

'High net worth' migration in Mauritius: A critical analysis

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Abstract

As a small island African nation, Mauritius is famed for its economic success, democratic governance and political stability. The Mauritian government recently embarked on a migration scheme geared towards attracting 'high net worth' migrants to the country. The scheme offers foreigners the possibility of obtaining permanent residence and naturalizing as citizens under specifically designed investment and residential programmes devised to attract private investment. While it is undeniable that this scheme has brought considerable foreign direct investment into the country, it has also caused discontent among the local population. Using media reports and interviews of key stakeholders in the press as well as data gathered from semi-structured interviews of key stakeholders, this paper examines the implications of the long term and often, permanent presence of 'high net worth' migrants for the country. Public debate on this matter includes issues such as culture clash and diminished access to the beach for Mauritian citizens. Moreover, given the smallness of the country and the fact that land is already scarce, there is fear that facilities granted to foreigners to purchase property will have inflationary consequences and make property unaffordable to the local population.

Keywords: Mauritius; investor migration; permanent resident Scheme; integrated resorts scheme, real estate scheme, invest hotel scheme.

Introduction

The island of Mauritius of about 720 square miles lies in the South West of the Indian Ocean. Migration has always formed part of the history of Mauritius and continues to play a major role in the development of the country. The French ruled the island from 1715 until the British took in 1810 and Mauritius became independent in 1968. Mauritius does not have an indigenous population and the French were the first permanent settlers and landowners. Slaves were brought from East and West Africa to work in the sugar cane plantations. Following the abolition of slavery, cheap labour was sourced from India in the form of indentured labour. Chinese migrants also came to the island, initially as indentured workers and later as merchants and traders. The different groups of migrants contributed to the diversity of the current population such that Mauritius has become one of the most ethnically heterogeneous nations (Srebrenik, 2002: 277).

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Mauritian society is a highly stratified plural society which at one time, revolved around the sugar industry that was mainly owned and controlled by the tiny Franco-Mauritian elite. The current population of 1.3 million is estimated to be composed of six 'ethnic communities': Hindus (40 per cent), Creoles of African or mixed African descent (28 per cent), Muslims (17 per cent), Tamils (7 per cent), Sino-Mauritians (or Chinese) (3 per cent), and Franco-Mauritians (about 2 per cent)¹. In postcolonial Mauritius, political rule has been dominated by the Hindus, although the electoral system ensures the representation of smaller communities. The Franco-Mauritians, who are the descendants of the French settlers, own and control a significant share of the resources on the island relative to the size of the community, especially land. As such, for many Mauritians, land is reminiscent of the unequal economic power and unfair colonial heritage that this white elite benefited from (Salverda, 2013: 504).

Despite the odds of managing a plural and stratified society, Mauritius enjoys a relatively stable political landscape and has maintained multiparty parliamentary democracy since independence in 1968. Mauritius has been lauded for its developmental success and labelled 'Africa's miracle in the Indian Ocean' (Mistry, 1999: 552; Miles, 1999: 91). The World Economic Forum's global competitiveness index ranked Mauritius at 45 out of 148 countries in 2013-2014, ahead of all African countries. Mauritius also topped the 2014 Mo Ibrahim Index of African Governance and was ranked 20th globally in the 2014 World Bank Doing Business Report (World Bank, 2014). Mauritius is currently considered an upper middle-income country with a Gross National Income (GNI) per capita at US\$ 9,227 (2013) and is ranked high in terms of competitiveness, investment climate and governance². Moreover, Mauritius has solid economic fundamentals, high standards of governance and a business friendly environment.

While at independence, Mauritius was a monocrop economy that was entirely dependent on the sugar sector, industrialisation and economic diversification led to substantial growth. Mauritius also benefitted from preferential trade agreements from the European Union for its sugar exports. However, the phasing out of preferential agreements under the regulations of the World Trade Organisation led to pressure on the sugar industry to increase efficiency and restructuring of the economy. Among the strategies set up by the government in collaboration with the big landowners from the sugar sector, mainly the Franco-Mauritians, to boost economic growth and development are the investor and residential migration schemes, which is the focus of this paper. While these schemes are primarily geared towards attracting qualified and 'high net worth migrants' and at drawing foreign direct investment into the country, they have led to an increase in the number of

¹ See Eriksen (1991), Carroll and Carroll (2000), Hempel (2009).

