

Productivity and Competitiveness Indicators (1996– 2006)

Introduction

Productivity and competitiveness indices are published twice a year, namely in May and November. This issue of the Economic and Social Indicators presents indices for the years 1996 to 2006 for the total economy, the manufacturing sector and enterprises formerly operating with an Export Processing Zone (EPZ) certificate.

Tables 1.1 to 1.4 present the various indices for the total economy, tables 2.1 to 2.5 for the manufacturing sector and tables 3.1 to 3.6 for the EPZ and its sub-sectors (textile and non-textile). A description of concepts and definitions used is given on page 10.

2. Indicators for the total economy

The table below presents the growth rates of the productivity, unit labour cost and other competitiveness related indices for the total economy.

| Indicator | | Growth rate (%) | | |
|-----------|-------------------------------------|-----------------|------|------|
| | | Average annual | 2005 | 2006 |
| | | 1996-2006 | | |
| 1 | Output (GDP at basic prices) | 4.6 | 2.3 | 5.0 |
| 2 | GDP at market prices | 4.4 | 1.4 | 4.2 |
| 3 | GDP per capita (market prices) | 3.3 | 0.6 | 3.4 |
| 4 | Labour input | 1.0 | 0.5 | 1.7 |
| 5 | Capital input | 5.6 | 4.2 | 4.4 |
| 6 | Capital - Output ratio | 0.9 | 1.9 | -0.6 |
| 7 | Capital - Labour ratio | 4.5 | 3.7 | 2.6 |
| 8 | Labour productivity | 3.6 | 1.8 | 3.2 |
| 9 | Capital productivity | -0.9 | -1.9 | 0.6 |
| 10 | Multifactor productivity | 0.2 | -0.8 | 0.1 |
| 11 | Average compensation | 7.7 | 6.5 | 6.2 |
| 12 | Unit Labour Cost (Mauritian Rupees) | 4.0 | 4.6 | 2.9 |
| 13 | Unit Labour Cost (US Dollars) | -0.6 | -0.7 | -3.5 |

2.1 Gross Domestic Product (output)

Output, as measured by the Gross Domestic Product (GDP), is the total value of goods and services produced within a country in a given year. Between 1996 and 2006, GDP in real terms grew on average by 4.6% per annum. The growth rate for 2006 was 5.0%, higher than the 2.3% growth registered in 2005.

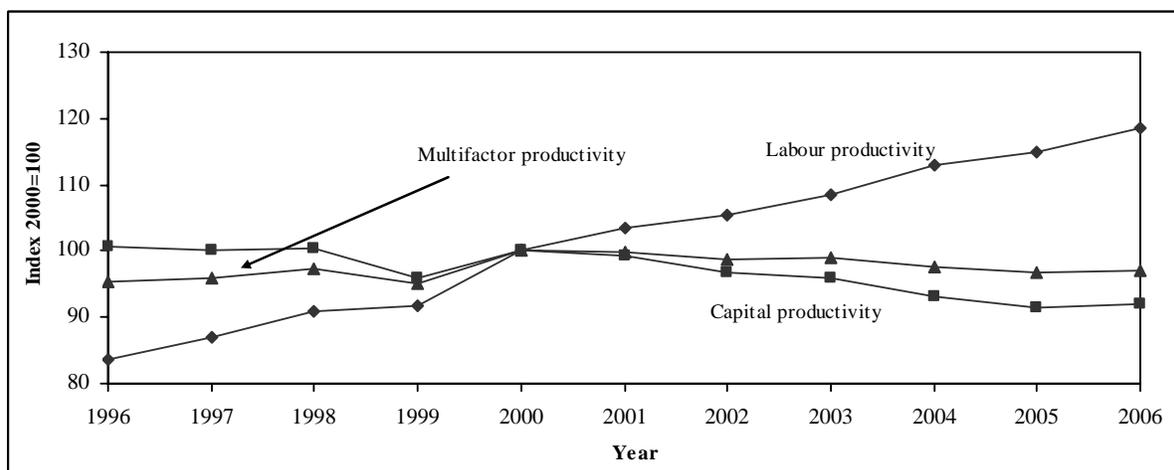
The GDP per capita at market prices is an indicator of the standard of living of the population. With an annual growth of 1.0% in the population and 4.4% in GDP at market prices, GDP per capita grew by 3.3% per annum during the period 1996 – 2006.

2.2 Labour and capital inputs

During the period 1996 – 2006, whilst real GDP at basic prices increased by 4.6% per annum, capital input grew by 5.6% compared to a growth of 1.0% for labour input. The capital - labour ratio, defined as the ratio of the stock of fixed capital to labour input, grew by 4.5% showing that capital deepening is taking place (Table 1.1).

2.3 Productivity trends

Chart 1 : Trends in productivity indices – Total economy, 1996-2006



2.3.1 Labour productivity

From the above chart, it is observed that labour productivity, defined as real GDP per worker, improved from 83.5 in 1996 to 118.6 in 2006, giving an average annual growth of 3.6%.

In 2006, labour productivity grew at a higher rate of 3.2% compared to 1.8% in 2005. This was the result of a high GDP growth of 5.0% in 2006, coupled with a lower growth of 1.7% in labour input. In 2005, GDP grew by 2.3% while labour input grew by 0.5% (Table 1.2).

2.3.2 Capital productivity

Between 1996 and 2006, capital productivity defined as real GDP per unit of capital declined at an average annual rate of 0.9% from 100.7 in 1996 to 92.0 in 2006.

In 2006, the capital productivity index grew by 0.6% after a decline of 1.9% in 2005. The 0.6% growth in 2006 was explained by a higher growth in GDP (5.0%) compared to capital input (4.4%) while the decline in 2005 was due to a low growth in GDP (2.3%) and a higher growth in capital input (4.2%) (Table 1.2).

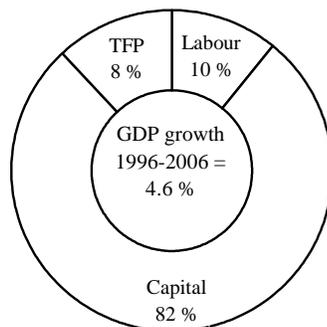
2.3.3 Multifactor productivity (MFP)

The MFP index shows the rate of change in “productive efficiency”. In addition to labour and capital inputs, it takes into account qualitative factors such as better management and improved quality of inputs through training and technology. During the period under study, the average annual growth of MFP works out to 0.2%. In 2006, MFP registered a growth of 0.1% against a decline of 0.8% in 2005 (Table 1.2).

2.4 Growth accounting

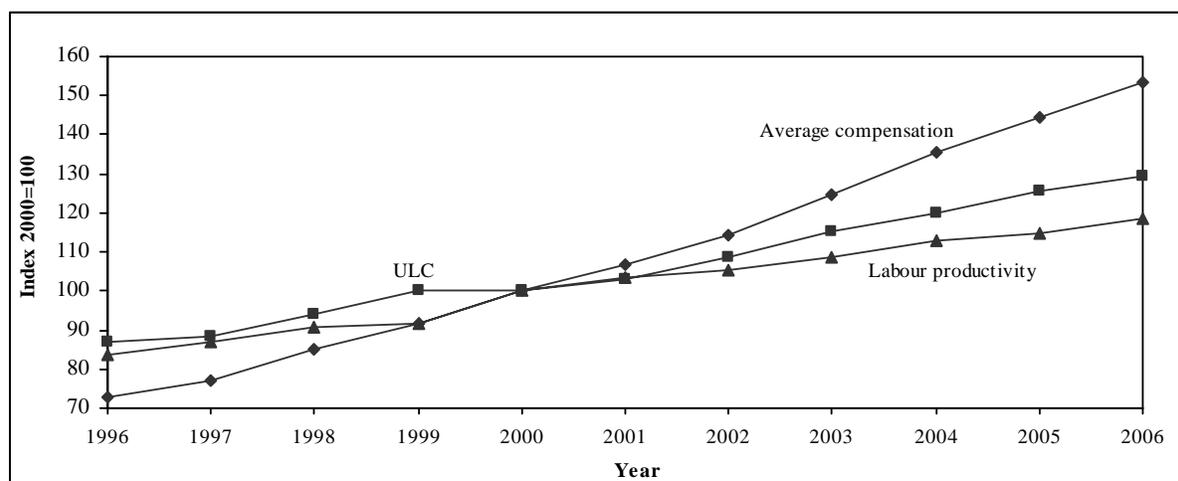
The contribution of different factors to economic growth is determined by the growth accounting technique. Between 1996 and 2006, the contribution of labour to the 4.6% growth in GDP works out to 10% and that of capital to 82%. The remaining 8% represents the contribution of “Total Factor Productivity” (TFP), which includes qualitative factors such as training, management and technology.

