

## AFRICA RISK CONSULTING

### Mauritius Monthly Briefing October 2024

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#### Mauritius Summary 28 October 2024

*President Prithvirajsing Roopun (2019-present) dissolves the National Assembly on 5 October ahead of the national elections which will be held on 10 November. The Economic Development Board of Mauritius hopes to persuade investors at Africa Energy Week to utilise the Mauritian International Finance Centre as a mechanism for investment into Africa's energy sector. After two years of negotiations, the United Kingdom (UK) and Mauritius finally settle on a deal that allows the Chagos Islands to be returned to Mauritius.*

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#### Gearing up for the elections

President **Prithvirajsing Roopun** (2019-present) announced the immediate dissolution of the **National Assembly** on 4 October ahead of the 2024 national elections, which he confirmed will be held on 10 November.<sup>1</sup> The **Commission Électorale (CE)** (election commission) opened registrations for the public on 9 October and registration for political parties by the **Electoral Supervisory Commission (ESC)** opened on 12 October, where political parties needed to register their party logo and name.<sup>2</sup> The ESC needs to review and regulate all registered political parties to ensure that the same name for a political party is not filed twice and no other irregularities occur.

Election commissioner **Irfan Rahman** announced on 2 October that for this national election, same-day vote counting will not be applied due to a lack of trained staff and disagreements between political parties on how to proceed.<sup>3</sup> The ballots will only be counted the day after the elections on 11 November.

These announcements by the election commission and ESC are important to take note of because claims of fraud and irregularities marred the Mauritian general elections in 2019. Although the supreme court found none of the allegations – such as voter fraud and bribery to get prime minister **Pravind Jugnauth** (2017-present) into office – to be true, public perceptions remain distrustful. The public's distrustful perceptions are supported by an **Afrobarometer** poll released on 4 October about the Mauritian electoral system and its oversight structures<sup>4</sup>. The poll indicates that 15% of Mauritians do not trust the election commission at all, 28% trust the commission a little, 8% do not know, 30% trust the commission somewhat, and 18% trust it a lot.

With the election date set, political parties have been preparing by announcing their candidates for each district. The **l'Alliance Lepep** which consists of the currently ruling **Mouvement Socialiste Militant (MSM)** and its ally **Parti Mauricien Social Démocrate (PMSD)**, announced their candidates on 16 October for the 20 Mauritian districts. Jugnauth will be standing in the eighth district.<sup>5</sup>

The **l'Alliance du change**, which is the official opposition coalition comprising **Parti Travailleiste (PTr)**, **Mouvement Militant Mauricien (MMM)**, **Nouveaux Démocrates (ND)**, and **Rezistans ek Alternativ (ReA)**, released their candidates for the different districts on 21 October.<sup>6</sup> Former prime minister and PTr leader **Navinchandra Ramgoolam** (2005-2014) standing in fifth district, former prime minister and MMM leader **Paul Berenger** (2003-2005)

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<sup>1</sup> Jeune Afrique, 5 Oct 2024

<sup>2</sup> ION News, 10 Oct 2024

<sup>3</sup> ION News, 2 Oct 2024

<sup>4</sup> Afrobarometer, 4 Oct 2024

<sup>5</sup> ION News, 16 Oct 2024

<sup>6</sup> Lexpress.mu, 21 Oct 2024

standing in the 19<sup>th</sup> district, ND leader **Richard Duval** of ND is standing in the 17<sup>th</sup> district, and ReA leader **Kugan Parapen** is standing in the first district.<sup>7</sup>

### Mauritius to punt financial services for African energy section

The **Africa Energy Week (AEW)**, an annual event hosted by the **African Energy Chamber**, will take place in **Cape Town (South Africa)** between 4 and 8 November<sup>8</sup>. The AEW aims to connect African politicians, leaders, investors, and executives from both the private and public sectors to discuss the continent's energy industry. One of the main targets of the AEW is to promote and increase investment in the energy sector. However, one of the greatest challenges for investment in Africa's energy sector is financial services. Most of the financial sectors across Africa are underdeveloped and dominated by banks – meaning that the cost of credit is high. The policy and regulatory environments of many African countries are also not stable enough to reassure investors that their capital will be protected.