² World Bank (2014): <http://www.worldbank.org/en/country/mauritius/overview> (accessed on 30.04.15).

foreigners owning prime property in the country, mainly on the coast with access to the beach. Although the bulk of these investors may not naturalize as Mauritian citizens, yet given that they own property in the country, they are entitled to permanent residence permits that are valid for a period of ten years and renewable thereafter. As such, investor migrants, even when not citizens, maintain a long term and near permanent presence in the country.

Mauritius has been described as a ‘high migration state’, largely due to its diaspora, but also because of the combination of in- and out- migration (Lincoln, 2012: 7). Incoming migration includes professional and investor migrants who are eligible for long term stays when they obtain occupational, residential or permanent residence permits. There is also a significant population of low skilled contract workers who come to the island on temporary work permits, usually of a four-year duration. It is very difficult for this category of workers to obtain Mauritian citizenship, except in cases of marriage to a Mauritian citizen. In fact, naturalization is a rather complex process in Mauritius as the government decides who gets naturalized, and does not grant it easily³. While the Mauritius Citizenship Act makes provision for the naturalization of foreigners, there are distinct qualifications⁴. Foreign nationals are also required to relinquish their nationality or citizenship of origin before taking up Mauritian citizenship. Naturalization is therefore rare and naturalized Mauritians represent only 0.2 per cent of all Mauritians (IOM, 2014: 39).

The paper draws from media reports, published interviews of key stakeholders and a few interviews of officials and scholars who have been working on this area to examine the effects of the high net worth investment migration schemes and the growing permanent presence of elite foreigners on Mauritian society. Press reports constitute a valuable source of data especially since Mauritius allows freedom of the press⁵. Media reports and scandals play an important role in promoting democratic governance, reducing secrecy and calling for greater transparency and accountability. The paper will discuss the impacts on ‘lived’ citizenship of the locals and the implications for social stability in the country.

Investor migration and citizenship

Investor migration and citizenship by investment are relatively more recent categories of migration that have opened global mobility corridors for the ultra-rich. The growth in private wealth in China and other emerging

³ The total number of naturalizations was 899 in 2008, 668 in 2009, 510 in 2010, 493 in 2011 and 543 in 2012 (IOM, 2014: 51).

⁴For investors, the required period of residence in Mauritius is two years and a minimum investment of \$ 500,000 (USD).Mauritius Citizenship Act: http://pmo.govmu.org/English/dha/Documents/Mauritius_Citizenship_Act.doc (accessed on 20.08.15).

⁵ Freedom House – 2014 Scores for freedom of the press: <https://freedomhouse.org/report/freedom-press/2014/mauritius#.VeFpo7TlflI> (accessed 25.08.15).

economies has led to increased demand for residence rights and citizenship overseas and a rise in the number of countries offering investor immigrant and citizenship programs. Nearly half of the member states of the European Union have dedicated immigrant investor programs, whereas Malta and countries in the Caribbean have 'citizenship-by-investment' programs (Sumption and Hooper, 2014). Investment in such schemes may grant the individual the right to reside in the country with the possibility of acquiring citizenship subject to residence and other criteria, or it may lead to the outright conferral of citizenship. Such initiatives offer potential investors a faster or easier route to resettlement, security against political or economic upheaval in home countries, access to visa-free travel, education and favourable tax regimes among other factors.

On island nations, investor migrant and citizenship schemes combined with low or no tax regimes and offshore financial centres aim to bolster overall economic performance, bring in much needed foreign direct investment and revenue, with expected spill over effects on the economy and local population. In the Pacific and Caribbean islands, investor citizenship schemes were set up with a specific economic and developmental rationale, to prevent economic downfall caused by weak economic growth and dependency on an increasingly uncompetitive agricultural sector. In St Kitts and Nevis, a federation of two islands in the West Indies, the falling price of sugar and closure of the sugar industry, which was the main industry on the islands, combined with the damaging effects of hurricanes, were primary factors that led to the establishment of investor citizenship programmes (Dzankic, 2012). The Pacific islands of Tonga, Samoa, the Marshall Islands, Vanuatu and Nauru offering similar programs, have been labelled as tax havens and offshore financial entrepôts (van Fossen, 2007; Rawlings, 1999).

