

## AFRICA RISK CONSULTING

### Mauritius Monthly Briefing February 2024

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#### Mauritius Summary 28 February 2024

*The International Monetary Fund (IMF) completes an Article IV consultation with Mauritius between 9 and 18 January, with virtual discussions continuing until 21 February. President Pradeep Singh Roopun (2019-present), reportedly on the advice of prime minister Pravind Jugnauth (2017-present), dismisses Vikram Hurdoyal from his role as agro-industry and food security minister on 11 February. India's prime minister, Narendra Modi (2014-present), launches the RuPay Card and Unified Payment Interface (UPI) Platform in Mauritius on 12 February. Tropical storm Eleanor makes landfall on 22 February.*

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#### IMF completes Article IV mission

The **International Monetary Fund (IMF)** completed an **Article IV** consultation with **Mauritius** between 9 and 18 January, with virtual discussions continuing until 21 February. The IMF noted that the Mauritian economy has recovered well post-**Covid-19** pandemic, driven by the tourism and manufacturing sector, with real GDP growth reaching 8.9% in 2022 and a forecasted 6.9% in 2023.<sup>1</sup> Real GDP is expected to reach 4.9% in 2024 – lower than the past two years but still very favourable given the global context.

The IMF also addressed inflationary pressures. While inflation remains above the **Bank of Mauritius' (BOM)** (central bank), target band of between 2% and 5%, it dropped from an average of 10.8% in 2022 and 7% in 2023. **Statistics Mauritius** reported on 8 February that annual inflation stood at 5.2% in January. The IMF expects that it will average 4.9% this year.<sup>2</sup>

However, the IMF has warned that Mauritius remains vulnerable to inflationary pressures, especially as its economy is tourism-driven and could suffer should global growth continue to slow down. The country's import dependence also makes it vulnerable to ongoing spillovers from the **Russia-Ukraine** conflict. The conflict in **Gaza** could also drive inflation up again, with the IMF recommending that the central bank remain ready to adopt a tighter monetary policy. Overall, the Mauritian economy has recovered well and continues to show strong growth. Alongside its political stability, it remains a top investment destination.

#### Vikram Hurdoyal dismissed as agriculture minister

President **Pradeep Singh Roopun** (2019-present), reportedly on the advice of prime minister **Pravind Jugnauth** (2017-present), dismissed **Vikram Hurdoyal** from his role as agro-industry and food security minister on 11 February. Hurdoyal was elected as a member of parliament (MP) for constituency number 10 – **Montagne-Blanche** and **Grand River South East** – in November 2019 before being appointed as public service, administrative and institutional reform minister that same month.<sup>3</sup> He moved to the agro-industry and food security docket in August 2023.

The news came as Hurdoyal was out of the country receiving medical treatment. He arrived back in Mauritius on 12 February, told the media that he was “*surprised*” by the decision, and said he was unaware of why he was dismissed.<sup>4</sup> He added that he only learned about his dismissal via social media

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<sup>1</sup> IMF, 23 Feb 2024

<sup>2</sup> Statistics Mauritius, 8 Feb 2024

<sup>3</sup> Le Matinal, 12 Feb 2024

<sup>4</sup> Le Mauricien, 12 Feb 2024

platform **WhatsApp** when he landed. Hurdoyal subsequently resigned from his MP position on 13 February.<sup>5</sup> A by-election will be held to nominate a new MP for constituency number 10.<sup>6</sup>

Jugnauth did not nominate a replacement for Hurdoyal, but on 15 February, swore chief whip **Naveena Ramyad** in as the new industrial development, SMEs and cooperatives minister.<sup>7</sup> While no reason has been provided for Hurdoyal's dismissal, local media have reported that Hurdoyal was accused of being "*unfaithful*" to the government and maintained relations with opposition leader **Navin Ramgoolam**.<sup>8</sup> Hurdoyal's dismissal and Ramyad's appointment could be a move by Jugnauth to ensure he has loyalists in cabinet ahead of the November general election.<sup>9</sup> The ruling **Mouvement Socialiste Militant (MSM)** is looking to maintain its majority and offer Jugnauth a second five-year term. The MSM has won the past two elections and is likely to retain power in this election.