Chart 2: Contribution of labour, capital and TFP to GDP growth, 1996– 2006



2.5 Unit Labour Cost (ULC)

Chart 3 : Trends in Unit Labour Cost - Total economy, 1996– 2006



ULC measures the remuneration of labour per unit of output. It is affected by changes in both average compensation of employees and labour productivity. Between 1996 and 2006, average compensation increased by 7.7% annually, higher than the annual growth of 3.6% registered in labour productivity, resulting in an average annual growth of 4.0% in ULC (Table 1.3).

In 2006, ULC grew by 2.9% compared to 4.6% in 2005.

To compare changes in competitiveness across economies, the impact of exchange rate fluctuations has to be taken into account. When a national currency appreciates against the US Dollar, more Dollars are paid in exchange for each national currency unit. On the other hand, when a national currency depreciates against the US Dollar, fewer Dollars are paid in exchange for each national currency unit. Between 1996 and 2006, ULC in Mauritian Rupees grew annually by 4.0%. However, in Dollar terms, it declined by 0.6% as a result of an average annual depreciation of 4.7% of the Mauritian Rupee vis-à-vis the US Dollar during the period under review. ULC in Dollar terms which declined by 0.7% in 2005, declined further by 3.5% in 2006 (Table 1.4).

3. Indicators for the Manufacturing sector

The table given below summarises the main indicators for the Manufacturing sector.

| Indicator | | Growth rate (%) | | |
|-----------|-------------------------------------|-----------------|------|------|
| | | Average annual | 2005 | 2006 |
| | | 1996-2006 | | |
| 1 | Output (GDP at basic prices) | 2.2 | -5.5 | 4.0 |
| 2 | Labour input | -1.1 | -4.1 | 0.7 |
| 3 | Capital input | 3.4 | 3.7 | -0.1 |
| 4 | Capital - Output ratio | 1.2 | 9.7 | -3.9 |
| 5 | Capital - Labour ratio | 4.6 | 8.1 | -0.8 |
| 6 | Labour productivity | 3.4 | -1.5 | 3.2 |
| 7 | Capital productivity | -1.1 | -8.8 | 4.1 |
| 8 | Multifactor productivity | 0.4 | -6.1 | 2.2 |
| 9 | Average compensation | 8.1 | 7.3 | 2.5 |
| 10 | Unit Labour Cost (Mauritian Rupees) | 4.5 | 9.0 | -0.7 |
| 11 | Unit Labour Cost (US Dollars) | -0.1 | 3.4 | -6.8 |

3.1 Output and inputs

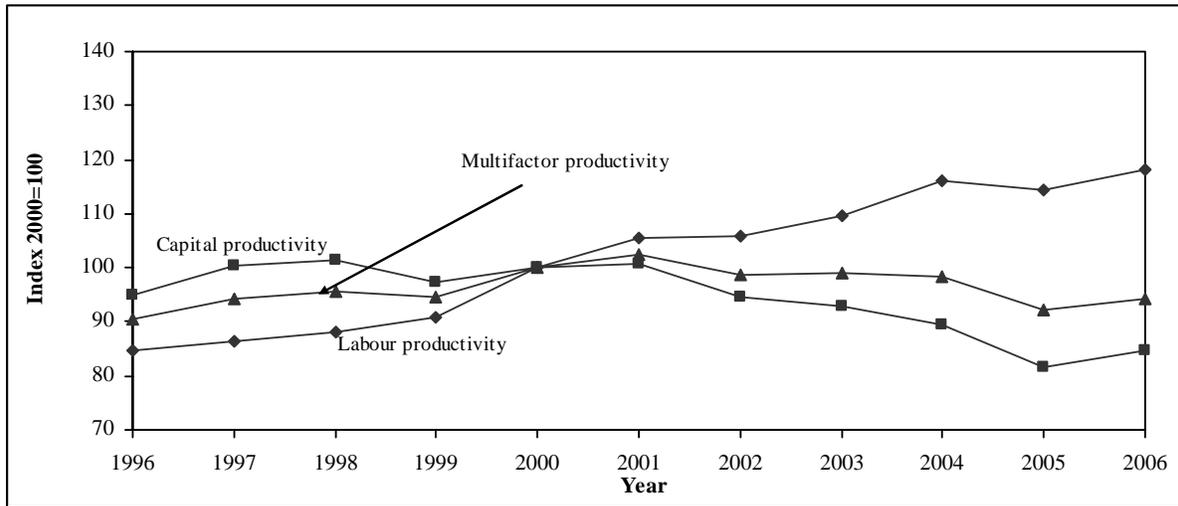
Between 1996 and 2006, real output in the manufacturing sector grew on average by 2.2% annually. In 2006, the sector registered a growth of 4.0% compared to a fall of 5.5% in 2005.

During the ten-year period, labour input declined by 1.1% annually whereas capital input grew by an average annual rate of 3.4%.

Labour input which was on the decline since 1999, registered an increase of 0.7% in 2006 compared to a decline of 4.1% a year earlier. On the other hand, capital input declined for the first time in 2006 during the 10-year period. In 2006, it declined by 0.1% compared to an increase of 3.7% in 2005 (Table 2.1).

3.2 Productivity trends

Chart 4: Trends in productivity indices – Manufacturing sector, 1996-2006



During the period 1996 to 2006, labour productivity in the manufacturing sector registered an average annual growth of 3.4% while capital productivity witnessed a decline of 1.1%. This was the result of growths of 2.2% and 3.4% in real output and capital input respectively, and a decline of 1.1% in labour input. During the same period, multifactor productivity increased by 0.4% per annum (Table 2.2).

In 2006, labour productivity in manufacturing grew by 3.2%, capital productivity by 4.1% and multi-factor productivity by 2.2%, compared to declines of 1.5%, 8.8% and 6.1% respectively in 2005.

3.3 Unit Labour Cost (ULC)

Chart 5: Trends in Unit Labour Cost – Manufacturing sector, 1996– 2006

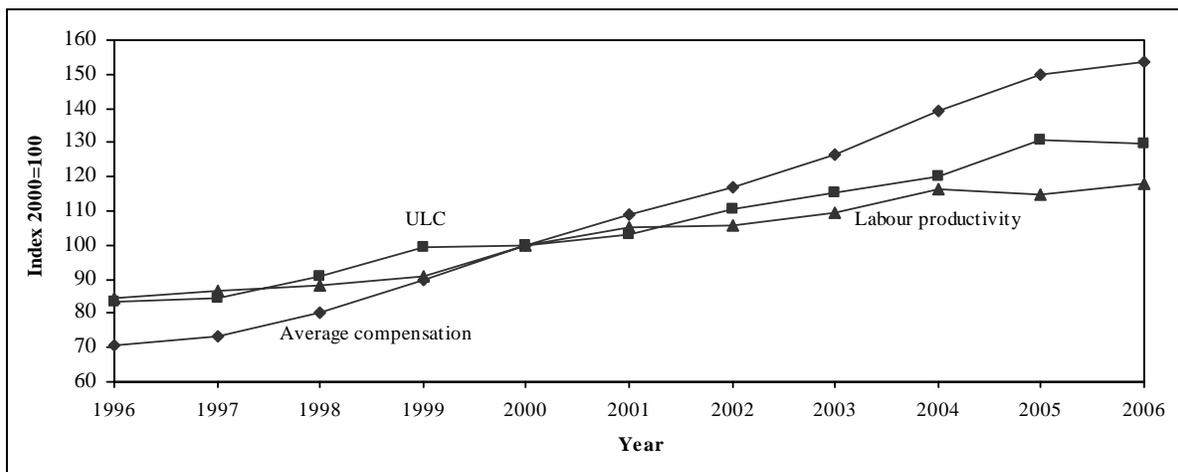


Chart 5 shows the trend of the ULC index in the manufacturing sector for the period 1996 to 2006. During that period, ULC grew at an average annual rate of 4.5% due to a higher growth in average compensation (8.1%) compared to labour productivity (3.4%). However, in Dollar terms, ULC declined at an average annual rate of 0.1% following an annual average depreciation of 4.7% of the local currency against the Dollar (Table 2.4).