Investment and citizenship migration schemes have been labelled as 'cash-for-passport programs' because many of the requirements that ordinarily apply to those seeking naturalization, such as language competency, extended residency periods or renunciation of another citizenship, are waived⁶. These schemes can be a politically sensitive terrain, especially if they lead to discontent and frustration among the local population. Paris (2009: 297) highlights the potential for conflicting interests between 'locals' and 'outsiders'. In Tonga for instance, conflicts between indigenous Tongans and Chinese immigrants arose because of fear that the Chinese were taking over the business sector in the country with the passport sales scheme (van Fossen, 2007). Moreover, there is a risk of a 'crowding-out' effect in the housing market in small island economies because of the limited supply of and high price land, resulting in intense and uneven competition due to differential purchasing power of local and foreign buyers (Hampton and Christensen, 2007: 1014). In Malta, 'cash-for-citizenship' policies have been criticized and

⁶ Dzankic (2012), Shachar (2014: 3)

labelled as a scheme geared towards selling passports granting immediate access to EU citizenship. Australia adjusted its program to target investors who would make clearer economic contributions whereas Grenada, Belize, and Ireland have suspended economic citizenship programs following revelations of misuse of these programs (Sumption and Hooper, 2013).

In practice, the impacts of investor migration and citizenship schemes are often not very clear and the economic impacts of immigrant investment modest (Sumption and Hooper, 2014). There is little control over where and how money is actually invested, as well as lack of transparency and accountability because many countries are reluctant to release data about their applicants, government-directed investments, or decision-making processes. Governmental discretion in the granting of citizenship to investors has caused political controversies in a number of countries because corruption and secret deals in such cases (Dzankic, 2012). Concern has been raised about states being complicit via investor migration schemes and allowing the transfer of funds acquired through corrupt and illicit practices, causing underdevelopment especially in the Global South (Yusuf, 2012). Political interference becomes a matter of concern as investors with connections pull strings to push their applications through the process. Here, critics call for greater regulation of such programs and more stringent checks to verify the origins of the invested funds and to monitor the investor programs⁷.

Investor migrants form part of the affluent elite and Iain Hay's (2013) research on the 'super rich' reveals that the latter purchase property in different countries, causing substantial transformation in the characteristics of the places they choose to settle. Their presence affects the economics, aesthetics, politics, and culture of these places (Hay, 2013: 11). In London, the presence of the super-rich has reshaped the physical and social characteristics of places where they settled, displacing local residents and excluding genuine diversity (Butler and Lees, 2006). Pow (2013) makes a similar observation in Singapore where residential schemes aimed at drawing wealthy foreign buyers led to the formation of new 'communities' and transformed the landscape and population characteristics of these areas. The wealthy elites own spacious homes as investments and sites of luxury consumption, often within heavily secured environments issues and gated estates or enclaves (Paris, 2013: 97). Besides, there is growing concern about the consequences of the elites' disproportionate spending power on consumption patterns and the effects on society, the environment and less affluent communities in host countries (Hay, 2013; Paris, 2009). In London, while the sale of luxury homes to foreign buyers has helped sustain the wealth of existing wealthy groups, it however displaced the less affluent from highly demanded areas⁸. There is also fear that wealthy foreign elites may influence government decisions and policy, to the

⁷ See Sumption and Hooper (2013), Yusuf (2012).

⁸ Caesar (2008) – cited in Paris (2013: 106).

detriment of local citizens, even when they hold little or no attachment to the places where they may own property and do not make any meaningful contribution to the local community (Hay, 2013: 10).

Hence, while investor and elite migrant schemes were primarily designed to attract foreign direct investment into countries, the success of these schemes is still not very clear, especially the extent to which the local population benefits. What is clear however, is that such migration has displaced local communities and impacted on the prices of property. In fact, the highest risk for friction occurs when locals and elite migrants compete for scarce resources, especially land, on unequal terms. This calls for a fundamental rethink of the nature of citizenship; national attachment; political legitimacy, accountability and corruption, governance as well as the future of the country. These issues will be discussed in the Mauritian context in the next sections of the paper.