### India launches payment platform in Mauritius

India's prime minister, **Narendra Modi** (2014-present), launched the **RuPay Card** and **Unified Payment Interface (UPI) Platform** in Mauritius in a virtual ceremony on 12 February, alongside Jugnauth and central bank governor **Harvesh Seegolam**. The UPI Platform is an instant real-time payment system that facilitates inter-bank transactions through mobile phones. RuPay is a card payment network that allows Mauritians to pay for goods when shopping in India without their currency needing to be converted from Mauritian rupees to Indian rupees.<sup>10</sup> Mauritian banks will be able to issue the RuPay cards, which will allow usage in both countries, which India believes will foster financial integration between the two countries.<sup>11</sup>

Modi also highlighted that India is focused on a "*neighbourhood first policy*" when choosing partners to enhance bilateral relations with and assist such developments:

*"Be it a natural disaster, health-related, economic or supporting on the international stage, India has been the first responder, and will continue to be so."*<sup>12</sup>

India is one of Mauritius' largest trading partners and sources of foreign investment. In 2021, the two countries signed a **Comprehensive Economic Cooperation and Partnership Agreement (CECPA)**, the first such agreement signed between India and an **African** country. Mauritius is currently facing difficulties in its relations with the **United Kingdom** and **United States** over the **Chagos Islands**, and maintaining strong relations with another powerful economy will serve it well.

### Tropical Storm Eleanor makes landfall

**Mauritius Meteorological Services (MMS)** on 21 February implemented a class two cyclone warning for tropical storm **Eleanor**, before upgrading to class three on 22 February ahead of the storm making landfall that morning. MMS reported that citizens could expect average winds of 100km/h and gusts of up to 125km/h accompanied by intermittent rain that would become heavy thunderstorms.<sup>13</sup> By 8:30am on 22 February, 12,600 homes were without electricity in northern Mauritius, namely **Arsenal** and **Crève-Cœur**, with power lines severely damaged by the storm. **Central Electricity Board (CEB)** confirmed on 23 February that it had deployed 400 technicians to address the issue and power was restored to these households. The cyclone class three warning was lifted by the afternoon of 22 February, but schools remained closed on 23 February to allow for a clean-up.

<sup>5</sup> Le Matinal, 14 Feb 2024

<sup>6</sup> Le Mauricien, 15 Feb 2024

<sup>7</sup> Le Mauricien, 15 Feb 2024

<sup>8</sup> Jeune Afrique, 26 Feb 2024

<sup>9</sup> Defi Media, 11 Feb 2024

<sup>10</sup> Le Mauricien, 12 Feb 2024

<sup>11</sup> The Economic Times, 12 Feb 2024

<sup>12</sup> Business Standard, 12 Feb 2024

<sup>13</sup> Defi Media, 22 Feb 2024

The health ministry warned of an increased risk of disease following the heavy rains, which lead to accumulations of water that can attract insect and water-borne diseases.<sup>14</sup> Mauritius is currently seeing a spike in cases of dengue fever, a mosquito-borne diseases, recording 520 active cases on 23 February and 1,486 cases since 11 December. Thus far, at least two people have died from dengue.

Tropical storm Eleanor follows tropical cyclone **Belal**, which made landfall on 15 January, submerging parts of the capital, **Port Louis**, and causing one death. Tropical storms and cyclones are common in the southwest **Indian Ocean** and occur between January and March, however, as climate change continues to intensify weather patterns, Mauritius is facing more frequent and heavier storms and cyclones. Environment, solid waste management and climate change minister **Kavydass Ramano** said in an interview in April 2021 that the chances of major tropical cyclone occurring in the southern Indian Ocean will increase by 18% every decade, with Mauritius already registering an increase in extreme weather events.<sup>15</sup> Ramano added that Mauritius was spending approximately 2% of GDP on environment and climate-change-related policies.