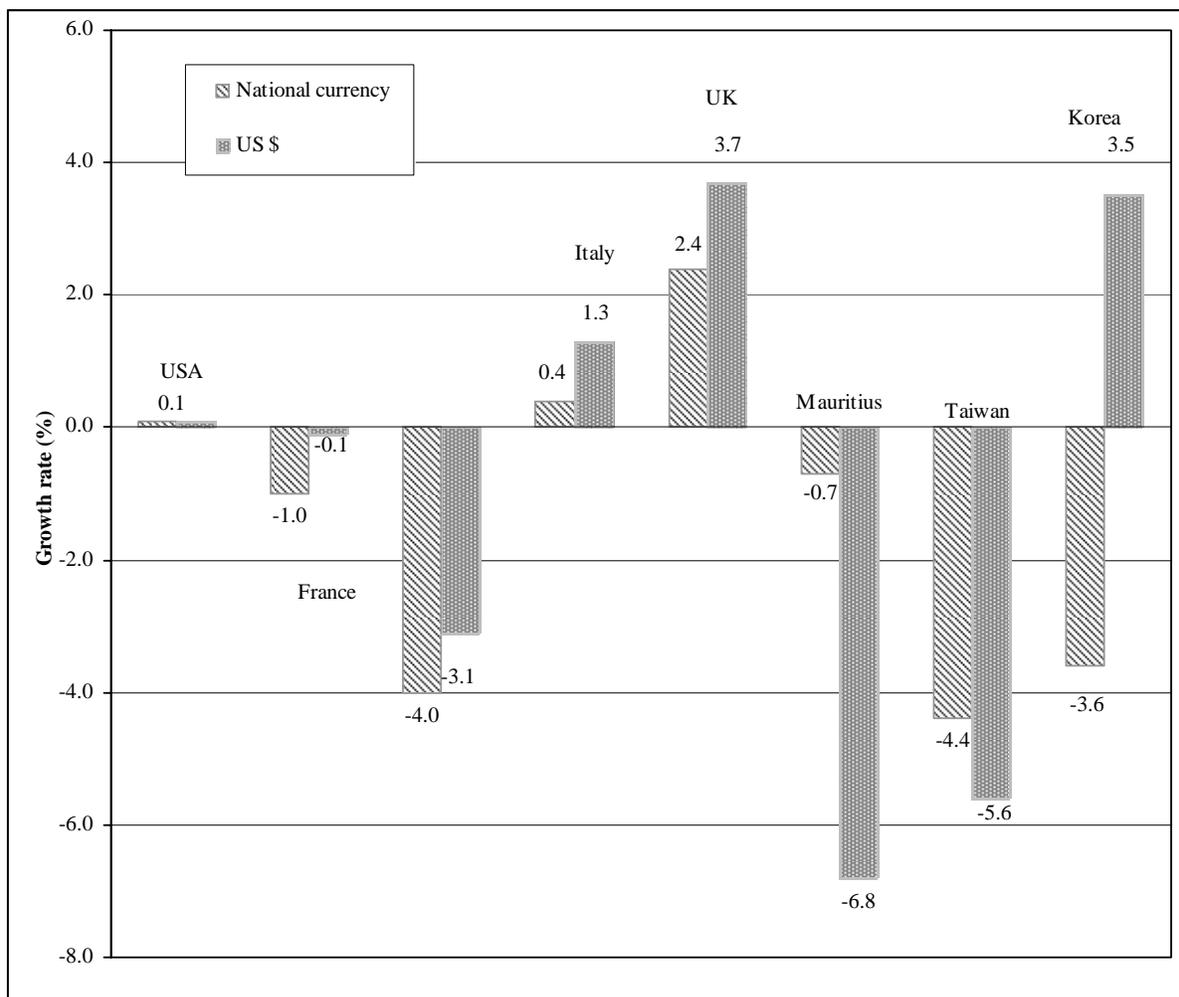
In 2006, ULC for the manufacturing sector declined by 0.7% compared to an increase of 9.0% in 2005. In Dollar terms, it declined by 6.8% as opposed to a rise of 3.4% in 2005.

3.4 International comparison of Unit Labour Cost in Manufacturing – 2006

An international comparison of growth in ULC in the manufacturing sector for the year 2006 both in national currency and in the US Dollar is given in the table and chart below.

| Country | USA | France | Germany | Italy | UK | Mauritius | Taiwan | Korea |
|-------------------|-----|--------|---------|-------|-----|-------------|--------|-------|
| National currency | 0.1 | -1.0 | -4.0 | 0.4 | 2.4 | -0.7 | -4.4 | -3.6 |
| US \$ | 0.1 | -0.1 | -3.1 | 1.3 | 3.7 | -6.8 | -5.6 | 3.5 |

Chart 6: International comparison of ULC in Manufacturing – Growth rate (%) 2006



Source: U.S Bureau of Labour Statistics and CSO estimates

It is observed that, in 2006, ULC in manufacturing, expressed in national currency, fell in five of the eight economies used for comparison, the steepest declines being observed in Taiwan (-4.4%) and Germany (-4.0%). Among the remaining three economies, UK registered the highest increase in ULC (+2.4%).

Expressed in US Dollar, ULC in manufacturing, declined in four countries namely Mauritius (-6.8%), Taiwan (-5.6%), Germany (-3.1%) and France (-0.1%). Among the countries registering increases, UK registered the highest increase (+3.7%) explained by a high appreciation of its currency relative to the US Dollar.

3.5 International comparison of Hourly Labour Cost (HLC)

The HLC is used as an indicator of international competitiveness. Table 2.5 compares the evolution of HLC in the Mauritian manufacturing sector with available hourly labour cost for other countries. It is observed that, in 2005, in the absence of data for Sri Lanka, the HLC for Mauritius was the lowest (1.66 US Dollar) followed by Mexico (2.63 US Dollar) while Germany recorded the highest HLC (33.00 US Dollar). In 2006, the HLC for Mauritius was 1.61 US Dollar. Data for other countries for year 2006 are not available.

4. Indicators for Export Processing Zone (EPZ) sector

The table below shows the main indicators for the EPZ sector.

| Indicator | | Growth rate (%) | | |
|-----------|-------------------------------------|-----------------|-------|------|
| | | Average annual | 2005 | 2006 |
| | | 1996-2006 | | |
| 1 | Output (GDP at basic prices) | 0.0 | -12.3 | 4.6 |
| 2 | Labour input | -2.1 | -8.5 | -0.8 |
| 3 | Capital input | 4.2 | 5.2 | 2.5 |
| 4 | Capital – Output ratio | 4.2 | 20.0 | -2.0 |
| 5 | Capital – Labour ratio | 6.4 | 15.0 | 3.3 |
| 6 | Labour productivity | 2.2 | -4.1 | 5.4 |
| 7 | Capital productivity | -4.0 | -16.6 | 2.0 |
| 8 | Multifactor productivity | -1.7 | -9.1 | -2.2 |
| 9 | Average compensation | 7.9 | 8.6 | 3.3 |
| 10 | Unit Labour Cost (Mauritian Rupees) | 5.6 | 13.2 | -2.0 |
| 11 | Unit Labour Cost (US Dollars) | 0.9 | 7.5 | -8.1 |

4.1 Output and inputs

In 2006, the share of the EPZ sector in the economy was 7.5%. The contribution of the textile and non-textile subsectors in the total output of the EPZ sector was 76.6% and 23.4% respectively.