Investor migration policy in Mauritius

22

With the decline in the world price of sugar, phasing out of preferential trade agreements for Mauritian sugar exports to the EU and growing need to diversify the sources of revenue, the real estate sector was strategized to become a major pillar of the Mauritian economy geared towards turning the country into a regional business centre and an attractive investment destination. Land that was previously under sugar cane cultivation was earmarked for real estate development under the new schemes geared towards attracting high net worth investor migrants into the country. The Immigration Act of Mauritius was amended in 2000 to allow a foreigner to be granted the status of permanent resident if s/he invested a minimum of \$500,000 (USD) in a set of identified business activities. S/he was allowed to purchase immovable property not exceeding one hectare for his/her personal use. This included residential property in specially delineated real estate schemes. A minimum investment of \$500,000 (USD) and continuous residence for a period of two years also enables foreign investors to apply for naturalization, if they wish to do so.

The new policy led to the establishment of different categories of investor migration schemes offering a range of incentives to investors, depending on the type of investment into the country. Investors can be eligible for occupation permits and/or permanent residence permits and residence permits. Occupation permits enable professional and investor non-citizens to secure a renewable three-year right of residence in the country subject to the investment of capital and/or an ongoing transfer of income⁹. Since October 2006 till July 2012, 10 411 occupational permits and 925 resident permits for retired foreign investors had been delivered to foreign nationals, out of which

⁹ In the case of investors, the business activity should generate a turnover exceeding Rs 4 million (MUR) (equivalent to \$11,151 USD) annually with an initial investment of \$100,000 (USD) per investor. \$1 USD = Rs 35.87 MUR (As at 30th August 2015).

4414 occupational and 456 residence permits were still valid in 2012. Investors can also apply for a permanent residence permit, which is valid for 10 years¹⁰. A retired non-citizen having held a residence permit for three years and having transferred to Mauritius \$40,000 (USD) or its equivalent annually during each of the three years of residence is also eligible for a permanent residence permit. Since 2013, foreigners holding permanent residence in Mauritius have been allowed to purchase a house or an apartment for their personal use, with the approval of the Board of Investment.

Residence permits are issued to those who invested in real estate schemes, initially the Integrated Resorts Scheme (IRS) and the Real Estate Scheme (RES). From May 2010 till July 2012, 5259 residential permits for IRS/RES buyers had been issued (Le Mauricien, 11.07.12). The residence permit allows investors and their dependents to live in the country on a permanent basis, as long as they maintain ownership of the property although it does not give them the right to work in Mauritius. In 2013, government introduced further incentives to attract foreign investors into the country, whereby the children (up to the age of 24) and dependents of investors and IRS and RES buyers were henceforth allowed to reside in Mauritius. Retired non-citizens are also eligible for a residence permit if they are 50 years of age, or above, and undertake to transfer at least \$40,000 (USD), or its equivalent, to Mauritius annually. Due to public discontent, the IRS and RES schemes were replaced by the Property Development Scheme (PDS) since June 2015, which will be further discussed in the paper.

The Integrated Resort Scheme (IRS) was introduced in 2002 with the promulgation of the Investment Promotion Regulations. The IRS aimed to boost foreign direct investment in the tourism sector and promoted the construction and sale of luxury residential units or villas with golf courses and hotels. Villa prices began at \$500,000 (USD) and villas sold under this scheme formed part of international-standard building complexes offering high-class facilities and amenities such as golf courses, marinas and individual swimming pools, nautical and other sports facilities, health and beauty centres and high-quality restaurants. The acquisition of a villa under the IRS granted resident status to the investor, his/her spouse and dependents. The Real Estate Scheme (RES), introduced in 2007, also provided for the sale of luxury residential property in Mauritius to foreign buyers. The difference with the IRS was that the RES allowed small landowners to become entrepreneurs and

¹⁰ In such cases, an investor needs to have held an occupation permit for three years preceding the date of application for the permanent residence permit and his/her company should have a turnover exceeding Rs 15 million (MUR) (equivalent to \$418,176 USD) annually; or the investor should have invested \$500,000 (USD) in a qualifying activity. The list of qualifying business activities are: Agro-based industry, Audio-visual, Cinema and communication, Banking, Construction, Education, Environment-friendly and green energy products, Financial Services, Fisheries and marine resources, Freeport, Information Technology, Infrastructure, Insurance, Leisure, Manufacturing, Marina development, Tourism, Warehousing. (BOI - <http://www.investmauritius.com/faqs/pr-permit.aspx>) (21.06.15).

