

## No. 1 in Africa in terms of the ease of doing business

### General Information



<b>GDP</b>	USD12.616bn (World ranking 130, World Bank 2014)
<b>Population</b>	1.26mn (World ranking 156, World Bank 2014)
<b>Form of state</b>	Parliamentary Democracy
<b>Head of government</b>	Anerood JUGNAUGHT
<b>Next elections</b>	2017, presidential



### Strengths

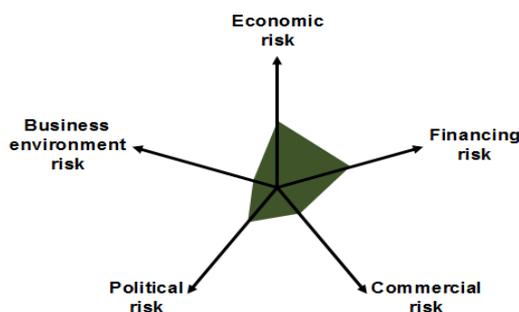
- Well-developed and stable political system with regular peaceful transfers of power (most recently December 2014).
- Sound track record with regard to policy implementation.
- Few ethnic/religious tensions, despite significant cultural diversity.
- Strong inward FDI inflows, reflecting supportive general business environment.
- Ranked by international agencies as the best Sub-Saharan economy for ease of doing business and in relation to economic freedoms.

### Weaknesses

- Subject to adverse weather conditions (including periodic cyclones).
- Small island state dependent on external trade and therefore vulnerable to external shocks. Finance and trade links with Europe remain strong and economic prospects depend on the strength of that region.
- Unemployment is high (currently estimated at 9%) and there is a shortage of skilled labour.
- Fiscal deficits have been reduced but current account deficits remain large (even with reduced oil import costs) and require careful management.

### Country Rating

**BB1**



Source: Euler Hermes

### Trade structure

By destination/origin (% of total)

Exports	Rank	Imports
United Kingdom	16% 1	23% India
France	14% 2	16% China
United States	9% 3	8% France
South Africa	8% 4	7% South Africa
Spain	7% 5	3% Spain

By product (% of total)

Exports	Rank	Imports
Articles of apparel & clothing accessories	31% 1	18% Petroleum, petroleum products and related materials
Fish, crustaceans, molluscs and Sugar, sugar preparations and honey	16% 2	7% Fish, crustaceans, molluscs and Road vehicles
Miscellaneous manufactured articles, n.e.s.	10% 3	5% Textile yarn and related products
Textile yarn and related products	5% 4	5% Non metallic mineral manufactures, n.e.s.
	4% 5	4%

Source: UNCTAD



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## Economic Overview

Governments of all political persuasions espouse a market-oriented policy framework and this will continue through 2015 and into 2016. A business-friendly environment is seen as key to investment promotion, given the economy's small size and the country's geographic location (small island status).

### Mauritius acts as a commercial interface between Africa and Asia

The economy is vulnerable to external shocks because of its relative openness and requirement to import a high proportion of its food and energy requirements. In addition, economic growth is dependent on the vibrancy of the export sector, which is oriented towards developed markets in Europe and North America. Growth of GDP was estimated at just over +3% in 2012, 2013 and 2014 (down from an annual average >5% in 2006-08). However, the rate of growth appears to have stabilised after a period of volatility in 2000-10 (see chart), suggesting that there is greater resilience in economic development. The country's long-term (ten years to end-2014) annual average expansion is +3.9%.

EH forecasts GDP growth of +3.5% in both 2015 and 2016. Economic growth will be driven by the export sector, reflecting the anticipated rebound in global trade and the world economy, with positive knock-on effects on key domestic sectors, including tourism and textiles.

### Planning and diversification strategies

Economic planning has a track record of being sound, with periodic active diversification policies, firstly away from sugar, secondly from textiles and clothing and thirdly from tourism and financial services. Current policy is to promote Mauritius as the gateway to Africa, particularly for Asian giants, (particularly China and India) seeking entry to expanding markets in the Sub-Saharan Africa:

- as a destination for foreign direct investment because of its strong offshore financial sector and favourable tax base
- as a hub for merchandise trade flows
- by transplanting some of its textile sector to mainland African bases
- by transplanting some of its sugar sector and industry knowledge and connections to mainland African bases.

To ensure longer-term sustainability, economic management has involved the transformation of a low-skill sugar exporter to a progressive and skill-based economy. Indeed, Mauritius is now adhering to IMF recommendations for further export diversification and enhancement of productivity levels.

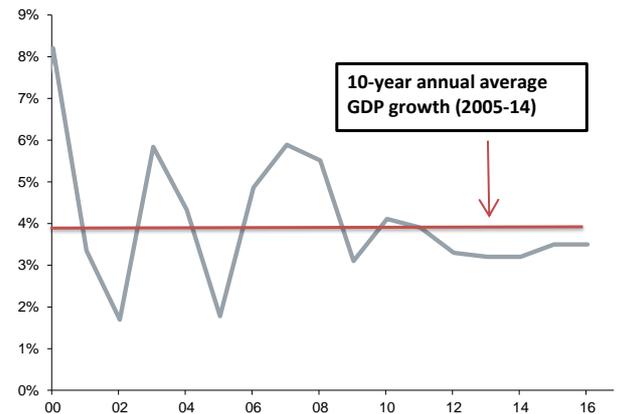
The country has not required a financial facility from the IMF since the mid-1980s, suggesting a period of relative economic and financial stability.

### Key economic forecasts

	2013	2014	2015f	2016f
GDP growth (% change)	3.2	3.2	3.5	3.5
Inflation (% end-year)	3.5	0.2	3.0	3.0
Fiscal balance (% of GDP)	-3.5	-3.2	-2.7	-2.2
Public debt (% of GDP)	53.8	54.7	55.5	55.8
Current account (% of GDP)	-9.9	-9.9	-7.7	-6.6
External debt (% of GDP)	91.2	87.2	96.4	96.6

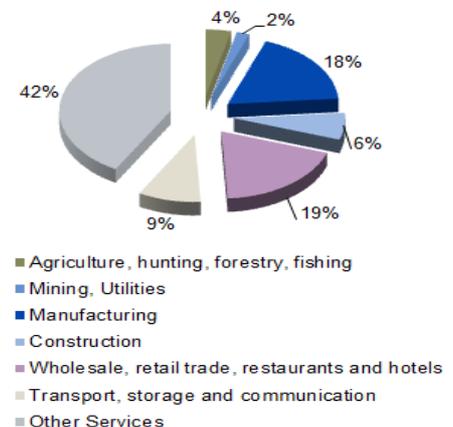
Sources: IHS, national sources, Euler Hermes

### GDP Profile (% growth)



Sources: IHS, national sources, Euler Hermes

### GDP Breakdown



Sources: UNCTAD

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