Between 1996 and 2006, on the average the annual real growth in the EPZ was marginal. Within the sector, an average annual growth of 5.0% was observed in the non-textile establishments compared to a decline of 1.1 % in the textile establishments.

During the same period, labour input registered an annual decline of 2.1% with the index increasing from 89.4 in 1996 to 101.3 in 2001, followed by a continuous decline reaching a level of 72.4 in 2006. Capital input on the other hand registered an average annual increase of 4.2% from 79.0 in 1996 to 119.3 in 2006.

In 2006, labour input fell by 0.8% after a decline of 8.5% in 2005 while capital input improved by 2.5% lower than the 5.2% increase registered in 2005 (Table 3.3).

4.2 Productivity trends

Chart 7: Trends in productivity indices – EPZ sector, 1996– 2006

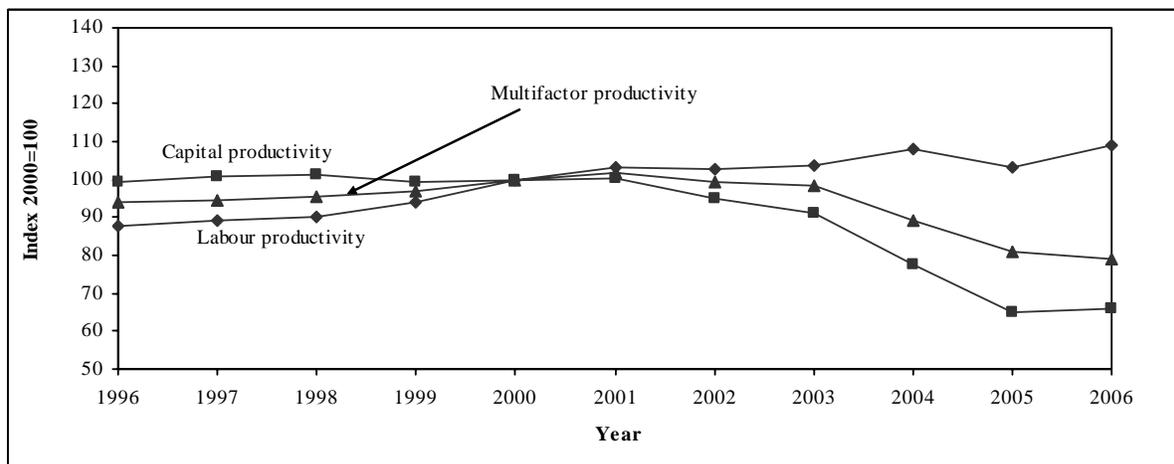
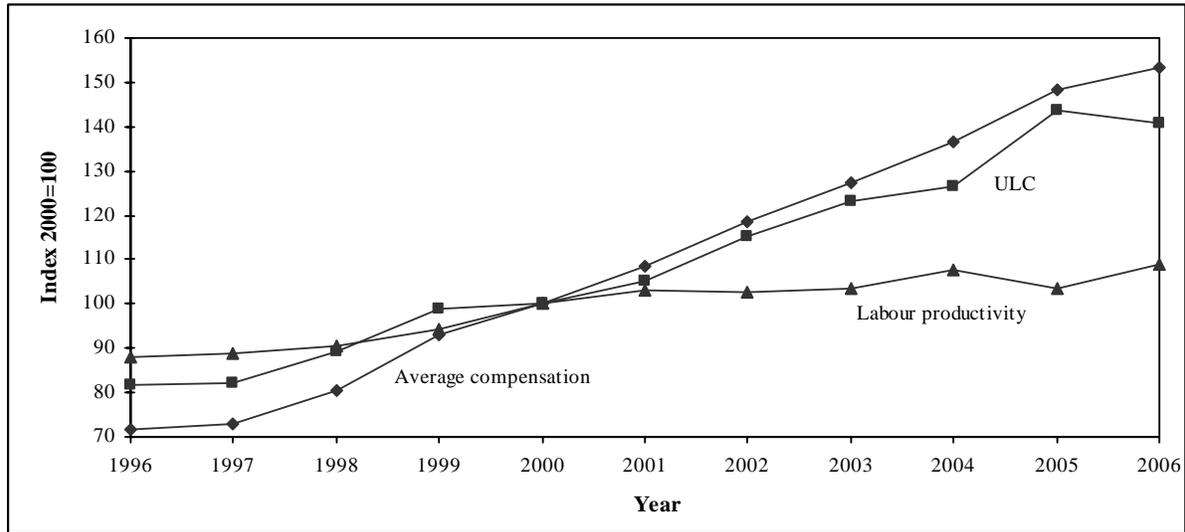


Chart 7 shows the trends in the labour, capital and multifactor productivity indices for the EPZ sector for the years 1996 to 2006. During that period, labour productivity grew at an average annual rate of 2.2% while capital productivity declined by 4.0%. This is explained by an annual decline of 2.1% in the labour input and a growth of 4.2% in capital input along with a marginal growth in real output during the period under review. Multifactor productivity fell at an average annual rate of 1.7% (Table 3.4).

In 2006, labour productivity in EPZ grew by 5.4% after a decline of 4.1% in 2005. On the other hand, capital productivity increased by 2.0% in 2006 compared to a fall of 16.6% in 2005. Multifactor productivity declined further by 2.2% in 2006 after a fall of 9.1% in 2005.

4.3 Unit Labour Cost (ULC)

Chart 8: Trends in Unit Labour Cost – EPZ sector, 1996– 2006



Between 1996 and 2006, average compensation of employees in the EPZ sector increased by an average annual rate of 7.9% and labour productivity by 2.2%. The growth in average compensation being higher than labour productivity, the ULC increased at an average annual rate of 5.6% during that period. In 2006, ULC declined by 2.0% after a high growth of 13.2% in 2005. (Table 3.5)

In Dollar terms, ULC witnessed an annual growth of 0.9% between 1996 and 2006 as a result of the depreciation of the MUR (4.7%) vis-à-vis the US Dollar during the same period. In 2006, the ULC in Dollar terms registered a fall of 8.1% compared to a growth of 7.5% in 2005.

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Technical Notes

Concepts and definitions

Productivity expresses the relationship between the output of goods and services (real output) and the various inputs required for production (e.g. labour and capital). Two important productivity indicators used are: labour productivity, that is, the ratio of real output to labour input, and capital productivity, the ratio of real output to stock of fixed capital used in the production process. However, these indicators are limited in the sense that they indicate the influence of only one factor of production at a time on productivity. An improvement over these partial indicators is the multifactor productivity which takes into account the simultaneous influences of several factors on production, including qualitative factors such as better management, improved quality of inputs and higher quality of goods.

Unit Labour Cost (ULC) is another important indicator of competitiveness which is defined as the remuneration of labour for producing one unit of real output. As ULC can also be expressed as the ratio of average compensation to labour productivity, it indicates how improvement in productivity offsets increases in average compensation.

