

AFRICA RISK CONSULTING

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Mauritius Summary 30 January 2024

Negotiations between the United Kingdom (UK) and Mauritius over the Chagos Islands appear to have stalled following an announcement by UK foreign secretary and former prime minister David Cameron (2010-2016) on 9 January that resettlement of former inhabitants of the Chagos Islands is “not possible”. The United Arab Emirates (UAE) and Mauritius on 22 December conclude talks on a Comprehensive Economic Partnership Agreement (CEPA) which aims to increase trade, investment and private sector cooperation between the two countries. Tropical cyclone Belal makes landfall in Mauritius on 15 January, submerging areas of the capital, Port Louis, and killing one motorcyclist in an accident caused by flooding.

Chagos Island negotiations face mounting challenges

Negotiations between the **United Kingdom (UK)** and **Mauritius** over the **Chagos Islands** appear to have stalled. UK foreign secretary and former prime minister **David Cameron** (2010-2016) announced on 9 January that resettlement of former inhabitants of the Chagos Islands was “*not possible*”.¹ In November 2022, then home secretary **James Cleverly** announced that the UK had agreed to open negotiations with Mauritius regarding a handover of the Chagos Islands, over which the UK has maintained control since Mauritian independence in 1968. During the 1960s and 1970s, Chagos Islands residents were subject to forcible displacement by the UK government. A portion of the islands – **Diego Garcia** – is leased to the **United States (US)** and hosts a military base.² In 2019, the **United Nations International Court of Justice** ruled that the UK’s ongoing occupation of the Chagos Islands is illegal and that the islands rightfully form part of Mauritius. Cleverly made clear in his November 2022 announcement that the aim was to reach a settlement that would return Chagossians to the islands and keep the Diego Garcia base open.

Cameron noted that his assessment was based on the importance of the Diego Garcia military base, citing a “*security risk*”. Cameron said during his time as prime minister, he had considered ways to return Chagossians to the islands but concluded that it was not possible. US-headquartered non-governmental organisation **Human Rights Watch** on 25 January wrote a letter to Cameron expressing concern over his “*U-turn*” approach to the negotiations, noting that in 2014, when Cameron was prime minister, a feasibility study carried out by **KPMG** found that it was possible to return Chagossians to the islands.³

This is not the first time there has been hesitancy from the UK on the negotiations. Former prime minister **Boris Johnson** (2019-2022) noted in his weekly column for UK newspaper **Daily Mail** on 22 September 2023 that it is a “*done deal*” that the UK will hand over control of the Chagos to Mauritius. Johnson called the move “*preposterous*” and said it would “*play into China’s hands*”. The UK foreign office quickly responded to Johnson’s claims and said it was working with the US during the negotiations and that it had the US’ full support on all elements.⁴ It also said it is not appropriate to speculate on the outcome of the talks while they are ongoing. The UK’s foreign office has not commented on Cameron’s assessment, but in December, it was reported that defence secretary **Grant Shapps** was not keen on the proposed agreement.

¹ The Guardian, 26 Jan 2024

² The Guardian, 4 Nov 2022

³ The Guardian, 26 Jan 2024

⁴ Evening Standard, 23 Sep 2023

Locally, opposition politicians in December expressed that negotiations had moved in the wrong direction, with **Mouvement Militant Mauricien (MMM)** leader **Paul Bérenger** stating that prime minister **Pravind Jugnauth** (2017-present) “*has let himself be taken for a ride*”.⁵ The negotiations are likely to be an election issue ahead of the general election, expected by November, and Jugnauth could face scrutiny over his inability to deliver on this.

UAE and Mauritius conclude Comprehensive Economic Partnership Agreement

The **United Arab Emirates (UAE)** and Mauritius concluded talks on 22 December on a **Comprehensive Economic Partnership Agreement (CEPA)** which aims to increase trade, investment and private sector cooperation between the two countries.⁶ The agreement is the first of its kind between the UAE and an **African** country and comes after two rounds of negotiations – one in September and another in November. CEPAs are a key aspect of the UAE’s new national growth strategy, which targets \$1.8 trillion in total trade value by 2031 and the doubling of the country’s wider economy by 2030.⁷

The **Emirates News Agency** reported on 22 December that the CEPA will largely focus on promoting non-oil bilateral trade, which, in the first six months of 2023 reached \$63.1m with several opportunities to improve this in the chemicals, metals and petroleum products sector. The UAE is also seeking to tap into Mauritius’ services industry through the telecommunications, travel, transport and financial services sector.⁸ The CEPA will allow investors to partake in targeted investment that the UAE anticipates will help increase foreign direct investment in these sectors. UAE foreign trade minister **Thani Al-Zeyoudi** added that the CEPA has the potential to add 1% to Mauritius’ economy by 2031 and enhance the UAE’s GDP by 1.2%, also by 2031, making the agreement beneficial for both parties.