However, Mauritius is seeking to promote its **International Finance Centre (IFC)** as a possible solution<sup>9</sup>. The IFC plays an important role in Mauritius's financial ecosystem by providing support services such as legal, accounting, and technological guidance to international investors in Mauritian markets (*see ARC Briefing Mauritius Sept 2024*). The IFC aims to make Mauritius's financial ecosystem more accessible to promote and ease foreign investment. This is exactly what the **Economic Development Board (EDB)**, Mauritius' national investment promotion agency, is hoping to persuade governments and investors of in the AEW. EDB hopes to make it clear to investors that the IFC is providing a route for international investment into Africa.

Supporting Mauritius' reputation as a reliable investor is the fact that Mauritius meets all the requirements set by the **Financial Action Task Force**; is whitelisted by the **European Union**; and is deemed to have no harmful tax practices by the **Organisation for Economic Co-operation and Development's (OECD) Forum on Harmful Tax Practices**<sup>10</sup>. By providing a way for international investment to reach the energy market in Africa, EDB is hoping to not only to set an example for other African countries but to also remove any barriers that prevent the implementation of proposed energy projects. If energy projects, initiatives, and value chains are implemented it will help to decrease energy costs and accessibility for African consumers.

### Chagos Islands negotiations concluded

At the beginning of October, the **United Kingdom (UK)** and Mauritius reached an agreement about the territorial dispute of the **Chagos Islands**. This grouping of islands located in the **Indian Ocean** has been occupied by the UK since 1965 when the UK detached it from Mauritius<sup>11</sup>.

Mauritius has insisted peacefully on the UK exiting the Chagos islands since Mauritius' independence in 1968. Since 1968, negotiations with the UK have repeatedly failed which led Mauritius to approach the **Permanent Court of Arbitration** in 2010. The court ruling agreed and supported Mauritius' claim for the UK to exit the islands, however, the UK persisted in their occupation of the territory. Thereafter, in 2019, the **International Court of Justice (ICJ)** ruled that the UK was unlawfully occupying the Chagos Islands. The UK persisted on its claim to the Chagos Islands leading Mauritius to make a third attempt to force the UK exit. In 2021, Mauritius confirmed its maritime border through the **International Tribunal for the Law of the Sea** which again ruled the UK's occupation of the Chagos Islands as unlawful<sup>12</sup>. These three supportive international court rulings, together with the **United Nations General Assembly**

<sup>7</sup> Lexpress.mu, 21 Oct 2024

<sup>8</sup> Africa Energy Week, 2024

<sup>9</sup> Invest Monitor, 22 Oct 2024

<sup>10</sup> Financial Services Commission Mauritius, 22 Feb 2022

<sup>11</sup> The Conversation, 4 Oct 2024

<sup>12</sup> Institute for Safety and Security Studies, 8 October 2024

voting in 2022 for the UK to exit the islands, finally prompted Mauritius and the UK to begin their negotiations.

The UK has been reluctant to let go of the Chagos Islands because they pledged the availability of the largest island, **Diego Garcia**, to their close allies the **United States (US)** as a military base. The US set up a military base on the islands because they are strategically located in the top part of the Indian Ocean close to the upper east African Coast and **India**. Therefore, the UK has been anxious to avoid a situation where it could possibly upset the US<sup>13</sup>.

The negotiations have been dragged out, but the UK's new **Labour Party** government, elected in July 2024, prioritised the negotiations resulting in the breakthrough deal on 3 October. The deal stipulates that the Chagos Islands be returned to Mauritius, but Diego Garcia will remain under UK administration for another 99 years.

The 99-year lease is supported by Mauritius who in exchange is receiving a package of financial support from the UK to enable the relocation and facilitation of Chagossians back to the islands. The result of the negotiations has been well received by the UK and Mauritian governments and the international community who perceive the negotiations as a victory for both sides. However, some Mauritians have viewed the UK maintaining the administration of Diego Garcia for 99 years as a failure to actually abide by the previous court rulings and that full sovereignty has not been handed back to Mauritius.<sup>14</sup>

The negotiations have also been marred by other allegations. The UK's Foreign, Commonwealth and Development Office (FCDO) confirmed on 20 October that Mauritian police are investigating reports that the phones of the **British High Commission** in Mauritius were hacked during the negotiations after audio of the apparent discussions were leaked via a Mauritian **Facebook** page - **Missie Moustass**.<sup>15</sup> Jugnauth claimed during a rally that the leaks were AI-generated. Investigations are ongoing.

