

AFRICA RISK CONSULTING

Mauritius Monthly Briefing July 2023

Mauritius Summary 28 July 2023

Opposition Parti Travailleiste (PTr) leader Navin Ramgoolam announces on 15 July that PTr and fellow opposition parties Mouvement Militant Mauricien (MMM) and Parti Mauricien Social Démocrate (PMSD) have finalised an opposition alliance agreement and will present as a united front in the 2024 general elections. United States-headquartered S&P Global Ratings on 21 July assigns a 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit ratings to Mauritius with a stable outlook. This is the first time S&P has assigned Mauritius a rating. Mauritius hosts the 66th meeting of the Commission for Africa (CAF) of the United Nations World Tourism Organisation (UNWTO) between 26 and 28 July, bringing together approximately 30 tourism ministers from various African countries. The meeting comes as Bank of Mauritius (BoM) (central bank) reports that tourism revenue increased to \$779m in the first five months of 2023, up 70% compared to the same period in 2022.

Opposition alliance established

Opposition **Parti Travailleiste (PTr)** leader **Navin Ramgoolam** announced on 15 July that PTr and fellow opposition parties **Mouvement Militant Mauricien (MMM)** and **Parti Mauricien Social Démocrate (PMSD)** have finalised an opposition alliance agreement and will present as a united front in the 2024 general elections.¹ Ramgoolam, addressing the press alongside MMM leader **Paul Bérenger** and PMSD leader **Xavier-Luc Duval**, said that removing the current government is crucial, hence the parties forming an unprecedented alliance:

*"July 15, 2023 will go down in the political history of the country because for the first time the PTr, the MMM and the PMSD join forces as it is crucial for the country that we get rid of the mafia government of **Pravind Jugnauth**. Mauritians must regain their freedom and allow them to breathe."²*

Creating such an alliance is not without its issues. The individual parties have each committed five members to meet every two weeks to work on aligning their party manifestos and platforms into a unifying programme.³ It has not been disclosed how the parliamentary split would work or how many seats each party would receive. Despite these unknowns, the alliance has begun work quickly to present itself as a unified front. The alliance confirmed that a series of congresses will be held, beginning on 28 July in **Mare-d'Albert** focused on constituencies 11,12 and 13, before a second congress is held focused on constituencies 15, 16 and 17 at a later date.⁴ Constituencies 11, 12 and 13 comprise **Vieux Grand Port, Rose Belle, Mahebourg, Plaine Magnien, Riviere des Anguilles** and **Souillac** while constituencies 15, 16 and 17 comprise **La Caverne, Phoenix, Vacoas, Floreal, Curepipe** and **Midlands**.⁵

Negotiations around the alliance have taken place for months and despite likely hesitancy from all parties involved, an alliance is necessary to take on the ruling **Mouvement Socialiste Militant (MSM)** and Jugnauth. The MSM has the majority in the **National Assembly** with 36 seats out of 70, while the

¹ Le Matinal, 15 Jul 2023

² Le Matinal, 15 Jul 2023

³ L'Express, 16 Jul 2023

⁴ Le Mauricien, 15 Jul 2023

⁵ National Assembly, accessed 28 Jul 2023

MMM, PTr and PMSD have a combined 26 seats. Of the 12 national elections Mauritius has held since independence, the MSM has won six, the PTr four and the MMM two. These outcomes indicate the MSM's overall dominance in Mauritius' political system, and how it will take a strong alliance to overcome this.

S&P assigns Mauritius its first rating

United States-headquartered **S&P Global Ratings** on 21 July assigned a 'BBB-/A-3' long- and short-term foreign and local currency sovereign credit rating to Mauritius with a stable outlook. This is the first time S&P has assigned Mauritius a rating. The rating indicates that Mauritius has adequate capacity to meet its financial obligations, but that adverse economic conditions or changing circumstances could weaken its ability to meet these commitments.⁶ S&P noted in its announcement that the stable outlook reflects expectations that strong economic growth will help ease budgetary and external pressures.⁷

In its forecast, S&P says that it expects GDP to rise by 5.5% in 2023, before averaging 3.9% from 2024 to 2026, driven by continued recovery in the tourism sector, a robust business sector and ongoing public and private investment projects.⁸ However, the economy is susceptible to global economic headwinds, as seen through the disastrous impact of the **Covid-19** pandemic on Mauritius' most important sector – tourism. S&P also warned of the potential long-term impacts climate change could have on the tourism sector, citing that its long-term growth potential is dependent on the country's ability to adapt to and mitigate this threat.⁹

S&P further forecast that the budget deficit will fall to 3% of GDP by 2026 from the 5.1% registered in 2022, helped by solid GDP growth and increased revenues from key sectors, including tourism. S&P also projects that the current account deficit will decline from 12.3% in 2022 to 5.2% in 2026, also driven by strong tourism sector performance, global business company inflows and lower commodity prices globally.

S&P will revise Mauritius' rating upwards if budgetary consolidation occurs faster than anticipated, alongside lower government interest expenditure, while its rating could be revised downward if real GDP per capita growth is weaker than forecast or government debt to GDP does not steadily decline.¹⁰ The rating assigned to Mauritius is favourable and will allow it to gain access to more financing opportunities.