Ties between the two countries have grown in recent years. In March 2022, Mauritius’ **Economic Development Board (EDB)** opened an office in **Dubai** (UAE) within the **Dubai Chambers’** headquarters in a bid to strengthen ties and cooperation.⁹ In its press release, the UAE noted that Mauritius’ strategic location in the **Indian Ocean** and “*growth-orientated economic vision*” that aligns with its own made it a good partner for the UAE; however, there is also no doubt that Mauritius’ political and economic stability would have contributed to this choice. Mauritius is a facilitator of FDI for **Africa**: global business companies (GBCs) can register in Mauritius and gain access to its network of 45 double taxation agreements (DTAs) of which 17 are signed with fellow African countries. This is of benefit to the UAE which can use this avenue to facilitate FDI while benefiting from lower tax rates.¹⁰

Cyclone Belal makes landfall

Tropical cyclone **Belal** made landfall in Mauritius on 15 January, submerging areas of the capital, **Port Louis**, under water and killing one motorcyclist in an accident caused by flooding. Belal first hit **Reunion**, which was on its highest alert level for a cyclone, before reaching Mauritius. **Mauritius Meteorological Services (MMS)** confirmed on 14 January that a class three cyclone warning was in place, out of a possible four levels, noting that Belal on its course from Reunion presented a direct threat to Mauritius.¹¹ Government offices shut on 15 January and the education ministry ordered that schools and other institutions remain closed on 16 January. A nationwide curfew was put in place until 16 January when the cyclone warning was lifted but many businesses and schools remained

⁵ Le Matinal, 29 Dec 2023

⁶ Arab News, 23 Dec 2023

⁷ Arab News, 23 Dec 2023

⁸ Arab News, 23 Dec 2023

⁹ EDB, 16 Mar 2022; Arab News, 16 Mar 2022

¹⁰ Sovereign Group, 14 Mar 2023

¹¹ France24, 15 Jan 2024

closed until 17 January.¹² **Sir Seewoosagur Ramgoolam International Airport** was also closed for 24 hours, leading to the cancellation of at least 40 flights.¹³ The government confirmed on 16 January that MMS head **Ram Kumar Dhurmea** had left his position after receiving criticism that the MMS did not give the public adequate warning of Belal's severity.¹⁴

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 cyclones occurring in the southern Indian Ocean will increase by 18% every decade, with Mauritius already registering an increase in extreme weather events.¹⁵ Ramano added that Mauritius was spending approximately 2% of GDP on environment and climate-change-related policies. In February 2023, Mauritius was impacted by **Cyclone Freddy**, and while its impact was less severe on Mauritius than on other countries in the region, the storm prompted over 1,000 people to seek refuge in public shelters.¹⁶ The cost of the damage from Belal is still being assessed but it can be expected that the cost of damages will continue to increase, especially for Mauritius, which is heavily reliant on the tourism industry.

¹² The Independent, 16 Jan 2024

¹³ Simple Flying, 17 Jan 2024

¹⁴ The Independent, 16 Jan 2024

¹⁵ D&C, 23 Apr 2021

¹⁶ Defi Media, 20 Feb 2023

Planner

19 Jan – 10 Feb 2024 **(Mauritius)** Voter registration begins
 30 Nov 2024 **(Mauritius)** General election
 2025 **(Mauritius)** Municipal elections

Chronology

25 Jan 2024 **Port Louis (Mauritius)** *Le Mauricien*. **Harvesh Seegolam** is re-appointed as **Bank of Mauritius** governor for a period of three years from 1 March 2024;

20 Jan 2024 **Port Louis (Mauritius)** *Le Mauricien*. **Statistics Mauritius** confirms that headline inflation averaged 7.3% in 2023, down from 10.8% in 2022;

17 Jan 2024 **Port Louis (Mauritius)** *Financial Times*. Mauritius-headquartered export trading company **ETG** says it is working to stop a shipment worth \$60m from **Mozambique**, alleging that Mozambican food trading firm **Royal Group**, with the help of authorities, has seized the goods in a long-running dispute between the two countries;

9 Jan 2024 **Port Louis (Mauritius)** *The Guardian*. **United Kingdom**-headquartered **Barbour** and **United States (US)**-headquartered **PVH** fashion houses agree to pay \$508,188 to garment workers in Mauritius after an investigation by US-headquartered **Transparentem** finds that migrant workers were forced to pay thousands of pounds for their jobs and alleges that it found signs of forced labour as defined by the **International Labour Organisation**;

5 Jan 2024 **Port Louis (Mauritius)** *First Post*. **Mauritius Research and Innovation Council (MRIC)** and the **Indian Space Research Organisation (ISRO)** sign a memorandum of understanding (MoU) to develop and deploy a joint small satellite;

4 Jan 2024 **Port Louis (Mauritius)** *Le Matinal*. **Office of the Electoral Commissioner** confirms voter registration will begin on 19 January and run until 10 February and incorporate the new electoral district delimitations as outlined in the **Electoral Boundaries Report** adopted in December;

28 Dec 2023 **Port Louis (Mauritius)** *IBS Intelligence*. **United States**-headquartered **Mastercard** opens its first office in Mauritius, bolstering its presence in **East Africa** and the **Indian Ocean Islands**;

24 Dec 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Statistics Mauritius** publishes its latest report, forecasting that economic growth for 2023 will reach 7.1%;

22 Dec 2023 **Port Louis (Mauritius)** *Reuters*. Shipping companies that are working to avoid the **Red Sea** amid increased security threats are facing limited options for bunkering en route, now turning to Port Louis or **Walvis Bay** in **Namibia** as their top options, as **South African** ports offer limited space;

22 Dec 2023 **Port Louis (Mauritius)** *Fitch*. **United States**-headquartered **Fitch Solutions** forecasts that Mauritius' economic growth will slow from a projected 5.7% in 2023 to 4.5% in 2024 due to a slowdown in tourism sector growth;

20 Dec 2023 **Port Louis (Mauritius)** *Le Matinal*. National assembly votes to pass the **Financial Crimes Commission Bill** with amendments aimed at addressing several concerns raised during debates;

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

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Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

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