

AFRICA RISK CONSULTING

Mauritius Monthly Briefing March 2024

Mauritius Summary 27 March 2024

Prime minister Pravind Jugnauth (2017-present) and his Indian counterpart, Narendra Modi, (2014-present) on 29 February inaugurate a new airstrip, ocean jetty and six other community development initiatives built with Indian assistance on the Mauritian archipelago Agaléga. Attacks in the Red Sea by Houthi rebels and failing port infrastructure in countries such as South Africa benefit Mauritius, with a surge in maritime traffic. Statistics Mauritius reports on 7 March that inflation rose from 5.2% in January to 6.2% in February, a second consecutive increase after inflation rose to January's level from 3.9% in December.

India and Mauritius inaugurate new infrastructure

Prime minister **Pravind Jugnauth** (2017-present) and his **Indian** counterpart, **Narendra Modi**, (2014-present) on 29 February inaugurated a new airstrip, ocean jetty and six other community development initiatives built with Indian assistance on the Mauritian archipelago of **Agaléga**. The airstrip will help to improve connectivity between the northern and southern parts of Mauritius and, with the ocean jetty, help to enhance marine surveillance and security.¹ Modi noted that India is “actively working” to ensure security, prosperity and stability in the **Indian Ocean** region, adding that Mauritius is a special partner under India’s ‘neighbourhood first policy’.²

The airstrip and ocean jetty were agreed upon in March 2015 after the signing of a memorandum of understanding (MoU) for the improvement of sea and air transportation facilities. However, Agaléga’s strategic location sparked concerns that India was seeking to build a military base on the archipelago, similar to the one that the **United States (US)** set up on **Diego Garcia** (part of the **Chagos** archipelago) after leasing Diego Garcia from the **United Kingdom (UK)**.³ Mauritius is currently in negotiations with the UK for the UK to hand Chagos back to Mauritius (see *ARC Briefing Mauritius Jan 2024*).

Jugnauth sought to address these concerns, noting that India was not setting up a base on the archipelago and was not undermining Mauritius’ sovereignty,

“I wish to forcefully deplore and condemn the India-bashing campaign that some people in Mauritius have fomented.”⁴

Jugnauth added that India has always offered support to the island in times of need, citing the **Covid-19** pandemic and the August 2020 oil spill as examples, and that their bilateral ties are increasingly important for Mauritius, with India over the last few years extending a credit line of \$1 billion.⁵ In another sign of increasing ties between the two countries, Modi launched the **RuPay Card** and **Unified Payment Interface (UPI) Platform** in Mauritius on 12 February alongside **Bank of Mauritius** (central bank) governor **Harvesh Seegolam** and Jugnauth in a virtual ceremony (see *ARC Briefing Mauritius Feb 2024*). While these developments appear positive for Mauritius, opposition leaders may seek to tap into the anti-India rhetoric ahead of the November general election and try to

¹ Business Standard, 29 Feb 2024

² Business Standard, 29 Feb 2024

³ AFP, 29 Feb 2024

⁴ Deccan Herald, 29 Feb 2024

⁵ Bloomberg, 29 Feb 2024

feed the sentiment that Jugnauth has failed to return sovereignty to the Chagos amid what are perceived plans to turn Agaléga into another military base.

Mauritius ports benefit from South African ports' inefficiency and Red Sea attacks

Attacks in the **Red Sea** by **Houthi** rebels and failing port infrastructure in countries such as **South Africa** have benefited Mauritius in recent months, with a surge in maritime traffic. This has been a continuing development since November when congestion at South Africa's **Port of Durban** and **Port of Cape Town** left shipping lines opting to divert cargo to **Port Louis** in Mauritius.

UK-based **Clarksons Research** has reported that the number of vessels sailing around **Southern Africa** has increased by 85% compared to the first half of December when the attacks started increasing.⁶ This has directly benefited Mauritius, as shipping companies increasingly opt to avoid South Africa's ports. US-based **Freight Right Global Logistics** CEO **Robert Khachatryan** noted,

*"This shift has directly benefitted strategically located ports like **Toamasina** in **Madagascar**, **Port Louis** in **Mauritius**, and **Walvis Bay** in **Namibia**, which lie along the east-west route connecting **Asia** with **Europe**."*⁷

Houthi attacks and a shutdown in South African bunkering operations have also led **Swiss**-headquartered **Mercuria** and **Singapore**-headquartered **Trafigura** to launch refuelling services in Mauritius.⁸

In November, maritime expert **Alain Malherbe** commented that the situation offers Mauritius an opportunity to improve its ports and catch up to other ports, which would be beneficial given Mauritius' key location along shipping routes. Despite its strategic location, Port Louis ranked 327th out of 344 ports on the **Container Port Performance Index 2022**, indicating that there is room for improvement.⁹ With these developments continuing into the new year, and the Red Sea issues likely to linger, increased focus on port development would help Mauritius to diversify its economy and tap into increased earning potential from its port.