1. Real output is given by value added at constant prices.

$$\text{Output index} = \frac{\text{Value added (constant price) in year } n}{\text{Value added in base year}} \times 100$$

2. Employment/Labour input

Employment/Labour input is most appropriately measured by hours worked and its price by average compensation per hour. However, due to lack of data, the total number of persons engaged, defined as employers, own account workers, contributing family workers and employees in any type of economic activity is used. Prior to 2000, employment for year n was calculated as the average of employment at June of year (n) and June of year $(n+1)$. As from 2000, average employment for a given year is available and thus the data has been used for the computation of labour input.

$$\text{Labour input index} = \frac{\text{Average number of persons engaged in year } n}{\text{Average number of persons engaged in base year}} \times 100$$

3. Capital input

Capital refers to the net stock of investment in reproducible fixed assets. Reproducible fixed assets are investments in residential and non-residential building (excluding land), infrastructural work, machinery and equipment.

$$\text{Capital input index} = \frac{\text{Stock of fixed capital in year } n}{\text{Stock of fixed capital in base year}} \times 100$$

4. Labour Productivity

Labour productivity index shows the rate of change in output per person engaged.

$$\text{Labour Productivity Index} = \frac{\text{Output index}}{\text{Labour input index}} \times 100$$

5. Capital productivity

The capital productivity index shows the rate of change in output per unit of capital.

$$\text{Capital Productivity Index} = \frac{\text{Output index}}{\text{Capital input index}} \times 100$$

6. Multifactor/Total factor productivity

Multifactor productivity (MFP)/Total factor productivity (TFP) index shows the rate of change in “productive efficiency”, and is obtained as the ratio of the output to a weighted combination of labour and capital inputs. The limitation of partial productivity measures is that they attribute to one factor of production, changes in efficiency that are attributable to other factors. MFP reflects many influences including qualitative factors such as better management and improved quality of inputs through training and technology.

$$\text{Multifactor productivity index} = \frac{\text{Output index}}{\text{Multifactor input index}} \times 100$$

$$A(t) = \frac{Q(t)}{\{WL(t) \times L(t)\} + \{WK(t) \times K(t)\}} \times 100 \quad \text{where}$$

A(t) = Multifactor Productivity index in time t

Q(t) = Output index in time t

WL(t) = Labour’s input share in time t (ratio of compensation of employees to value added)

L(t) = Labour input index in time t

WK(t) = 1 - WL(t)

K(t) = Capital input index in time t

7. Unit Labour Cost

Unit labour cost is the remuneration of labour to produce one unit of output. It is computed as the ratio of the labour cost index to an index of production. The index shows the rate of change in labour cost per unit of output.

$$\text{Unit Labour Cost Index} = \frac{\text{Labour Cost Index}}{\text{Output Index}} \times 100 \quad \text{or} \quad \frac{\text{Average Compensation Index}}{\text{Labour Productivity Index}} \times 100$$

For Competitiveness purposes, the exchange rate effect has to be taken into account. ULC is therefore computed both in local currency and in US dollar.

$$\text{ULC index (US \$)} = \text{ULC index (MUR)} / \text{Exchange rate index of MUR/ US \$}.$$

8. Hourly Labour Cost

Hourly labour cost is the ratio of compensation to total hours worked, inclusive of overtime. Compensation of employees comprises wages & salaries in cash and in kind, bonus, overtime and social contribution incurred by employers. The source of data is the September Survey of Employment, Earnings and Hours of work.

Table 1.1 Trends in output and inputs - Total economy, 1996 - 2006**(Index 2000 = 100)**

| Year | Real output | | Labour input | | Capital input | |
|---|-------------|-----------------|--------------|-----------------|---------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 79.9 | 6.2 | 95.7 | 0.7 | 79.4 | 6.4 |
| 1997 | 84.4 | 5.6 | 97.0 | 1.3 | 84.3 | 6.2 |
| 1998 | 89.3 | 5.8 | 98.3 | 1.4 | 88.9 | 5.5 |
| 1999 | 91.2 | 2.1 | 99.4 | 1.1 | 94.9 | 6.7 |
| 2000 | 100.0 | 9.7 | 100.0 | 0.6 | 100.0 | 5.4 |
| 2001 | 105.2 | 5.2 | 101.6 | 1.6 | 106.1 | 6.1 |
| 2002 | 107.1 | 1.8 | 101.6 | 0.0 | 110.5 | 4.2 |
| 2003 | 111.8 | 4.4 | 103.0 | 1.3 | 116.5 | 5.4 |
| 2004 | 117.2 | 4.8 | 103.8 | 0.8 | 125.7 | 7.9 |
| 2005 | 119.9 | 2.3 | 104.3 | 0.5 | 131.0 | 4.2 |
| 2006 | 125.9 | 5.0 | 106.2 | 1.7 | 136.8 | 4.4 |
| Average annual growth rate 1996 - 2006 | 4.6% | | 1.0% | | 5.6% | |

Table 1.2 Trends in productivity - Total economy, 1996 - 2006**(Index 2000 = 100)**

| Year | Labour productivity | | Capital productivity | | Multifactor productivity | |
|---|---------------------|-----------------|----------------------|-----------------|--------------------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 83.5 | 5.4 | 100.7 | -0.2 | 95.3 | 1.4 |
| 1997 | 87.0 | 4.2 | 100.1 | -0.5 | 96.0 | 0.6 |
| 1998 | 90.8 | 4.3 | 100.4 | 0.3 | 97.4 | 1.5 |
| 1999 | 91.7 | 0.9 | 96.0 | -4.4 | 95.1 | -2.3 |
| 2000 | 100.0 | 9.1 | 100.0 | 4.1 | 100.0 | 5.1 |
| 2001 | 103.6 | 3.6 | 99.1 | -0.9 | 99.7 | -0.3 |
| 2002 | 105.4 | 1.8 | 96.9 | -2.3 | 98.7 | -1.0 |
| 2003 | 108.6 | 3.0 | 96.0 | -0.9 | 99.0 | 0.4 |
| 2004 | 112.9 | 3.9 | 93.2 | -2.9 | 97.6 | -1.5 |
| 2005 | 114.9 | 1.8 | 91.5 | -1.9 | 96.8 | -0.8 |
| 2006 | 118.6 | 3.2 | 92.0 | 0.6 | 96.9 | 0.1 |
| Average annual growth rate 1996 - 2006 | 3.6% | | -0.9% | | 0.2% | |

Table 1.3 Average compensation, Unit Labour Cost, and Labour productivity - Total economy, 1996 - 2006

(Index 2000 = 100)

| Year | Average compensation | | Unit Labour Cost | | Labour productivity | |
|---|----------------------|-----------------|------------------|-----------------|---------------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 72.7 | 9.5 | 87.1 | 3.8 | 83.5 | 5.4 |
| 1997 | 77.1 | 6.0 | 88.5 | 1.7 | 87.0 | 4.2 |
| 1998 | 85.2 | 10.6 | 93.9 | 6.0 | 90.8 | 4.3 |
| 1999 | 91.8 | 7.7 | 100.2 | 6.7 | 91.7 | 0.9 |
| 2000 | 100.0 | 8.9 | 100.0 | -0.2 | 100.0 | 9.1 |
| 2001 | 106.7 | 6.7 | 103.0 | 3.0 | 103.6 | 3.6 |
| 2002 | 114.4 | 7.3 | 108.5 | 5.4 | 105.4 | 1.8 |
| 2003 | 124.9 | 9.2 | 115.0 | 6.0 | 108.6 | 3.0 |
| 2004 | 135.6 | 8.6 | 120.2 | 4.5 | 112.9 | 3.9 |
| 2005 | 144.4 | 6.5 | 125.7 | 4.6 | 114.9 | 1.8 |
| 2006 | 153.3 | 6.2 | 129.3 | 2.9 | 118.6 | 3.2 |
| Average annual growth rate 1996 - 2006 | 7.7% | | 4.0% | | 3.6% | |

