

COUNTRY PROFILE:**THE REPUBLIC OF MAURITIUS****DATED:****FEBRUARY 2011****CREDIT GUARANTEE:**

IES/02: ATTACHMENT A

<i>Export Department Comment/ Opinion</i>	Rating 1B. Open cover is offered and we have reasonable exposure. It is not a claims free market.
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Recent Political Highlights

- ❑ Mr Navin Ramgoolam served as prime minister between 1995 and 2000, became President in 2005 and was re-elected in a closely fought vote in 2010. The island has maintained one of the developing world's most successful democracies and has enjoyed years of constitutional order. It has preserved its image as one of Africa's few social and economic success stories.

Recent Economic Highlights

- ❑ Mauritius is southern Africa's second-largest sugar exporter and home to about 1.3 million people. Once reliant on sugar as its main crop export, Mauritius was hit by the removal of European trade preferences but has successfully diversified into textiles, up-market tourism, banking and business outsourcing.
- ❑ Mauritius is a regional leader in economic freedom. Efficient and transparent regulations support its status as one of the world's 20 freest economies. Competitive tax rates and relatively flexible labour regulations promote an innovative private-sector. Corruption is relatively low and public financial management is generally sound. Public debt is 60% of GDP with nearly all held by the National Pensions Fund and commercial banks. GDP grew 3.6% in 2010 and the country continues to expand its trade and investment outreach around the globe.
- ❑ Mauritius ranks 42nd out of 180 countries in Transparency International's Corruption Perceptions Index for 2009 and is one of Africa's least corrupt countries. Foreign and domestic investors are treated equally and foreigners may control 100% of companies in most economic sectors. A transparent and well-defined foreign investment code makes Mauritius one of the best places in the region for foreign investment. The domestic legal system is generally non-discriminatory and transparent.
- ❑ The government controls prices for a number of goods, including flour, sugar, milk, bread, rice, petroleum products, steel, cement, fertilizers and pharmaceuticals; influences prices through state-owned enterprises and utilities; and subsidizes some agricultural and industrial production.
- ❑ Inflation averaged 4.8% between 2007 and 2009. However inflation accelerated for a fourth consecutive month in January 2011 to 6.4% y-o-y from 6.1% in December, the Central Statistics Office said. The central bank forecasts the y-o-y inflation rate to exceed 7% by June this year.
- ❑ Mauritius is unlikely to match the 452,518 metric tons of sugar produced in 2010 in 2011, according to the country's Chamber of Agriculture. Drought has affected sugar-cane growth and the 2011 crop may not be able to recover enough when normal weather conditions return. Rainfall in December was 8% of the average usually recorded in sugar-cane areas. Sugar is the Indian Ocean island nation's main crop, comprising 80% of areas under cultivation and 63% of agricultural exports.
- ❑ Ahmed Parker, director of Star Knitwear, which supplies stores such as Topshop and River Island in Britain, told Reuters Africa, "The textile sector may grow faster than the government's forecast of 2% this year with a stabilisation in our traditional markets and helped by a diversification into new markets, Mauritius may benefit from the political instability in some countries on the continent as retailers look for other sources of supply," Parker said, referring to the unrest in Tunisia and Egypt. Star Knitwear exports 40% of its products to UK, 20% to the United States and the remainder to South Africa.
- ❑ Growth in Mauritius's tourism industry is expected to exceed initial estimates in 2011 as the nation attracts more visitors from emerging Asian economies, Tourism Minister Nandcoomar Bodha said. French-speaking Mauritius is forecast to receive 950,000 visitors in 2011, earning the country \$1.3 billion. An economic crisis in Europe, the source of two-thirds of Mauritius's visitors, has dampened tourism to the Indian Ocean island nation. The euro weakened 6.6% to the dollar in 2010, the worst performer among major currencies after Denmark's krone. The Mauritian rupee appreciated 5.4% versus Europe's common currency. Mauritius has budgeted \$9.9 million to promote itself in Europe and plans to attract visitors from Russia, India and China. Golf is another avenue being explored with a World PGA event to take place in Mauritius in "two years' time," according to Bodha.

Latest Trade Developments

- ❑ Major exports: clothing and textiles, sugar, cut flowers, molasses and fish
- ❑ Major imports: manufactured goods, capital equipment, foodstuffs, petroleum products and chemicals
- ❑ Main trading partners: UK, France, US, Italy, UAE, Belgium, India, France, South Africa and China
- ❑ SA exports to Mauritius in 2008 totaled R3bn; in 2009 it totaled R2.3bn and year to November 2010 were R2.1bn.
- ❑ SA imports from Mauritius in 2008 totaled R537m; in 2009 they were R557m and year to November 2010 were R635m.

Researched and compiled by Hlohelo Pule, economic services – Credit Guarantee Insurance