

AFRICA RISK CONSULTING

Mauritius Monthly Briefing March 2023

Mauritius Summary 28 March 2023

Mauritius and 14 other East African countries launch the 13th Cutlass Express maritime exercise, led by the United States Naval Forces Africa and Africa Command (AFRICOM), on 6 March. Prime minister Pravind Jugnauth attends the opening ceremony of the exercise and announces that Mauritius will launch a National Maritime Information Sharing Centre to enhance maritime security in the region. The growing focus on maritime security comes in preparation for the Maritime Security Conference that Mauritius will host in August. It also comes as Mauritius finds itself in a war of influence between the United States, the United Kingdom and China. Political activist Bruneau Laurette alleges in an affidavit made to a local court as part of his bail application that he was propositioned by an Indian official from the high commission the day before his arrest on 4 November. The Mauritian rupee has struggled to maintain its value against the US dollar since the start of 2023, depreciating steadily from Rs44.30 to the dollar in early January to Rs47.30 to the dollar on 10 March.

Maritime security in focus ...

Mauritius and 14 other **East African** countries launched the 13th **Cutlass Express** maritime exercise, led by the **United States (US) Naval Forces Africa** and **Africa Command (AFRICOM)**, on 6 March.¹ Prime minister **Pravind Jugnauth** attended the opening ceremony of the exercise announcing that Mauritius would launch a **National Maritime Information Sharing Centre** that will enhance maritime security in the region. Jugnauth noted that the centre would allow for the collection and dissemination of information to regional and international partners on issues including piracy, drug and human trafficking, illegal fishing and maritime crimes.

During his speech, Jugnauth commended the maritime exercise, first launched in 2011, for assisting the **Mauritian National Coast Guard** in strengthening its skills and capacity to address threats, imperative for Mauritius as the island is highly reliant on the ocean for trade and commerce.² US ambassador to Mauritius **Henry Jardine** also attended the opening ceremony, where he remarked that the maritime exercise reflects the growing security relationship between the US and Mauritius.

Maritime security was also discussed on the side lines of the **G20** foreign ministers' meeting from 1-3 March.³ Land transport, light rail, foreign affairs, regional integration and international trade minister **Alan Ganoo** met the **United Kingdom's** secretary of state for foreign, commonwealth and development affairs, **James Cleverly**, noting in this discussion that increased trade and other activities in the region have prompted additional focus on maritime security. Cleverly noted that the UK is keen to build bilateral cooperation in the fields of maritime security and defence, identifying the strategic partnership Mauritius presents.⁴ Having Mauritius as a strategic partner in the **Indian Ocean** may have also been a driving factor behind the UK finally agreeing to discuss the issue of the disputed **Chagos** archipelago.⁵

¹ Le Matinal, 7 Mar 2023

² Le Matinal, 7 Mar 2023

³ Government of Mauritius press release

⁴ Government of Mauritius press release

⁵ ARC Briefing Mauritius analyst

The growing focus on maritime security is in preparation for the **Maritime Security Conference** which Mauritius will host in August. It also comes as Mauritius finds itself in a war of influence between the US, the UK and **China**. The US department of defence admitted in a letter on 17 March that it is concerned about China's influence over Mauritius as the UK and Mauritius continue their negotiations on Chagos, which houses a vital US military base on **Diego Garcia Island**.⁶

Cleverly said when negotiations began that the UK and Mauritius are aware of the importance of the naval base and that any agreement reached will ensure the continued operation of the base. However, the US is concerned that if the archipelago is handed back to Mauritius, Mauritius may allow China to build facilities on islands near Diego Garcia.⁷

Chagos has become a site of international concentration for military power, which appears to have Mauritius considering its strategic position and the potential it can offer to military powers such as the US. Despite the US' concern, Mauritius maintains a strong relationship with it and does not seem to be swaying towards allowing China to change this.

... as political activist Bruneau Laurette makes headlines again ...

Political activist **Bruneau Laurette** has alleged in an affidavit to a local court that he was propositioned by an **Indian** high commission official the day before his arrest on 4 November. Laurette submitted the affidavit to the court on 23 February as part of his bail application, which it granted on 27 February.⁸ Laurette claims in his affidavit that the official offered him a proposal to work with the ruling **Mouvement Socialiste Militant (MSM)** government, which Laurette refused to do. Laurette says the official also asked if Laurette would be willing to infiltrate the Chinese embassy in Mauritius.

Local media outlet **L'Express** reports that the official is **Navin Gulati**, a member of the **Research and Analysis Wing**, one of India's intelligence agencies.⁹ Since his arrest, Laurette has insisted that police find images of his movements the day before his arrest, including of the alleged meeting with the official. However, police said on 6 March that they are still waiting for the images.

This is not the first time India has been embroiled in allegations in Mauritius. Former **Mauritius Telecom** head **Sherry Singh** alleged in July 2022 that Jugnauth forced him to allow an Indian team to install a device that could monitor internet traffic at a submarine cable landing station in Mauritius.¹⁰ Although considered part of Jugnauth's 'inner circle', previously serving as his special advisor, the allegations prompted a harsh backlash against Singh.