Table 1.4 ULC in local currency and US dollar - Total economy, 1996 - 2006

(Index 2000 = 100)

| Year | Unit Labour Cost (MUR) | | Exchange rate MUR/US \$ | | Unit Labour Cost (US \$) | |
|---|------------------------|-----------------|-------------------------|-------------|--------------------------|-----------------|
| | Index | Growth rate (%) | Index | (%) Change* | Index | Growth rate (%) |
| 1996 | 87.1 | 3.8 | 75.1 | 10.7 | 116.0 | -6.2 |
| 1997 | 88.5 | 1.7 | 80.2 | 6.8 | 110.5 | -4.8 |
| 1998 | 93.9 | 6.0 | 91.3 | 13.9 | 102.8 | -6.9 |
| 1999 | 100.2 | 6.7 | 95.8 | 4.9 | 104.6 | 1.8 |
| 2000 | 100.0 | -0.2 | 100.0 | 4.4 | 100.0 | -4.4 |
| 2001 | 103.0 | 3.0 | 110.7 | 10.7 | 93.0 | -7.0 |
| 2002 | 108.5 | 5.4 | 114.1 | 3.1 | 95.1 | 2.3 |
| 2003 | 115.0 | 6.0 | 108.1 | -5.3 | 106.4 | 11.8 |
| 2004 | 120.2 | 4.5 | 105.7 | -2.2 | 113.7 | 6.9 |
| 2005 | 125.7 | 4.6 | 111.3 | 5.3 | 112.9 | -0.7 |
| 2006 | 129.3 | 2.9 | 118.6 | 6.6 | 109.0 | -3.5 |
| Average annual growth rate 1996 - 2006 | 4.0% | | 4.7% | | -0.6% | |

* + : depreciation, - : appreciation of the MUR vis -a- vis the US \$

Table 2.1 Trends in output and inputs - Manufacturing sector, 1996 - 2006**(Index 2000 = 100)**

| Year | Real output | | Labour input | | Capital input | |
|---|-------------|-----------------|--------------|-----------------|---------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 80.9 | 6.5 | 95.5 | 0.7 | 85.1 | 0.3 |
| 1997 | 85.6 | 5.9 | 99.0 | 3.7 | 85.2 | 0.1 |
| 1998 | 90.9 | 6.1 | 103.0 | 3.9 | 89.5 | 5.1 |
| 1999 | 92.7 | 2.0 | 102.1 | -0.8 | 95.2 | 6.3 |
| 2000 | 100.0 | 7.9 | 100.0 | -2.1 | 100.0 | 5.1 |
| 2001 | 104.4 | 4.4 | 99.1 | -0.9 | 103.5 | 3.5 |
| 2002 | 101.9 | -2.4 | 96.3 | -2.8 | 107.9 | 4.2 |
| 2003 | 101.9 | 0.0 | 93.0 | -3.5 | 109.5 | 1.5 |
| 2004 | 102.5 | 0.6 | 88.2 | -5.2 | 114.7 | 4.8 |
| 2005 | 96.9 | -5.5 | 84.6 | -4.1 | 118.9 | 3.7 |
| 2006 | 100.7 | 4.0 | 85.2 | 0.7 | 118.9 | -0.1 |
| Average annual growth rate 1996 - 2006 | 2.2% | | -1.1% | | 3.4% | |

Table 2.2 Trends in productivity - Manufacturing sector, 1996 - 2006**(Index 2000 = 100)**

| Year | Labour productivity | | Capital productivity | | Multifactor productivity | |
|---|---------------------|-----------------|----------------------|-----------------|--------------------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 84.7 | 5.7 | 95.1 | 6.2 | 90.4 | 6.0 |
| 1997 | 86.5 | 2.1 | 100.5 | 5.8 | 94.1 | 4.1 |
| 1998 | 88.3 | 2.1 | 101.5 | 0.9 | 95.5 | 1.5 |
| 1999 | 90.7 | 2.8 | 97.4 | -4.0 | 94.5 | -1.1 |
| 2000 | 100.0 | 10.2 | 100.0 | 2.7 | 100.0 | 5.9 |
| 2001 | 105.4 | 5.4 | 100.8 | 0.8 | 102.5 | 2.5 |
| 2002 | 105.8 | 0.4 | 94.4 | -6.4 | 98.8 | -3.6 |
| 2003 | 109.6 | 3.6 | 93.0 | -1.5 | 99.2 | 0.4 |
| 2004 | 116.3 | 6.1 | 89.3 | -4.0 | 98.3 | -0.9 |
| 2005 | 114.5 | -1.5 | 81.4 | -8.8 | 92.3 | -6.1 |
| 2006 | 118.2 | 3.2 | 84.8 | 4.1 | 94.3 | 2.2 |
| Average annual growth rate 1996 - 2006 | 3.4% | | -1.1% | | 0.4% | |

Table 2.3 Average compensation, Unit Labour Cost, and Labour productivity - Manufacturing sector, 1996 - 2006

(Index 2000 = 100)

| Year | Average compensation | | Unit Labour Cost | | Labour productivity | |
|---|----------------------|-----------------|------------------|-----------------|---------------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 70.5 | 6.5 | 83.3 | 0.7 | 84.7 | 5.7 |
| 1997 | 73.2 | 3.9 | 84.7 | 1.7 | 86.5 | 2.1 |
| 1998 | 80.2 | 9.5 | 90.8 | 7.3 | 88.3 | 2.1 |
| 1999 | 90.1 | 12.3 | 99.3 | 9.3 | 90.7 | 2.8 |
| 2000 | 100.0 | 11.0 | 100.0 | 0.8 | 100.0 | 10.2 |
| 2001 | 108.9 | 8.9 | 103.3 | 3.3 | 105.4 | 5.4 |
| 2002 | 117.1 | 7.6 | 110.7 | 7.2 | 105.8 | 0.4 |
| 2003 | 126.3 | 7.8 | 115.2 | 4.0 | 109.6 | 3.6 |
| 2004 | 139.4 | 10.4 | 119.9 | 4.1 | 116.3 | 6.1 |
| 2005 | 149.7 | 7.3 | 130.7 | 9.0 | 114.5 | -1.5 |
| 2006 | 153.4 | 2.5 | 129.7 | -0.7 | 118.2 | 3.2 |
| Average annual growth rate 1996 - 2006 | 8.1% | | 4.5% | | 3.4% | |

Table 2.4 ULC in local currency and US dollar - Manufacturing sector, 1996 - 2006

(Index 2000 = 100)

| Year | Unit Labour Cost (MUR) | | Exchange rate MUR/US \$ | | Unit Labour Cost (US \$) | |
|---|------------------------|-----------------|-------------------------|-------------|--------------------------|-----------------|
| | Index | Growth rate (%) | Index | (%) Change* | Index | Growth rate (%) |
| 1996 | 83.3 | 0.7 | 75.1 | 10.7 | 110.9 | -9.0 |
| 1997 | 84.7 | 1.7 | 80.2 | 6.8 | 105.7 | -4.7 |
| 1998 | 90.8 | 7.3 | 91.3 | 13.9 | 99.5 | -5.8 |
| 1999 | 99.3 | 9.3 | 95.8 | 4.9 | 103.6 | 4.2 |
| 2000 | 100.0 | 0.8 | 100.0 | 4.4 | 100.0 | -3.5 |
| 2001 | 103.3 | 3.3 | 110.7 | 10.7 | 93.3 | -6.7 |
| 2002 | 110.7 | 7.2 | 114.1 | 3.1 | 97.1 | 4.0 |
| 2003 | 115.2 | 4.0 | 108.1 | -5.3 | 106.6 | 9.8 |
| 2004 | 119.9 | 4.1 | 105.7 | -2.2 | 113.5 | 6.5 |
| 2005 | 130.7 | 9.0 | 111.3 | 5.3 | 117.4 | 3.4 |
| 2006 | 129.7 | -0.7 | 118.6 | 6.6 | 109.4 | -6.8 |
| Average annual growth rate 1996 - 2006 | 4.5% | | 4.7% | | -0.1% | |