### Planner

30 Nov 2024 (**Mauritius**) General election

2025 (**Mauritius**) Municipal elections

### Chronology

27 Feb 2024 **Port Louis (Mauritius)** *Le Matinal*. **Bank of Mauritius** and **Economic Development Board (EDB)** host an international conference on sustainable finance in **Africa**;

26 Feb 2024 **Port Louis (Mauritius)** *Daily Maverick*. Local authorities prevent a cruise ship, run by **Norwegian Cruise Line**, from disembarking to allow for additional testing following reports that at least 100 guests had fallen ill with a stomach-related illness;

24 Feb 2024 **Port Louis (Mauritius)** *Le Mauricien*. Finance ministry meets with trade union confederations as part of ongoing budgetary consultations;

22 Feb 2024 **Port Louis (Mauritius)** *Gov.uk*. **United Kingdom's** prime minister, **Rishi Sunak**, confirms he held a phone call with his Mauritian counterpart, **Pravind Jugnauth**, on 22 February to discuss ongoing negotiations between the two countries on the **Chagos Archipelago**;

22 Feb 2024 **Port Louis (Mauritius)** *Le Matinal*. Prime minister **Pravind Jugnauth** holds a series of meeting with ministers from the **United Arab Emirates (UAE)** to discuss areas of cooperation;

21 Feb 2024 **Port Louis (Mauritius)** *Le Matinal* Mauritius and **Reunion** reiterate intentions to deepen bilateral ties in areas of mutual interest, namely climate change, maritime security and internal security;

18 Feb 2024 **Port Louis (Mauritius)** *ENA*. Mauritius and **Ethiopia** agree to enhance bilateral relations following a meeting of representatives on the side lines of the **African Union** summit;

18 Feb 2024 **Port Louis (Mauritius)** *Le Matinal*. **Economic Intelligence Unit's (EIU) Democracy Index 2023** ranks Mauritius 20<sup>th</sup> with an overall score of 8.14 out of 10, making it the only **African** country classed as a full democracy;

18 Feb 2024 **Port Louis (Mauritius)** *Le Matinal*. **Statistics Mauritius** releases the final tourism figures for 2023, reporting that 1,295,410 passengers arrived in Mauritius, just shy of the government's 1.3 million target;

<sup>14</sup> Defi Media, 23 Feb 2024

<sup>15</sup> D&C, 23 Apr 2021

15 Feb 2024 **Port Louis (Mauritius)** *Le Matinal*. Prime minister **Pravind Jugnauth** meets with a delegation from the **Organisation for Economic Co-operation and Development (OECD)** to discuss the establishment of an OECD country programme for Mauritius;

10 Feb 2024 **Port Louis (Mauritius)** *Le Mauricien*. **Statistics Mauritius** reports that annual inflation reached 5.2% in January, up from 3.9% in December;

11 Feb 2024 **Port Louis (Mauritius)** *Moneyweb*. **Bank of Mauritius** (central bank) reports that foreign direct investment inflows rose 27% to \$503m in the nine months through September 2023 driven by higher property sales;

4 Feb 2024 **Port Louis (Mauritius)** *Le Matinal*. **Botswana's** new high commissioner to Mauritius, **Chandapiwa Nteta**, presents her credentials to President **Pradeep Roopun** and acting foreign affairs minister **Alan Ganoo**, also discussing expanding bilateral relations between the two countries;

1 Feb 2024 **Port Louis (Mauritius)** *Afrik21*. **United Kingdom** guarantees two **African Development Bank (AfDB)** loans worth \$239m for Mauritius and **Benin** as part of a climate financing programme;

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