

Views on opportunities, best practices, actionable solutions, challenges and barriers relevant to the topics of the dialogues in 2026

**For consideration at the
8th Global Dialogue and Investment-Focused Event under the
Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme**

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1. Introduction

The Mauritian manufacturing sector is an essential economic engine, accounting for about 13% of Gross Value Added, 15% of total employment, and 80% of domestic exports. Over the last five decades, the sector has undergone structural transformation and has been instrumental in diversifying the national economy.

The sector currently encompasses some 500 enterprises, both domestic and export-oriented ones. It also covers production of a wide range of products such as textiles, food processing (including seafood), jewellery, medical devices, watches, light engineering, furniture, printing, plastics, paints and chemicals, amongst others.

However, over the past decade, the sector has lost momentum and witnessed a gradual decline in its relative economic contribution at national level, due to both endogenous and exogeneous factors.

2. Challenges

As a Small Island Developing State, Mauritius faces specific structural constraints, including limited natural resources, small domestic market and high dependence on imported fuels, raw materials and technologies. Besides, its geographical location is a setback since the country is far from its supplier and export destinations. These constraints increase the vulnerability of manufacturing enterprises which are exposed to externalities such as rising costs of imported fuel, supply-chain disruptions, rising freight costs, exchange rate fluctuations and fierce competition from low-cost producing countries.

On the other hand, the sector is encountering labour shortages, skills mismatch, low foreign direct investment, limited innovation, low adoption of advanced technologies, amongst others. These challenges are exerting significant pressure on the productivity, competitiveness and overall resilience of the manufacturing sector.

At this juncture of time, the transition towards a greener, net-zero and circular manufacturing model of development has become an economic necessity and is gaining prominence. Besides, the acceleration of digital and technological transformation of manufacturing enterprises are key levers in boosting productivity and efficiency.

3. Barriers to Decarbonisation of the Manufacturing Sector

In 2024, energy consumption by the manufacturing sector stood at about 197.6 thousand tonnes of oil equivalent (ktoe), representing around 19.5% of total final energy consumption in Mauritius. Electricity consumption by the sector amounted to around 77.0 ktoe. The sector consumes an energy combination of electricity, diesel oil, fuel oil, coal, bagasse and other renewable sources.

The high dependence on imported fossil fuels compels the need to ensure energy security, improve energy efficiency and increase the use of renewable energy to reduce greenhouse gas emissions, lower production costs and strengthen competitiveness of Mauritian enterprises.

However, despite ongoing initiatives for the transition towards a net-zero carbon manufacturing sector remains constrained due to the following barriers such as:

- low uptake of energy-efficient measures;
- high upfront investment costs for energy-efficient equipment, renewable energy systems and cleaner technologies;
- high dependence on imported technologies and lack of technical expertise in green manufacturing practices, industrial auditing, eco-designing and sustainability reporting;
- low project-development capacity within enterprises;
- limited access to affordable and concessional finance;
- limited availability of financial de-risking mechanisms;
- limited economies of scale; and
- limited capability to adjust to new technology adoption, industrial energy management, greenhouse-gas accounting, carbon-footprint assessment, decarbonisation planning, renewable-energy feasibility assessment, cleaner production, circular economy and preparation of bankable green investment projects.

4. Opportunities and Actionable Solutions

Despite various challenges, the mitigation measures for the Mauritian manufacturing sector provide a range of opportunities in the following areas:

4.1 Energy Efficiency

Energy efficiency represents one of the most immediate opportunities for reducing industrial energy consumption and greenhouse gas emissions. Energy audits, efficient machinery, process optimisation, energy-management systems, heat recovery and improved monitoring can reduce energy costs while improving operational performance.

4.2 Renewable Energy and Cleaner Production

A higher deployment of renewable energy technologies, particularly industrial solar photovoltaic systems, can significantly reduce dependence on fossil fuels and lower the carbon footprint of Mauritian manufacturing sector.

4.3 Resource Efficiency and Circular Economy

Water efficiency and reuse, material efficiency, waste minimisation, recovery, recycling and circular economy practices can considerably mitigate environmental impacts and lower pressure on Mauritius' limited natural resources while reducing production costs.

4.4 Green Finance and Financial De-risking

Affordable finance is essential for translating mitigation opportunities into concrete investment and implementation of green and net-zero practices.

4.5 Development of Investment-Ready Projects

Support and technical assistance are required across the investment cycle. This may include conduct of technical assessments and feasibility studies for mitigation measures in the manufacturing sector prior to preparation of bankable projects.

4.6 Technology Transfer, Capacity-Building and Digitalisation

Technology transfer should be accompanied by adaptation to the Mauritian manufacturing processes. There is need for accompanying technical assistance and skills development for effective operation and maintenance of technologies. Digital monitoring, smart metering and improved data systems can further be included to support energy and resource management and measurement of environmental performance.

5. Best Practices

In a bid to facilitate operators in the manufacturing sector to transition towards a greener and more competitive manufacturing sector, the following initiatives are currently being implemented:

(a) Energy Efficiency Audit Scheme for the Manufacturing Sector (EEASMS)

The EEASMS is a budgetary measure which provides eligible enterprises with a grant covering 75% of the cost of an energy audit, up to a defined grant ceiling, per production site. It aims at encouraging manufacturing enterprises to conduct energy audits, identify energy-saving opportunities and implement energy-efficiency measures. It seeks to reduce energy costs at enterprise level as well as decrease dependence on imported fuels, improve energy security and mitigate greenhouse gas emissions. To date, the scheme has been closed and 15 enterprises have benefited.

However, the scheme has not been able to cover a broader range of manufacturing enterprises due to financial constraints. It is also noted that a few manufacturing enterprises require both technical and financial support to implement the recommendations of the energy audits.

(b) "Accelerating the Transition to a Net-Zero Nature-Positive Economy in Mauritius" (NZNPA) Project

This Ministry, as Executing Agency, is implementing the four-year NZNPA Project which is funded by the Global Environment Facility. The project aims to basically decarbonise the manufacturing sector as well as integrate nature-based solutions at national level. The project includes interventions relating to integrated policy planning and supports the transition of manufacturing enterprises through the adoption of energy and resource efficiency measures, shifting towards renewable sources of energy and circular economy practices.

The project is expected to contribute to greenhouse-gas emission reductions, with an estimated direct mitigation of 979,095 tons of CO₂ equivalent and an indirect mitigation of 2,226,910 tons of CO₂ equivalent over the period 2028–2048. However, the scale of support available under this project remains insufficient to support the decarbonisation of the entire manufacturing sector.

6. Conclusion

The Mauritian industrial mitigation measures form part of a broader sustainable industrial development agenda. The transition towards net-zero carbon manufacturing contributes simultaneously to reduction of greenhouse gas as well as enhancement of productivity and competitiveness of enterprises. Besides, these mitigation measures will ensure energy security and resource efficiency as well as build up economic resilience for the country.

It is important that Mauritius strengthens its call for international support and assistance to enable the manufacturing sector, graduate from climate mitigation commitments to practical implementation with a view to achieving a complete decarbonisation process, and position the sector as a globally competitive and sustainable industrial sector that will contribute to higher economic growth in the country.

The Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme and its Investment-Focused Event therefore provides an important platform for Mauritius to exchange experience, strengthen partnerships and mobilise support for practical and investment-ready industrial mitigation solutions.

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