* + : depreciation, - : appreciation of the MUR vis- a - vis the US \$

Table 2.5 - Hourly labour cost in US Dollar - Manufacturing sector, 1996-2005

| Country | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Australia | 17.08 | 16.77 | 15.22 | 15.96 | 14.40 | 13.30 | 15.38 | 19.79 | 23.38 | 24.91 | N/A |
| France | 18.99 | 17.10 | 17.45 | 17.00 | 15.46 | 15.65 | 17.13 | 21.14 | 23.89 | 24.63 | N/A |
| Germany | 30.92 | 27.10 | 25.98 | 26.26 | 22.67 | 22.48 | 24.22 | 29.64 | 32.50 | 33.00 | N/A |
| Hong Kong | 5.12 | 5.38 | 5.58 | 5.37 | 5.45 | 5.74 | 5.66 | 5.54 | 5.51 | 5.65 | N/A |
| Japan | 20.54 | 19.06 | 17.48 | 20.47 | 21.93 | 19.43 | 18.60 | 20.26 | 21.84 | 21.76 | N/A |
| Korea | 8.19 | 7.83 | 5.67 | 7.34 | 8.23 | 7.72 | 8.77 | 9.69 | 11.13 | 13.56 | N/A |
| Mauritius | 1.20 | 1.20 | 1.29 | 1.31 | 1.24 | 1.20 | 1.21 | 1.43 | 1.53 | 1.66 | 1.61 |
| Mexico | 1.45 | 1.62 | 1.64 | 1.86 | 2.07 | 2.54 | 2.49 | 2.44 | 2.44 | 2.63 | N/A |
| Portugal | 5.33 | 5.13 | 5.26 | 5.06 | 4.49 | 4.59 | 5.07 | 6.24 | 7.02 | 7.33 | N/A |
| Singapore | 8.19 | 8.09 | 7.83 | 7.07 | 7.18 | 6.97 | 6.71 | 7.18 | 7.38 | 7.66 | N/A |
| Sri Lanka | 0.48 | 0.46 | 0.47 | 0.46 | 0.48 | 0.45 | 0.49 | 0.51 | 0.52 | N/A | N/A |
| Taiwan | 5.97 | 5.96 | 5.45 | 5.78 | 6.19 | 6.05 | 5.64 | 5.69 | 5.98 | 6.38 | N/A |
| United Kingdom | 13.79 | 14.12 | 17.04 | 17.33 | 16.84 | 16.75 | 18.36 | 21.33 | 24.76 | 25.66 | N/A |
| Canada | 16.64 | 16.47 | 15.60 | 15.58 | 16.48 | 16.23 | 16.72 | 19.53 | 21.77 | 23.82 | N/A |
| USA | 17.53 | 18.31 | 18.64 | 18.78 | 19.65 | 20.58 | 21.33 | 22.20 | 22.82 | 23.65 | N/A |

Source : U.S. Bureau of Labour Statistics and CSO estimates

Table 3.1 Trends in output and inputs - Export Processing Zone (EPZ), 1996 - 2006
(Index 2000 = 100)

| Year | Real output | | Labour input | | Capital input | |
|---|-------------|-----------------|--------------|-----------------|---------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 78.5 | 7.0 | 89.4 | 0.2 | 79.0 | -1.3 |
| 1997 | 83.3 | 6.0 | 93.5 | 4.6 | 82.7 | 4.6 |
| 1998 | 89.0 | 6.9 | 98.6 | 5.4 | 87.7 | 6.1 |
| 1999 | 94.3 | 6.0 | 100.3 | 1.8 | 95.1 | 8.4 |
| 2000 | 100.0 | 6.0 | 100.0 | -0.3 | 100.0 | 5.2 |
| 2001 | 104.4 | 4.4 | 101.3 | 1.3 | 103.9 | 3.9 |
| 2002 | 98.1 | -6.0 | 95.4 | -5.8 | 103.2 | -0.7 |
| 2003 | 92.2 | -6.0 | 89.1 | -6.7 | 101.1 | -2.0 |
| 2004 | 86.0 | -6.8 | 79.7 | -10.5 | 110.7 | 9.5 |
| 2005 | 75.4 | -12.3 | 72.9 | -8.5 | 116.4 | 5.2 |
| 2006 | 78.9 | 4.6 | 72.4 | -0.8 | 119.3 | 2.5 |
| Average annual growth rate 1996 - 2006 | 0.0% | | -2.1% | | 4.2% | |

Table 3.2 Trends in productivity - Export Processing Zone (EPZ), 1996 - 2006
(Index 2000 = 100)

| Year | Labour productivity | | Capital productivity | | Multifactor productivity | |
|---|---------------------|-----------------|----------------------|-----------------|--------------------------|-----------------|
| | Index | Growth rate (%) | Index | Growth rate (%) | Index | Growth rate (%) |
| 1996 | 87.8 | 6.7 | 99.4 | 8.4 | 93.9 | 6.0 |
| 1997 | 89.0 | 1.3 | 100.7 | 1.4 | 94.4 | 0.5 |
| 1998 | 90.3 | 1.5 | 101.4 | 0.7 | 95.6 | 1.3 |
| 1999 | 94.1 | 4.2 | 99.2 | -2.2 | 97.0 | 1.5 |
| 2000 | 100.0 | 6.3 | 100.0 | 0.8 | 100.0 | 3.1 |
| 2001 | 103.0 | 3.0 | 100.5 | 0.5 | 101.6 | 1.6 |
| 2002 | 102.8 | -0.2 | 95.1 | -5.4 | 99.3 | -2.3 |
| 2003 | 103.5 | 0.7 | 91.3 | -4.0 | 98.4 | -1.0 |
| 2004 | 107.8 | 4.1 | 77.7 | -14.9 | 89.1 | -9.4 |
| 2005 | 103.4 | -4.1 | 64.8 | -16.6 | 81.0 | -9.1 |
| 2006 | 109.0 | 5.4 | 66.1 | 2.0 | 79.3 | -2.2 |
| Average annual growth rate 1996 - 2006 | 2.2% | | -4.0% | | -1.7% | |

Table 3.3 - Trends in output and inputs in the textile and non textile subsectors of EPZ, 1996 - 2006

(Index 2000=100)

| Year | Real output | | | Labour input | | | Capital input | | |
|------|-------------|---------|-------------|--------------|---------|-------------|---------------|---------|-------------|
| | Total | Textile | Non-textile | Total | Textile | Non-textile | Total | Textile | Non-textile |
| 1996 | 78.5 | 78.5 | 79.2 | 89.4 | 88.6 | 95.9 | 79.0 | 79.1 | 96.4 |
| 1997 | 83.3 | 83.5 | 81.5 | 93.5 | 93.3 | 95.4 | 82.7 | 82.7 | 93.8 |
| 1998 | 89.0 | 89.3 | 87.1 | 98.6 | 98.7 | 97.3 | 87.7 | 87.8 | 89.6 |
| 1999 | 94.3 | 94.6 | 92.3 | 100.3 | 100.7 | 97.0 | 95.1 | 95.1 | 95.0 |
| 2000 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2001 | 104.4 | 104.3 | 105.0 | 101.3 | 101.0 | 104.1 | 103.9 | 104.1 | 105.0 |
| 2002 | 98.1 | 96.4 | 111.3 | 95.4 | 95.0 | 98.8 | 103.2 | 103.3 | 107.3 |
| 2003 | 92.2 | 89.8 | 110.5 | 89.1 | 87.5 | 101.1 | 101.1 | 101.3 | 104.2 |
| 2004 | 86.0 | 81.7 | 118.3 | 79.7 | 76.3 | 105.4 | 110.7 | 111.1 | 115.3 |
| 2005 | 75.4 | 69.5 | 110.0 | 72.9 | 67.7 | 112.2 | 116.4 | 117.2 | 121.4 |
| 2006 | 78.9 | 70.4 | 129.2 | 72.4 | 67.7 | 107.5 | 119.3 | 120.1 | 126.2 |

Annual growth rate (%)

| | | | | | | | | | |
|-------------|-------|-------|------|------|-------|------|-----|-----|-----|
| 1996 - 2006 | 0.0 | -1.1 | 5.0 | -2.1 | -2.6 | 1.1 | 4.2 | 4.3 | 2.7 |
| Year 2005 | -12.3 | -15.0 | -7.0 | -8.5 | -11.3 | 6.4 | 5.2 | 5.5 | 5.3 |
| Year 2006 | 4.6 | 1.4 | 17.5 | -0.8 | 0.0 | -4.2 | 2.5 | 2.5 | 4.0 |