Tourism industry continues positive performance

Mauritius hosted the 66th meeting of the **Commission for Africa (CAF)** of the **United Nations World Tourism Organisation (UNWTO)** between 26 and 28 July, bringing together approximately 30 tourism ministers from various **African** countries.¹¹ Prime minister Pravind Jugnauth opened the meeting, highlighting that tourism in Africa is recovering after the negative impacts of the pandemic.¹² This is particularly true for Mauritius, which relies on tourism for 8% of its GDP. When including the hotel industry and related businesses, tourism accounts for approximately 24% of GDP.

Bank of Mauritius (BoM) (central bank) reported on 20 July that tourism revenue increased to \$779m in the first five months of 2023, up 70% compared to the same period in 2022. BoM governor **Harvesh Seegolam** forecast that total tourism earnings for 2023 will reach Rs 80 billion (\$1.74 billion) with the finance minister anticipating revenues of Rs 100 billion (\$2.18 billion) in 2024.¹³

⁶ S&P Global, accessed 28 Jul 2023

⁷ S&P, 21 Jul 2023

⁸ S&P, 21 Jul 2023

⁹ S&P, 21 Jul 2023

¹⁰ S&P, 21 Jul 2023

¹¹ Le Mauricien, 25 Jul 2023

¹² Le Matinal, 27 Jul 2023

¹³ Business Live, 27 Jul 2023; Le Mauricien, 4 Jun 2023

Reports indicate that the high revenues are being driven by an influx of **European** visitors, with overall tourist arrivals reaching 596,446 thus far this year. To help drive the industry even more, the government has increased the **Mauritius Tourism Promotion Authority's (MTPA)** budget from Rs 400m (\$8.72m) to Rs 500m (\$10.91m) for the 2023/2024 financial year.¹⁴

Tourism is a key driver of economic growth for Mauritius. Various forecasts expect economic growth to hover between 4 and 5% in 2023, helped by the tourism sector offsetting Mauritius' reliance on imported goods and contraction in the manufacturing sector.¹⁵

Planner

Aug 2023 **Port Louis (Mauritius)** Maritime Security Conference

2024 **(Mauritius)** General election

2025 **(Mauritius)** Municipal elections

Chronology

27 Jul 2023 **Port Louis (Mauritius)** *Le Mauricien*. **China's** international affairs minister, **Liu Jianchao**, says authorities are investigating the possibility of increasing the number of direct flights between China and Mauritius;

27 Jul 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Togo's** investment promotion minister, **Rose Kayi Mivedor**, arrives in Mauritius as part of an exchange and cooperation visit to discuss areas of collaboration;

23 Jul 2023 **Pointe aux Piments (Mauritius)** *Le Matinal*. Mauritius hosts the third **India-Africa Entrepreneurship & Investment Summit**;

22 Jul 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Economic Development Board** signs a tripartite agreement with the **Agence Française de développement** (French development agency) and **Business France** to mark a new step in Franco-Mauritian cooperation;

20 Jul 2023 **Port Louis (Mauritius)** *Le Matinal*. Mauritius and **Seychelles** host the **25th Meeting of the Mauritius-Seychelles Joint Commission of the Extended Continental Shelf (ECS)** to discuss the Joint Management Area (JMA) of ECS of the **Mascarene Plateau**, which the two countries established in 2012;

18 Jul 2023 **Port Louis (Mauritius)** *News24*. An anonymous whistle-blower lodges a complaint with **Bank of Mauritius** (central bank) governor **Harvesh Seegolam** and **Global Initiative against Transnational Organised Crime**, alleging that a **South African** coal tycoon, **Frederick Lutzkie**, is keeping millions of dollars and euros generated through organised crime in a Mauritian bank;

18 Jul 2023 **Port Louis (Mauritius)** *Le Mauricien*. **National Assembly** passes the **Finance Bill** allowing all measures presented in the 2023/2024 budget to come into force;

7 Jul 2023 **Port-Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** reports that annual inflation reached 7.9% in June, equalling annual inflation registered in May, continuing a downward trend after reaching a peak of 12.2% in December;

6 Jul 2023 **Port Louis (Mauritius)** *Le Mauricien*. Prime minister **Pravind Jugnauth** confirms a marine protected area around the **Chagos** archipelago will be created as part of amendments to the **Maritime Act** which define the maritime zones of Mauritius;

¹⁴ Le Mauricien, 4 Jun 2023

¹⁵ Fitch Solutions, 3 Jul 2023

5 Jul 2023 **Port Louis (Mauritius)** *Le Mauricien*. **TotalEnergies Marketing Mauritius** launches the first 100% electric service station on the **African** continent in Mauritius;

4 Jul 2023 **Balaclava (Mauritius)** *Le Matinal*. Mauritius hosts the 10th meeting of the **Parties of the Southern Indian Ocean Fisheries Agreement (SIOFA)**, a regional fisheries management organisation for the conservation and sustainable use of fishery resources in the Southern Indian Ocean region;

3 Jul 2023 **Port Louis (Mauritius)** *Le Matinal*. **Australia**-headquartered **Institute for Economics and Peace** ranks Mauritius 1st in **Africa** and 23rd globally on the 2023 **Global Peace Index**;

3 Jul 2023 **Port Louis (Mauritius)** *L'Express*. **Statistics Mauritius** publishes its 2023 GDP forecast, predicting growth of 5.3%;

1 Jul 2023 **Valletta (Mauritius)** *Le Mauricien*. Local company **Landscape (Mauritius) Ltd.** announces it will build a 14.6MW solar photovoltaic (PV) farm in Valletta, to provide electricity to approximately 4,000 homes.

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