thereby involved the latter in the real estate business more significantly. RES projects enabled small landowners to turn into entrepreneurs and render the real estate sector more attractive to the latter. This entails a class and ethnic dimension because historically, most of the land in the country has been and is still owned by the white Franco-Mauritian elite whereas the bulk of Indo-Mauritians (mainly Hindus and a smaller population of Muslims) are smaller landowners. By allowing smaller landowners to participate in the real estate schemes, government policy aimed to democratise the real estate sector. According to the Board of Investment (BOI), RES projects enabled small landowners to regroup and develop a project on their land, which was expected to provide a more sustainable source of revenue than the profit from a one-off sale¹¹. Non-citizens who wanted to develop a RES project needed to partner with a Mauritian landowner who owned a plot of land not exceeding 10 hectares. When the investment in immovable property exceeded \$500,000 (USD), foreign investors and their dependents were granted a residence permit. Just like the IRS, the RES further opened the property market to foreign buyers by allowing them to purchase luxury residential properties in projects approved by the BOI.

The Invest Hotel Scheme (IHS) is a more recent scheme introduced by the Ministry of Finance in 2009 to attract foreign direct investment. The IHS has been designed to provide foreigner investors access to residential properties, such as a villa or an apartment that belongs to a hotel complex. This scheme therefore enables foreigners to own assets in resort hotels, usually beachfront property, known as 'Pas Géométriques'. Generally, leases are granted to foreign investors for terms of 20 years that are renewable for a period of up to 60 years. Foreign investors or citizens purchasing property under the IHS are allowed to stay in the unit for not more than 45 days in a year and the remaining days of the year the owner will rent the unit to the hotel. The revenue made from those units is then split between the owner and the hotel. Foreign Direct Investment from the IRS/RES/IHS projects amounted to Rs 3.3 billion (MUR) in 2011, Rs 4.2 billion in 2012 and Rs 4.5 billion in 2013¹².

During the period 2011-2012, the main buyers of IRS properties were from: France (35%), South Africa (28%), Great Britain (18%), Mauritius (9%), the Netherlands (3%), Belgium (3%) and Switzerland (4%). For the RES properties, from 2009 to 2012, the main buyers were from: France (47%), South Africa (36%), Mauritius (10%), India (3%), Great Britain (4%)¹³. The figures thus indicate that the bulk of the buyers of these luxurious beach properties are European, followed by South Africans. With a strong focus on

¹¹ Board of Investment – *The Integrated Resort Scheme and The Real Estate Scheme*. <http://www.investmauritius.com> (accessed on 10.05.15)

¹² *Le Mauricien* (15.06.13); *Business Magazine* (19.03.14-25.03.14).

¹³ Source: Atchia, Z. (2013) 'Stratégie immobilière: le BOI mise sur la diversification', *Business Magazine* No. 1066 (30.01.13-05.02.13). <http://www.businessmag.mu/article/strategie-immobiliere-le-boi-mise-sur-la-diversification> (accessed on 23.04.15).

attracting high net worth investor migrants, Mauritius has been marketed as an investment friendly country with an open economy. The island is known for its relatively low tax rates (a flat tax rate of 15%), beautiful beaches and political stability, although it has also been labelled a tax haven¹⁴.

Mauritius has been a popular destination for wealthy (mainly white) South Africans seeking a contingency plan with the current unease about high crime, corruption and instability in South Africa¹⁵. While the number of foreign investors and foreign ownership of property has been growing, governmental agencies, namely the citizenship section of the Prime Minister's Office and the Passport and Immigration Office declined all requests for data on the number and nationality of foreigners who had naturalized as Mauritians on investment grounds. I was told that this information is highly confidential and could not be disclosed. The opacity of government agencies on the disclosure of information pertaining to naturalization thus raises questions about the likelihood of corrupt and secret deals as highlighted by critics (Yusuf, 2012; Dzankic, 2012).