Table 3.4 - Trends in productivity in the textile and non textile subsectors of EPZ, 1996 - 2006

(Index 2000=100)

| Year | Labour productivity | | | Capital productivity | | | Multifactor productivity | | |
|------|---------------------|---------|-------------|----------------------|---------|-------------|--------------------------|---------|-------------|
| | Total | Textile | Non-textile | Total | Textile | Non-textile | Total | Textile | Non-textile |
| 1996 | 87.8 | 88.7 | 82.5 | 99.4 | 99.2 | 82.2 | 93.9 | 94.6 | 80.5 |
| 1997 | 89.0 | 89.5 | 85.4 | 100.7 | 100.9 | 86.9 | 94.4 | 94.9 | 84.8 |
| 1998 | 90.3 | 90.4 | 89.6 | 101.4 | 101.7 | 97.3 | 95.6 | 95.9 | 92.2 |
| 1999 | 94.1 | 93.9 | 95.2 | 99.2 | 99.5 | 97.2 | 97.0 | 96.7 | 98.6 |
| 2000 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2001 | 103.0 | 103.3 | 100.8 | 100.5 | 100.2 | 100.0 | 101.6 | 100.9 | 104.4 |
| 2002 | 102.8 | 101.5 | 112.6 | 95.1 | 93.3 | 103.8 | 99.3 | 97.7 | 108.3 |
| 2003 | 103.5 | 102.7 | 109.4 | 91.3 | 88.7 | 106.0 | 98.4 | 98.4 | 100.3 |
| 2004 | 107.8 | 107.1 | 112.2 | 77.7 | 73.6 | 102.6 | 89.1 | 89.6 | 94.8 |
| 2005 | 103.4 | 102.6 | 98.0 | 64.8 | 59.3 | 90.6 | 81.0 | 80.7 | 86.5 |
| 2006 | 109.0 | 104.1 | 120.2 | 66.1 | 58.7 | 102.4 | 79.3 | 76.8 | 97.9 |

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Annual growth rate (%)

| | | | | | | | | | |
|-------------|------|------|-------|-------|-------|-------|------|------|------|
| 1996 - 2006 | 2.2 | 1.6 | 3.8 | -4.0 | -5.1 | 2.2 | -1.7 | -2.1 | 2.0 |
| Year 2005 | -4.1 | -4.2 | -12.6 | -16.6 | -19.4 | -11.7 | -9.1 | -9.9 | -8.8 |
| Year 2006 | 5.4 | 1.4 | 22.6 | 2.0 | -1.1 | 13.0 | -2.2 | -4.9 | 13.2 |

Table 3.5 - Average compensation, ULC and Labour productivity in the textile and non textile subsectors of EPZ, 1996 - 2006

(Index 2000=100)

| Year | Average compensation | | | Unit Labour Cost | | | Labour productivity | | |
|------|----------------------|---------|-------------|------------------|---------|-------------|---------------------|---------|-------------|
| | Total | Textile | Non-textile | Total | Textile | Non-textile | Total | Textile | Non-textile |
| 1996 | 71.7 | 74.3 | 56.4 | 81.7 | 83.7 | 68.3 | 87.8 | 88.7 | 82.5 |
| 1997 | 73.1 | 73.8 | 68.1 | 82.1 | 82.5 | 79.7 | 89.0 | 89.5 | 85.4 |
| 1998 | 80.6 | 81.0 | 78.3 | 89.3 | 89.6 | 87.4 | 90.3 | 90.4 | 89.6 |
| 1999 | 92.9 | 91.1 | 104.4 | 98.7 | 97.0 | 109.7 | 94.1 | 93.9 | 95.2 |
| 2000 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 2001 | 108.3 | 106.3 | 119.7 | 105.1 | 102.9 | 118.8 | 103.0 | 103.3 | 100.8 |
| 2002 | 118.7 | 118.5 | 119.1 | 115.4 | 116.7 | 105.8 | 102.8 | 101.5 | 112.6 |
| 2003 | 127.3 | 135.5 | 80.9 | 123.0 | 132.0 | 74.0 | 103.5 | 102.7 | 109.4 |
| 2004 | 136.6 | 151.2 | 65.7 | 126.7 | 141.2 | 58.5 | 107.8 | 107.1 | 112.2 |
| 2005 | 148.3 | 161.1 | 91.7 | 143.5 | 157.0 | 93.6 | 103.4 | 102.6 | 98.0 |
| 2006 | 153.2 | 161.4 | 112.6 | 140.6 | 155.1 | 93.6 | 109.0 | 104.1 | 120.2 |

Annual growth rate (%)

| | | | | | | | | | |
|-------------|-----|-----|------|------|------|------|------|------|-------|
| 1996 - 2006 | 7.9 | 8.1 | 7.2 | 5.6 | 6.4 | 3.2 | 2.2 | 1.6 | 3.8 |
| Year 2005 | 8.6 | 6.5 | 39.7 | 13.2 | 11.2 | 59.9 | -4.1 | -4.2 | -12.6 |
| Year 2006 | 3.3 | 0.2 | 22.7 | -2.0 | -1.2 | 0.1 | 5.4 | 1.4 | 22.6 |

Table 3.6 - ULC in local currency and US dollar for the textile and non textile subsectors of EPZ, 1996 - 2006

(Index 2000=100)

| Year | ULC (MUR) | | | Exchange Rate MUR/US \$ | | ULC (US Dollar) | | |
|------|-----------|---------|-------------|-------------------------|-----------|-----------------|---------|-------------|
| | Total | Textile | Non-textile | Index | % Change* | Total | Textile | Non-textile |
| 1996 | 81.7 | 83.7 | 68.3 | 75.1 | 10.7 | 108.8 | 111.6 | 91.0 |
| 1997 | 82.1 | 82.5 | 79.7 | 80.2 | 6.8 | 102.4 | 102.9 | 99.4 |
| 1998 | 89.3 | 89.6 | 87.4 | 91.3 | 13.9 | 97.8 | 98.1 | 95.8 |
| 1999 | 98.7 | 97.0 | 109.7 | 95.8 | 4.9 | 103.1 | 101.3 | 114.5 |
| 2000 | 100.0 | 100.0 | 100.0 | 100.0 | 4.4 | 100.0 | 100.0 | 100.0 |
| 2001 | 105.1 | 102.9 | 118.8 | 110.7 | 10.7 | 95.0 | 93.0 | 107.3 |
| 2002 | 115.4 | 116.7 | 105.8 | 114.1 | 3.1 | 101.1 | 102.3 | 92.7 |
| 2003 | 123.0 | 132.0 | 74.0 | 108.1 | -5.3 | 113.8 | 122.2 | 68.5 |
| 2004 | 126.7 | 141.2 | 58.5 | 105.7 | -2.2 | 119.9 | 133.6 | 55.4 |
| 2005 | 143.5 | 157.0 | 93.6 | 111.3 | 5.3 | 128.9 | 141.0 | 84.1 |
| 2006 | 140.6 | 155.1 | 93.6 | 118.6 | 6.6 | 118.5 | 130.7 | 78.9 |

Annual growth rate (%)

| | | | | | | | |
|-------------|------|------|------|-----|------|------|------|
| 1996 - 2006 | 5.6 | 6.4 | 3.2 | 4.7 | 0.9 | 1.6 | -1.4 |
| Year 2005 | 13.2 | 11.2 | 59.9 | 5.3 | 7.5 | 5.6 | 51.8 |
| Year 2006 | -2.0 | -1.2 | 0.1 | 6.6 | -8.1 | -7.3 | -6.1 |

* + : depreciation, - : appreciation of the MUR vis -a- vis the US \$