Inflation climbs

Statistics Mauritius reported on 7 March that inflation jumped from 5.2% in January to 6.2% in February, a second consecutive increase after inflation rose to January's level from 3.9% in December.¹⁰ This means inflation has exceeded the 3%-6% target band of the **Bank of Mauritius** (central bank). The increase was largely driven by an increase in food and non-alcoholic beverage prices, which rose from 9.5% in January to 15.2% in February.

Despite the increases, the **International Monetary Fund (IMF)** and central bank have projected that inflation will continue to ease in 2024, reaching an average of 4.9% compared to 7% in 2023 and 10.8% in 2022. However, given that Mauritius imports most of its commodities, supply chain issues could instead result in an increase in inflation.¹¹

Conscious that the increase in inflation has been driven by increases in food prices, agro-industry minister **Mahen Seeruttun** told parliament on 26 March that his ministry is considering the adoption of a price increase policy to help stabilise the local vegetable market and address shortages of certain vegetables. Such a policy already exists for potatoes and onions and Seeruttun added that all products imported by the **Agricultural Marketing Board (AMB)** are already sold at a subsidised price.¹²

⁶ News24, 14 Mar 2024

⁷ News24, 14 Mar 2024

⁸ Reuters, 13 Mar 2024

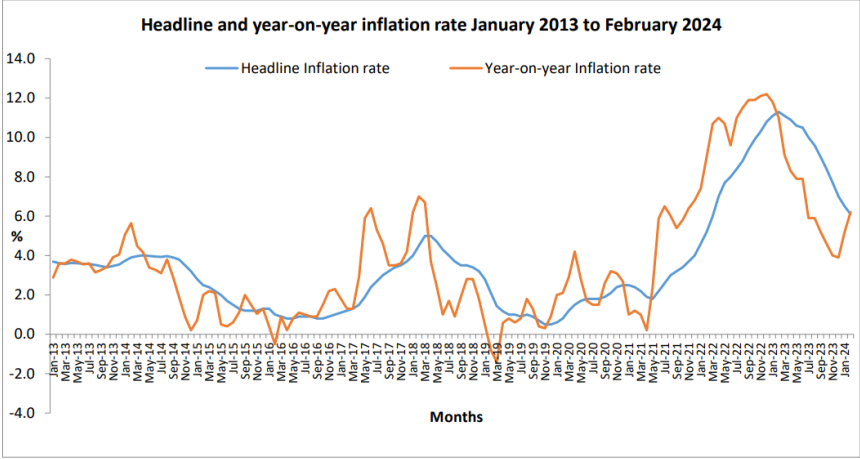
⁹ Sunday Times Mauritius, Nov 2023

¹⁰ Statistics Mauritius, 7 Mar 2024

¹¹ Care Edge, 1 Mar 2024

¹² Defi Media, 27 Mar 2024

In January, the ministry issued 972 import permits for approximately 865 tonnes of vegetables between January and March. Seeruttun said that local vegetable production should return to normal by May and that no new vegetable imports will be made after this.¹³



Source: Statistics Mauritius

¹³ Defi Media, 27 Mar 2024

Planner

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

2025 **(Mauritius)** Municipal elections

Chronology

26 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. Parliament resumes after a three-month recess;

26 Mar 2024 **Port Louis (Mauritius)** *Le Mauricien*. **Bank of Mauritius** (central bank) figures indicate that foreign direct investment reached Rs 23.1 billion (\$499.02m) in the first nine months of 2023, a 27% increase compared to the same period in 2022;

25 Mar 2024 **Port Louis (Mauritius)** *Le Mauricien*. **Central Electricity Board (CEB)** and **Landscape Mauritius** sign an agreement for the establishment of a 10MW solar farm in **Valletta**, expected to be fully operational by February 2025;

21 Mar 2024 **Port Louis (Mauritius)** *Le Mauricien*. **France** and Mauritius sign a mutual legal assistance agreement;

21 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. Land transport minister **Alan Ganoo** meets his counterpart from **Seychelles**, **Antony Derjacques**, to sign a memorandum of understanding (Mou) for the transport sector;

19 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. **World Health Organization (WHO)** country office presents its 2024-2025 programme budget to the health ministry;

15 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. **Germany's** ambassador to Mauritius, **Michael Häusler**, visits prime minister **Pravind Jugnauth** to discuss bilateral tourism;

14 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. **Sir Seewoosagur Ramgoolam International Airport** wins best airport in **Africa** in the 2 to 5 million passenger category;

13 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. Prime minister **Pravind Jugnauth** announces that from 1 April, every senior citizen will receive an old age pension of Rs 13,500 (\$291.78);

11 Mar 2024 **Port Louis (Mauritius)** *The Economic Times*. **India's** President **Droupadi Murmu** arrives in Mauritius for her first state visit to the country;

9 Mar 2024 **Port Louis (Mauritius)** *Le Matinal*. **Sweden-based Varieties of Democracy (VDM)**, which produces the world's largest dataset of democracy, says there has been a continuous and accelerating decline of democracy in Mauritius over the past ten years;

6 Mar 2024 **Port Louis (Mauritius)** *Le Mauricien*. **Air Mauritius** board appoints **Charles Cartier** as CEO, replacing **Kresimir Kucko**;

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