### Planner

4 – 8 Nov 2024 **Cape Town (South Africa) Africa Energy Week (AEW)**

10 Nov 2024 **(Mauritius)** General elections

2025 **(Mauritius)** Municipal elections

### Chronology

21 Oct 2024 **Port Louis (Mauritius) Bank of Mauritius**. The **Bank of Mauritius** (central bank) intervenes in the foreign exchange market selling \$20m at a rate of Rs 45.90 per US dollar;

21 Oct 2024 **Port Louis (Mauritius) Monthly Statistical Bulletin**. The **Bank of Mauritius** (central bank) reports annual inflation decreased to 3.8% compared to 4% in August 2024 and 9% in September 2023;

18 Oct 2024 **Port Louis (Mauritius) Bank of Mauritius**. Foreign affairs minister **Maneesh Gobin** meets with **Tanzania's** high commissioner to Mauritius, **Simon Nyakoro Sirro** to discuss increasing trade flows but especially imports from Tanzania;

17 Oct 2024 **Port Louis (Mauritius) Ministry of Foreign Affairs**. Foreign affairs minister **Maneesh Gobi** meets with **Russia's** new ambassador to Mauritius, **Irda Zeynalova**, to strengthen bilateral cooperation across the key areas of higher education, trade and investment, and, healthcare;

<sup>13</sup> BBC, 3 Oct 2024

<sup>14</sup> Source, businessman, Port Louis

<sup>15</sup> The Independent, 20 Oct 2024

15 Oct 2024 **Port Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** releases the Consumer Price Index for September 2024 which stands at 103.4, which is a 0.8-point increase from June 2024's 102.6;

15 Oct 2024 **Port Louis (Mauritius)** *Bloomberg*. Land transport and light rail minister **Alan Ganoo** says the **United Kingdom** has agreed to pay Mauritius compensation over the **Chagos Islands**, stating it is "many billions of rupees";

8 Oct 2024 **Port Louis (Mauritius)** *Bank of Mauritius*. The **Bank of Mauritius** (central bank) intervenes in the foreign exchange market selling \$20m at a rate of Rs 45.95 per US dollar;

30 Sep 2024 **Port Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** reveals that Gross Fixed Capital Formation rate in Q2 2024 was 33.8% compared to 24.4% in Q2 2023;

30 Sep 2024 **Port Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** releases its Q2 employment data which reveals that employment is estimated at 556,700 compared to 553,200 in 2023's Q2 and the unemployment rate is 6.2% in Q2 2024 compared to 6.4% in Q2 2023;

30 Sep 2024 **Port Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** releases its Quarterly National Accounts (GVA) ofr Q2 2024 which estimates the total final consumption expenditure in real terms increased by 5.4% compared to the GVA of Q2 2023;

30 Sep 2024 **Port Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** releases its external trade data for Q2, which highlights that total exports were valued at Rs 29.579m (\$627,891), a 17.6% increase from Q2 2023, and imports for Q2 2024 were valued at Rs 76,712m (\$1,628,412), a 5.6% increase compared to Q2 2023;

27 Sep 2024 **Dar es Salaam (Tanzania)** *The Citizen*. **Mauritius**-registered **Aqua Power Tanzania Limited** has initiated legal proceedings against the Tanzanian government and is seeking over \$500m in compensation, alleging discrimination by authorities, including being denied an investment licence in the energy sector;

26 Sep 2024 **Port Louis (Mauritius)** *Ministry of Foreign Affairs*. **Djibouti's** social affairs minister **Ouloufa Ismail Abdou** meets foreign affairs minister **Maneesh Gobin** to discuss issues such as maritime security, African unity, and future cooperation;

### About Africa Risk Consulting:

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