

COUNTRY PROFILE:**REPUBLIC OF MAURITIUS****DATED:****FEBRUARY 2009****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

	<i>Country Rating</i>	<i>U/W Method</i>
<i>Short-term</i>	1B	No Restriction

Recent Political Highlights

- ❑ Chief of state since October 2003 has been President Sir Anerood Jugnauth. The president is elected by the National Assembly for five-year terms and is eligible for a second term. The next election is scheduled for October 2013.

Recent Economic Highlights

- ❑ Mauritius has a population of 1.3m with an estimated growth rate of 0.8% in 2008.
- ❑ Mauritian policymakers have announced a stimulus package that appears to be full of promise. It is believed that if the plan is implemented timeously it will allow the economy to sustain GDP growth in the high 3% to 4% range in 2009 and headline inflation is expected to edge towards 5.5% in 2009 and 5% in 2010.
- ❑ According to the finance minister, Mauritius will spend \$3.7bn over the next 10 years to improve the island's infrastructure. The project includes upgrades to roads, the airport and port which are all constraining further economic development. A five-year technical-assistance agreement was signed with the World Bank.
- ❑ The Mauritian rupee slumped the most in three weeks in mid February 2009, as a decline in tourism revenue and lower textile exports drove up demand for dollars in the Indian Ocean island nation. The currency is depreciating in response to massive demand for dollars from within Mauritius according to a currency trader on Standard Bank's Africa desk. The tourism and textile industries are not bringing in the foreign currency that they did previously and hence dollars are in high demand.
- ❑ Operators of the seafood sector in Mauritius are very concerned that they could lose some of the European seafood market following the decision by the EU to impose new regulations concerning the export of seafood to the European market. According to the new rules, which will come into force in January 2010, all exports of seafood to the EU should be accompanied with a "Capture Certificate" without which the products will not be allowed into the European market. The aim of the certificate is to ensure the traceability of the fish at different stages of production, namely from the capture, transformation, transport up to the sale of the product. Transshipment operations should also appear on the certificate. Such information as where the fish had been captured, when, by which ship and at which date should also appear on the document.
- ❑ Chinese president Hu Jintao agreed to lend Mauritius \$260m to expand the island nation's airport and promised to deepen trade ties and investment in Africa despite the economic downturn. China will continue to offer assistance to Africa within the realms of its capabilities despite facing difficulties at home. China has committed to expanding trade and mutual investment with Africa on a basis of equality and mutual benefit. Hu has already visited Mali, Senegal and Tanzania and ends his trip in Mauritius, in a tour of nations that rank outside Africa's economic and resource heavyweights.
- ❑ Textile firms in Mauritius that supply some of Europe's biggest high-street stores are bracing for a tough 2009 as the global financial crisis tips developed economies into recession. Already faced with the end of European preferential trade deals, the Indian Ocean island's clothing companies were hit by surging oil prices and an appreciating rupee in 2008, and now the global slowdown looks set to hit orders and profits. According to the Central Statistics Office, textiles contribute 6.5% of GDP, accounting for 11% of employment and in the first nine months of 2008 textiles made up nearly 42% of exports equal to \$550m. The Third Country Fabric Treaty (TCFT) which Mauritius signed with the United States last November will be reviewed in the very near future. The derogation that Mauritius received under TCFT whereby the island can utilise textile materials from third countries to manufacture clothes for the American market will help boost the industry.

Latest Trade Developments

- ❑ Trade and investment relations between SA and Mauritius were strengthened with the signing of a memorandum of understanding on economic cooperation between the two countries this month for the promotion of investment opportunities and strengthening of commercial transactions. Mauritius is one of SA's top forty trading partners. The trade imbalance remains in high (in SA's favour).
- ❑ SA's exports to Mauritius totalled R1.92bn in 2007 from R1.99bn in 2006 and R583m in the year to March 2008. Imports from Mauritius to SA totalled R437m in 2007, R260m in 2006 and R105m in the year to March 2008.

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