Contradictions

In the absence of data on naturalization, it is difficult to ascertain how many foreign investors actually took on Mauritian citizenship, although the requirement of renouncing their citizenship of origin might be a deterrent for investors with stronger passports. Yet, the current investor migrant schemes still allow a 'permanent' presence of foreigners in the country, even if they do not naturalize. These schemes have brought considerable foreign direct investment into the country even if at the moment, the number of foreigners living in Mauritius is still relatively small¹⁶. However, over the past few years, concern has been growing in civil society and also at the level of decision makers about the ease with which foreigners have been acquiring property and becoming residents in the country (Weekend, 12.06.11). This issue was raised in parliament in April 2014, when a member of parliament from the opposition queried the then prime minister, Dr Navin Ramgoolam, on abuses related to permanent residence permits granted to foreigners. In his answer, Dr Ramgoolam stated: "Our law as it is, is too open. We cannot afford to have it that way"¹⁷. The Immigration Act was amended in 2014 to tighten the conditions under which permanent residence was granted to investors, requiring them to provide evidence of continuous high rates of revenue generation and profitability of their enterprise and of regular inflow of capital from overseas. This state of affairs ties in with the 'selling citizenship' fear and

¹⁴ Dower, J. (2013) 'Deloitte promotes Mauritius as tax haven to avoid big payouts to poor African nations', *The Guardian* (03.11.13).

¹⁵ Fisher-French (2007).

¹⁶ In 2012, the number of investors, professional or retired foreigners living in the country was estimated at about 10,000, which is less than 1% of the population. Source: Mauritius Business News (25.01.12).

¹⁷ Le Mauricien (09.04.14).

argument made by critics as the growing number of foreigners living in the island on a near permanent basis was the source of major concern.

The residential investor migrant projects have been described as 'one off' projects that do not generate a constant inflow wealth or income for the country and are therefore not sustainable¹⁸. Economists K. Jankee and G. Chung Tick Kan argue that the foreign investor migrants are the main beneficiaries of these projects as prime residential property is being sold to them¹⁹. The Chief Executive Officer of Grant Thornton in Mauritius, Sattar Hajee Abdoula also noted that apart from enabling the promoters (mainly the wealthy Franco-Mauritians) to obtain significant profit, the IRS and RES projects have not been successful in terms of revenue generation for the country (Le Bon, 2012). Little benefits from these real estate projects effectively trickle down to the people and the state. On this issue, Kothari and Wilkinson (2013: 102) state that the IRS schemes employ few people and do not contribute sufficiently to addressing the problems of high unemployment following the restructuring and consolidation of the sugar industry. This view is echoed in press articles written by the younger generation of Mauritian citizens. They argue that the residential investor migrant schemes and the expected inflow of foreign direct investment are not creating jobs (Le Mauricien, 18.10.13). There is indeed much concern that these development and revenue generating projects will not create quality jobs for the youth and rather create menial jobs that require a low level of education.

26

Moreover, while the RES was supposed to involve smaller, less affluent and non-white, mainly Hindu land owners, the Franco-Mauritian bigger landowners penetrated this scheme through a loophole in the law and, with their substantial monetary resources and experience in the real estate sector, outcompeted the smaller landowners²⁰. Moreover, such real estate projects are mandated to contribute to social and poverty alleviation projects through the Corporate Social Responsibility (CSR) program, but the manner in which CSR funds are allocated is still obscure and little is known about the effective contribution to poverty alleviation in the neighbouring areas of these development projects (Le Mauricien, 18.10.13). According to Associate Prof. K. Jankee, the CSR scheme does not really work and there is no real evidence of the contributions²¹.

There have been a number of incidents involving foreigners living in Mauritius and this led to growing debate on the opening of the Mauritian economy. The increased permanent presence of foreign nationals in Mauritius has been qualified as a new form of invasion, especially acquisition of prime

¹⁸ Interview of Assoc. Prof. K. Jankee (03.06.15); Weekend (08.01.12).

¹⁹ Interview of Assoc. Prof. K. Jankee (03.06.15); Weekend (08.01.12).

²⁰ Interview of Shaffick Hamuth (29.10.15).

