging
- Minor processing and light assembly
- Ship building, repairs and maintenance of ships and aircrafts
- Storage, maintenance and repairs of empty containers
- Export-oriented seaport and airport based activities
- Quality control and inspection services
- Vault for keeping silver, platinum, precious and semi -precious stones, precious metals, pearls, works of art and collectors' pieces and antiques;
- Security, courier, assaying or exhibition area used wholly and exclusively for Vault.

4. Freeport Incentives

The Freeport legislation provides for a liberal and comprehensive package of incentives for companies looking for a cost-effective logistics platform as mentioned below:

- Duty-Free and VAT free for goods and equipment imported into Freeport zones
- 3% corporate tax
- Preferential market access
- 100% foreign ownership
- Free repatriation of profits
- No foreign exchange controls
- Reduced port handling charges

5. Indicative Logistics costs

The cost of warehousing facilities averages to USD 0.5 per sq. ft per month. Operators with low volume are charged at an average price of USD 0.4 per pallet position per day.

5.1 Logistics Infrastructure in the Freeport Zone through Logistics Providers

A Third-party Freeport Developer is a Freeport licensee who builds, develops and manages warehouses and logistics facilities in a Freeport zone to be rented to Freeport operators. There are presently five main third-party Freeport Developers shown in the table below:



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Freeport Developer	Contact	Website
BPML Freeport Services Ltd (Freeport Zone 6)	Mr Hans Mungtah T: (230) 206 2739 Email: info@bfslmauritius.com hans@bfslmauritius.com	www.bfslmauritius.com
Freeport Operations (Mauritius) Ltd	Mr Andre de Comarmond T : (230) 206 1000 Email : andre.decomarmond@velogic-mu.com	http://www.velogic-mu.com
Mauritius Freeport Development Ltd	Mr Hans Herchenroder Tel: (230) 206 2000 Email: hans.herchenroder@mfd.mu ; sales@mfd.mu	www.mfd.mu
Froid des Mascareignes	Captain Maurice Rault Tel : (230) 206 6900 Email : MRault@fdm.mu	www.seafoodhub.com/en/fdm
Mauri-China Free Zone Development Ltd (Freeport Zone 26)	Mr Gino Severe Tel: (230) 249 2600 Mobile: (230) 257 5901 Email: gino@australtransit.com	www.mauri-china.com
MFD SKY (Freeport Zone 25) (Airport)	Mr Hans Herchenroder Tel : (230) 206 2000 Email: hans.herchenroder@mfd.mu ; sales@mfd.mu	www.mfd.mu



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Les Moulins de la Cite (Freeport Zone 28)	<p>Mahamad Alimamod John</p> <p>Tel (230) 5751 4455 WhatsApp: +261340202222 Email: john.alimamod98@gmail.com</p> <p>Parvez Domun Tel: (230) 5911 9336 Email: admin@lmcmu.com</p>	https://lmcmu.com/
Unity Logistics Ltd (Freeport Zone 27)	<p>Mr Rahul Sharma Tel: (230) 5942 4888 Email: rahul@unityexim.com</p>	



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6. Cost of Doing Business:

The below tariffs are applicable for Freeport zones in the Freeport area only.

6.1 Main Starting Costs

All companies are registered in Mauritius under the Companies Act 2001. The cost of incorporating a company in a Freeport zone is as follows:

Incorporation of Company	
Registration of Company	MUR 3,000 or USD 85*
License Fee for:	
Freeport Developers (Third party and Private)	MUR 200,000 or USD 5,715*
Freeport Operators (Who use existing space rented by Freeport Developers)	MUR 20,000 or USD 570*
Storage Permit	MUR 3,000 or USD 86*

1USD = MUR 35 (*Current fee applicable subject to changes)

6.2 Labour Cost

An indicative salary grid for production, administrative and support staff is as follows:

Occupation	Monthly Salary (USD)
Higher Management	2,479 +
Manager	1,487 – 2,479
Entry Level Graduate	248 - 347
Engineers	992 – 1,983
Technician	223 - 298
Minimum Wage in Mauritius	223 - 298



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6.3 Indicative Rental Costs in The Freeport:

Rental cost in the freeport varies among Freeport developers and is negotiable.