Laurette and Singh have since joined forces. Laurette joined Singh's **One Moris** socio-economic movement, which Singh launched on 23 February.¹¹ Former professional athlete turned entrepreneur and politician **Stéphan Buckland** announced on 23 March that he would also join the platform. Buckland has been supportive of Laurette since his arrest, often appearing in court.¹² Political observer and lecturer **Abdallah Goolamallee** considers the movement an emerging "*extra-parliamentary party*" that is seeking to balance Mauritius' political spectrum and has officially entered the political arena.¹³

Singh also has experience working with the ruling MSM government and could present a political threat to Jugnauth given the history between Singh and Jugnauth. Laurette has made political waves

⁶ Daily Mail, 23 Mar 2023

⁷ Daily Mail, 23 Mar 2023

⁸ The Wire, 8 Mar 2023

⁹ L'Express, 6 Mar 2023

¹⁰ The Wire, 8 Mar 2023

¹¹ La Matinal, 8 Mar 2023

¹² L'Express, 23 Mar 2023

¹³ Defi Media, 19 Mar 2023

in Mauritius – a likely reason for his arrest – and the two combined could present a larger threat than the government may wish to contend with.

... and the rupee continues to slide

The Mauritian rupee has struggled to maintain its value against the US dollar since the start of 2023, depreciating steadily from Rs44.30 to the dollar in early January to Rs47.30 to the dollar on 10 March.¹⁴ The depreciating rupee makes the cost of importing products more expensive, especially products such as petroleum. **Bank of Mauritius (BoM)** (central bank) governor **Harvesh Seegolam** confirmed on 25 March that the central bank had intervened in the foreign exchange market once the rupee depreciated to Rs46 to the dollar and that it could intervene again, as it has the means to do so.¹⁵

Facing criticism from the press on inflation levels, Seegolam noted that the BoM expects inflation to decline to 6% in 2023, before returning to below 5% in 2024. The BoM's inflation target is 3.5%, but Seegolam reiterated that the central bank had taken the necessary measures to fight rising inflation, including tightening monetary policy.¹⁶ **Statistics Mauritius** indicated on 9 March that annual inflation dropped from 11.8% in January to 11% in February, still far above the targets set by Seegolam. The depreciating rupee and high inflation have put pressure on consumers, causing currency speculation.

Statistics Mauritius revealed on 26 February that the trade deficit reached Rs 190.7 billion (\$4.14 billion) in 2022, up 43.6% compared to Rs 132.8 billion (\$2.88 billion) in 2021, driven by the higher cost of oil. Mauritius pays for 71.4% of its imports in US dollars, and Statistics Mauritius predicts that the trade deficit could reach Rs 210 billion (\$4.55 billion) in 2023.¹⁷

Although at time of writing, the rupee had appreciated to Rs46.14 to the dollar, the **US Federal Reserve** raised its interest rate by 0.25 points on 22 March, which will strengthen the dollar and may see the rupee depreciate again.¹⁸ The Federal Reserve is expected to raise its interest rate by a further 0.25 points in May, June and July. The BoM is also likely to further tighten its monetary policy and hike interest rates again, to reduce inflation and mitigate the risk of further depreciation of the rupee.¹⁹

¹⁴ Le Mauricien, 15 Mar 2023

¹⁵ L'Express, 25 Mar 2023

¹⁶ L'Express, 25 Mar 2023

¹⁷ L'Express, 13 Mar 2023

¹⁸ Le Mauricien, 15 Mar 2023

¹⁹ L'Express, 13 Mar 2023

Planner

2023 **(Mauritius)** Municipal elections
 August 2023 **Port Louis (Mauritius)** Maritime Security Conference
 2024 **(Mauritius)** General election

Chronology

28 Mar 2023 **Port Louis (Mauritius)** *Le Mauricien*. Opposition parties ready for the resumption of parliament, which opens a chance for debate with Prime Minister **Pravind Jugnauth** on several issues including currency depreciation, inflation and fuel taxes;

23 Mar 2023 **Port Louis (Mauritius)** *Le Matinal*. Energy and public utilities minister **Georges Pierre Lesjongard** says a new water resources bill will soon be introduced into parliament, taking into account Mauritius' water requirements and the mobilisation, management, development and conservation of water resources;

21 Mar 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Bank of Mauritius** (central bank) announces the issuance of two treasury bonds, which will be on sale from 3 April;

18 Mar 2023 **Port Louis (Mauritius)** *Le Mauricien*. Opposition leader **Paul Bérenger** says no opposition parliamentarian will take part in the second **Russia-Africa** international parliamentary conference, set to take place on 19 and 20 March in **Saint Petersburg**;

15 Mar 2023 **Port Louis (Mauritius)** *Le Mauricien*. Mauritian financial institution **SBM** predicts economic growth of 5.2%, noting that after facing the unprecedented repercussions of the **Covid-19** pandemic, the Mauritian economy recovered relatively quickly in 2022;

13 Mar 2023 **Port Louis (Mauritius)** *Le Matinal*. Prime minister **Pravind Jugnauth** announces on Mauritius' 55th Independence Day that pre-primary schools, which accommodate children aged 3 to 5, will be free from the start of the 2024 school year;

9 Mar 2023 **Port Louis (Mauritius)** *Le Mauricien*. Finance minister **Renganaden Padayachy** lays the foundations of the budget calendar for the first half of 2023;

9 Mar 2023 **Port Louis (Mauritius)** *ESI-Africa*. **Mauritius Central Electricity Board** and **Spain**-headquartered renewable energy producer **Qair** sign a \$163m power purchase agreement for the construction of four solar PV and battery hybrid storage facilities in Mauritius;

2 Mar 2023 **Port Louis (Mauritius)** *Government press release*. **Japan** provides an additional grant of \$2.287m to help Mauritius implement a new coastal surveillance radar system;

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