²¹ Interview of Assoc. Prof. K. Jankee (03.06.15).

property by foreigners²². In May 2010 for instance, an incident between a Franco-Mauritian and a South African took place at the Big Willy's restaurant and bar in Tamarin. The report of this incident in the press generated a chain reaction of resentment from many Mauritians accusing mainly white South Africans of being racist and trying to 'take over' the Black River region (L'Express, 27.05.10). While there is much controversy on the actual cause of the incident, it nonetheless highlighted the discontent in the Mauritian population on the growing long-term presence of foreigners in the country. Comments in the press from Mauritians centred on the 'invasion' of a foreign population and imposition of their language, culture and way of life in Mauritian territory. White South Africans were accused of being racist and refusing to accept and assimilate the dominant languages in Mauritius, namely French and Kreole. Some Mauritians stated: "government sold us to South Africans", "South Africans rule our beautiful island", "floodgate should be closed ... we have our own culture, we don't want any more South Africans ... enough is enough" (L'Express, 27.05.15). Shaffick Hamuth confirms the claims of Mauritians that appeared in the press, stating that access to some estates is restricted and controlled by white South Africans, although he points out that not all are racist. He however adds that there have also been issues of exclusivity with white French resident investors, arguing that the superior income of these investors is the main cause²³. He highlights the need for government to introduce strict conditions requiring the respect of Mauritian culture, people and environment.

There have been protests about the environmental consequences of the construction of the IRS, RES and IHS properties. In Rivière Noire for instance, Creole fishermen and members of civil society protested against the construction of the Balise Marina IRS project, especially since it is situated in an area that is prone to flooding (Weekend, 12.06.11). In Baie-du-Cap, inhabitants of the village have been protesting against the Monroe IRS project because of environmental damage caused by the construction and deviation of the public road (L'Express, 22.06.15). The various complaints about environmental damage caused by these projects and the disregard of environmental regulations and permits highlight the opacity in the manner in which development permits are granted by authorities, possibility of influence of public and government officials and the fact that such projects may not be in the public interest after all.

The opening up of the real estate sector to foreign ownership has led to an increase in the price of land and residential property, revealing a 'crowding out effect' in the Mauritian real estate sector²⁴. Young Mauritians have expressed

²² See Mauritius Business News (25.01.12), L'Express (27.05.10).

²³ Interview of Shaffick Hamuth (29.10.15).

²⁴ Kala, S. (2013) 'Rhoym Ramlackhan: "le marché de l'IRS-RES comprend 250 acheteurs par an"', *Business Magazine No. 1103* (16.10.13-22.10.13). Rhoym Ramlackhan is Managing Director of Broll Indian Ocean.

outrage at the ease with which, through the IRS, foreigners have been buying “large chunks of Mauritius” (Le Mauricien, 19.04.12). Ashok Subron from the leftist group ‘Rezistance Ek Alternativ’ condemns government policy of allowing wealthy foreigners to buy land in Mauritius. He sees it as a new form of ‘colonial settlement’ that would lead to detrimental social, economic and political consequences on the country and the local population (Weekend, 11.11.12). Land ownership has historically been a sensitive issue in Mauritius and given the smallness of the country and therefore scarcity of land, the opening of the real estate sector to foreigners has fuelled discontent in society, especially with property and land that was owned by local whites now being sold to mainly foreign whites²⁵. The Franco-Mauritians were seen as the main beneficiaries of the real estate schemes, together with the white foreign buyers. Shaffick Hamuth however underlines the contribution of these schemes to the inflow of foreign direct investment into the country²⁶.

The beach has been a traditional space for family gatherings and leisure for Mauritians. However, with the shrinking beach space available to locals, there have been increasing complaints from Mauritians about the beaches being ‘sold’ to foreigners in IRS deals (Le Mauricien, 15.03.12). Members of civil society groups and trade unions have expressed discontent over these schemes. There have been a number of complaints from the local population about projects blocking access to the beach for the Mauritian public (Le Mauricien, 18.10.13). The Koki Beach IHS project has taken up beach land that was previously the Melville public beach which was popular among the inhabitants of Grand Gaube village. The Balise Marina has been constructed on a barachois which, civil society leader Soopaya Veerapen and environmental engineer Vassen Kauppamuthoo argue, is in the public domain, thereby restricting public access (Weekend, 31.07.11). Georges Ah Yan, president of the NGO ‘Forum des Citoyens Libres’ stated: “as beaches are increasingly being sold to foreigners, Mauritians will end up feeling like strangers in their own country. At this rate, they will soon have to pay to go to the beach” (Weekend, 04.05.14).