Facilities	Rental Costs (USD - Negotiable)
Warehousing	The cost of warehousing, manufacturing and office facilities is in the range of USD 5-8 per sq. metre per month, depending upon space, services and facilities required.
Cost of Processing Unit / Industrial zone	
Cost of office facilities	

6.4 Utilities

Responsibility for water supplies in Mauritius falls under the purview of the Central Water Authority (CWA) and electricity falls under Central Electricity Board (CEB). The industrial tariff of water and electricity consumption are as follows:

Water Consumption – Tariff 31 Industrial	
First 100 cubic metres	USD 0.70 / m ³
Next 150 cubic metres	USD 0.39 / m ³
All additional cubic metres	USD 0.51 / m ³
Minimum charges per month	USD 12.85
Electricity Consumption – Freeport tariff	
* Tariff 340 High and Low Voltage	USD 0.11 (day) / USD 0.09 (night)

(Please note that the cost varies from activity to activity)



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7. Shipping Rates and Lead-Times

The following are **indicative** shipping rates and lead-time for the below sea routes.

Port of Loading	Port of destination	20' Container (USD)	40' Container (USD)	Sailing Time
Mauritius	Durban, SA (Direct)	586	1086	5 Days
Mauritius	Cape Town, SA (Transshipment Port: Port Elizabeth)	586	1086	5 Days
Mauritius	East London, (EC), SA (Transshipment Port: Port Elizabeth)	586	1086	5 Days
Mauritius	Port Elizabeth, (EC), SA (Direct)	586	1086	5 Days
Mauritius	Mombasa, Kenya (Transshipment Port: Salalah Port)	875	1930	31 Days
Mauritius	Toamasina, Madagascar (Direct)	436	761	3 Days
Mauritius	Beira, Mozambique (Transshipment Port: Toamasina, Madagascar)	650	1325	18 Days
Mauritius	Dar es Salaam, Tanzania (Transshipment Port: Salalah Port)	940	1875	26 Days
Mauritius	Walvis Bay, Namibia (Transshipment Port: Durban, SA)	1795	3090	21 Days

The following indicative port charges are applicable per container:

Container Service Charge: USD 110

Port additional import charges: USD 50

Manifest/Declaration: USD 10

Liner out charge: USD 45

Bill of lading: USD 75

The lead times and rate are indicative and may slightly vary from the shipping lines. The Government has also made provisions to provide a subsidy of 25% of the freight cost on containers which would apply to 44 ports in Africa. This will be up to a maximum of US 300 dollars per container. Please refer to <http://sourcemauritius.com/mauritius/em-schemes/freight-scheme-2014/>



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8. Preferential Access to Markets

Mauritius benefits from trade agreements such as the Cotonou Agreement, the Generalised System of Preferences (GSP) and the Africa Growth & Opportunity Act (AGOA), which provide preferential access for goods of Mauritian origin to the European Union and the United States, respectively. The membership of Mauritius to the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC) regional blocs allows preferential access to goods that satisfy the origin criteria, to a regional market of some 600 million consumers representing an import potential in excess of US\$ 100 billion.

8.1 Common Market for Eastern and Southern Africa (COMESA)

The following 19 countries of Eastern and Southern Africa and the Indian Ocean Islands are members of the COMESA regional bloc:

COMESA MEMBERS	
Burundi	Malawi
Comoros	Mauritius
Dem. Rep. of Congo	Rwanda
Djibouti	Seychelles
Egypt	Sudan
Eritrea	Swaziland
Ethiopia	Uganda
Kenya	Zambia
Libya	Zimbabwe
Madagascar	

Goods processed in the Mauritius Freeport can, subject to satisfying the rules of origin as per the COMESA Trade Protocol, qualify for zero or reduced rate of duties in the COMESA member countries. 11 countries, namely, Burundi, Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia and Zimbabwe, are members of the COMESA Free Trade Area and apply zero tariffs on inter-member trade.