The IRS properties have been described as “residential enclaves” constructed on land owned by Franco-Mauritian sugar barons, which was previously under sugar cane cultivation but was re-zoned and allocated for IRS projects in return for changes in company legislation that enabled restructuring in the sugar industry (Kothari and Wilkinson, 2013: 102). The former President of the Republic, Cassam Uteem highlighted the fact that these elite residential zones were excluding Mauritians and creating greater segregation in society, notwithstanding the fact that foreigners were buying the best parts of country through the IRS²⁷. The foreigners lived among

²⁵ Interview of Shaffick Hamuth (29.10.15).

²⁶ Interview of Shaffick Hamuth (29.10.15).

²⁷ Interview of Cassam Uteem in Le Mauricien (17.10.11).

themselves in gated communities and did not interact with the local population²⁸. Eddy Sadien, a social worker, also stated that he was against the IRS projects because these developments have denied local citizens access to certain areas in the country while only creating menial jobs for Mauritians (Le Mauricien, 24.03.15). A documentary investigation carried out by the French television channel M6 revealed that many rich French nationals had purchased IRS and RES properties in order to evade taxes in France. Moreover, the report also confirmed that in some residential estates, properties are entirely owned by French nationals and therefore, only French lived in these ‘enclaves’²⁹.

In the 2015/2016 Budget Speech, the Minister of Finance and Economic Development called for an in-depth analysis of the IRS and RES, in view of developing a new scheme that would favour inclusive development and eliminate gated communities that have been spreading in the country. He described the IRS as a “Rich-Man-Ghetto” concept that was divorced from the local realities (Le Mauricien, 11.04.15). The Minister of Finance raised the need for these schemes to provide better social integration for resident foreigners as well as Mauritian citizens at the level of life style, quality living, employment and leisure opportunities. The Investment Promotion Act was amended through the Finance (Miscellaneous Provisions) Act 2015 to provide for the introduction of a Smart City Scheme (SCS) and a Property Development Scheme (PDS)³⁰. While the SCS focuses on targeted economic activities, the Property Development Scheme (PDS) focuses on investor migration, enabling foreign investors to acquire residential properties under the Scheme. The PDS differs from the previous ones because the focus of government has shifted towards enabling an integrated and inclusive development that does not favour gated communities. Projects under the PDS therefore are expected to include, in addition to a mix of residential units, amenities/facilities like medical centres, schools, kindergartens, homes for seniors, wellness centres, restaurants, small shops and leisure facilities that would attract the community at large within the development³¹.

Conclusion

The paper has examined the migrant schemes that enable wealthy foreign nationals to remain in Mauritius on a near permanent basis. The economic constraints that the island faced largely drove the establishment of the investor migrant schemes geared towards attracting foreign direct investment into the country. While it is not clear how many foreign investors naturalize as

²⁸ Interview of Shaffick Hamuth (29.10.15). ; Le Mauricien,(17.10.11).

²⁹ M6 Émission Capital (17.11.13) ‘L’Île Maurice: un paradis fiscal’. http://www.m6.fr/emission-capital/videos/11326822-ile_maurice_un_paradis_fiscal.html (accessed on 22.06.15).

³⁰ BOI (2015) ‘Hospitality and Property Development’. <http://www.investmauritius.com/investment-opportunities/property-development.aspx> (Accessed on 08.06.15).

³¹ BOI (2015) ‘Real Estate Development: Restructuring the IRS/RES’. <http://www.investmauritius.com/budget2015/SREstate.aspx> (accessed on 08.06.15).

Mauritians, the existing investor migrant schemes nevertheless allow the investors to own property and therefore maintain a permanent presence in the island. This state of affairs has raised a number of concerns about the long-term effects of the presence of foreign elites in the country. There are major environmental and economic concerns as there are no significant effects on employment generation. The presence of elite migrants has altered the characteristics of certain coastal communities and with the ensuing cultural effects. In some cases, the local population has been displaced as well. There is also little evidence of any meaningful contribution made by resident foreign nationals to the country. The Mauritian example indicates feelings of alienation among citizens as foreigners enjoy the most beautiful spots on the island, whereas the little beach land available to the public has been shrinking continuously. Thus, the Mauritian case study highlights the fact that even when migrants may not necessarily naturalize, elite migrant projects require careful planning and consideration to be given to the local community.

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