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8.2 Southern African Development Community (SADC)

The Southern African Development Community (SADC) consists of 15 members, as depicted in the table below:

SADC MEMBERS	
Angola	Namibia
Botswana	Seychelles
Dem.Rep.of Congo	South Africa
Lesotho	Swaziland
Malawi	Tanzania
Mauritius	Zambia
Mozambique	Zimbabwe
Madagascar	

Please take note that as from 1 January 2014, all products imported from countries of the Southern African Development Community (SADC) are now duty-free. The implementation of the SADC Trade Protocol started in the year 2000 and provided for the gradual elimination of all customs duties among SADC countries with a longer tariff phase-down period for sensitive products.

8.3 The United States of America - The AGOA

Mauritius is also a party to AGOA (African Growth and Opportunities Act) which builds on the existing Generalized System of Preferences (GSP) scheme and offers duty-free and quota-free market access to the United States. The AGOA/GSP program stands at approximately 7,000 product tariff lines, including the roughly 1,800 product tariff lines that were added to the GSP by the AGOA legislation.

These include items such as apparel and footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and others. In order to qualify for duty-free access to the US under GSP, the Rules of Origins needs to be met. Please refer to <http://agoa.info/> for detailed information.

8.4 The European Union - Interim Economic Partnership Agreement (EPA)

The European Union (EU) has granted preferential market access to the African, Caribbean and Pacific (ACP) States since 1964 under the successive Lomé Conventions and the Cotonou Agreement. Under these trade agreements, the ACP countries have benefited from duty-free access on the EU market on almost all products.

An interim EPA was signed in Mauritius on 29 August 2009 between the European Commission and four Eastern and Southern African (ESA) countries namely: Mauritius, Madagascar, Seychelles and Zimbabwe. The negotiations on outstanding issues are still ongoing and the Interim EPA will then be replaced by a full Economic Partnership Agreement.

9. Licensing Procedures

9.1 Formalities to obtain a Freeport Certificate

To operate and conduct business activities in the Mauritius Freeport, you must apply for a Freeport certificate through the Freeport Licensing system on <http://fls.edbmauritius.org/>. The processing fee is USD 570 (by Cheque) renewable annually and should be drawn by order of the Economic Development Board.

9.2 Application fees

The table below refers to the processing fees related to OP/RP.

Category	Application fee (MUR)	
Investor/ Self Employed/ Retired Non-Citizen (10 years)	20,000	
Professional in respect of a contract of employment:		
a) Up to 2 years	15,000	
b) More than 2 years but not exceeding 3 years	20,000	
Short-term Occupation Permit (Period not exceeding 9 months)	10,000	
Extension of Short-term Occupation Permit only once for a period not exceeding 3 months	5,000	
Dependents of Occupation or Residence Permit holder	5,000	per dependent



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9.3 *Importation of Labour*

In the case of skilled workers with a monthly salary ***much below*** MUR 60,000, the employer will have to contact the Ministry of Labour to submit an application for work and residence permit.

You will find as attachment details about procedures for the work and residence permit. Same can be obtained from the link below:

<http://empment.labour.gov.mu/English/Pages/default.aspx>

9.4 *Company Formation*

An investor should incorporate a domestic company or can register a foreign company. 100% ownership is allowed, that is, a non-citizen can hold 100% shares in a company.

However, any company registered in Mauritius should have a resident director. The investor will have to incorporate or register a local entity with the Registrar of Business. Application forms may be accessed on the following website:

<https://www.portalmns.mu/cbris-FI Dom/login>