

AFRICA RISK CONSULTING

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Mauritius Summary 25 February 2025

Police arrest former prime minister Pravind Jugnauth (2017-2024) on charges of money laundering. This can prove to be a critical point in Mauritius' democracy to restore public trust in the judiciary if Jugnauth is going to fairly face the consequences of his alleged actions. Mauritius' trade deficit increases by 34.9% in December 2024 compared to December 2023, an unintended consequence of the appreciating Mauritian rupee and reflective of the former administration's artificial devaluation of the rupee. Prime minister Navin Ramgoolam invites India's prime minister Narendra Modi (2014-present) to Mauritius on 12 March, a likely foreign policy move by Mauritius to visibly closer align itself with India amid the Chagos Islands negotiations.

Former Prime Minister was arrested

Mauritius continues to face political turmoil after the former prime minister **Pravind Jugnauth** (2017-2024) was arrested on 15 February on charges of money laundering before being released on bail on 16 February.¹ His arrest, which came only 100 days after he left over, reflects the new administration's determination to root out corruption. Illustrative of this, former **Bank of Mauritius (BoM)** (central bank) governor, **Harvesh Kumar Seegolam**, and former finance minister, **Renganaden Padayachy**, were also arrested in January on charges of corruption (*see ARC Briefing Mauritius Jan 2025*). These arrests by prime minister **Navinchandra Ramgoolam's** (2024-present) new government form part of a financial audit of Mauritius' public finances, which was launched after Ramgoolam accused the former administration of falsifying public finance data.²

The **Financial Crimes Commission (FCC)** conducted raids on Jugnauth and two accomplices' residences, confiscating \$2.4m cash in local and foreign currencies and luxury watches.³ Although Jugnauth has denied the accusations of money laundering, his arrest and the confiscated materials fuel perceptions of corruption in government. The money laundering allegations against the former prime minister has damaged Mauritius' reputation as a secure financial destination and will also serve as a critical test of the strength of Mauritius' democratic institutions and judiciary.

Previously, politicians who were accused of corrupt acts resigned and have rarely been detained or sentenced to prison.⁴ Additionally, since 2021 Mauritius' score on **Transparency International's (TI) Corruption Perception Index** has declined, from 51/100 in 2021 to 54/100 in 2024, with a score of 100 indicating no corruption.⁵

If law enforcement is unable to successfully detain and bring to trial Jugnauth, Padayachy and Seegolam, it could fuel increased perceptions of corruption and undermine the legitimacy and authority of the courts. Public trust in courts has drastically decreased over the past decade with 72% of respondents in a 2014 **Afrobaromete** reporting that they trusted the courts versus only 56% in 2024 survey.⁶ In the 2024 survey, respondents also reported that officials who commit crimes are more likely to go unpunished than ordinary people who break the law.

¹ VoA, 16 Feb 2025

² Reuters, 17 Feb 2025

³ BBC, 17 Feb 2025

⁴ Transparency International, 11 Jul 2019

⁵ [Transparency International](#), 2024

⁶ [Afrobarometer](#), 6 Sep 2024

The increasing number of Mauritians who believe the law is being applied unequally is a risk to Mauritius' long term political stability and democratic health - if perceptions of corruption in government is high and trust in the judiciary is low, it has a significant possibility of leading to citizen's detachment and disengagement with politics. Public disengagement from politics leaves citizens less inclined to vote and to hold public officials accountable which in the long term weakens the democratic process, undermines the legitimacy of government, and makes it more difficult to effectively implement public policies.

As a consequence, Mauritius is at an important nexus in its politics whereby the public officials who are accused of corruption and money laundering must be prosecuted and held accountable to turn around a long term downward trend of mistrust in politicians and the judiciary to preserve Mauritius' democratic integrity.

Latest trade data indicates widening trade deficit

As the Mauritian government prepares for the upcoming budget, **Statistics Mauritius** has revealed a widening trade deficit that needs addressing. Statistics Mauritius' December 2024 economic data revealed that the trade deficit increased by 34.9%, from Rs 16.5 billion (\$349m) in December 2023 to Rs 22.2 billion (\$470m) in December 2024.⁷ The increased trade deficit is due to the decline in exports, from Rs 9.4 billion (\$199m) in December 2023 to Rs 8.7 billion (\$184m) in December 2024 and the significant increase in imports, from Rs 25.9 billion (\$548m) in December 2023 to Rs 31 billion (\$656m) in December 2024.⁸

The shift in economic outlook from the Jugnauth administration to the Ramgoolam administration has unintentionally exacerbated the trade deficit. Ramgoolam and the new BoM governor, **Rama Krishna Sithanen**, criticised the Jugnauth administration for artificially deflating the Mauritian rupee to support export competitiveness (*see ARC Briefing Mauritius Nov 2024*). Although the artificial inflation of the Mauritian rupee inspired export competitiveness, it also artificially inflated the amount of Value-Added Tax (VAT) due to the government which gave a skewed impression of government revenue and resulted in an overall smaller trade deficit. An unintended consequence of the Mauritian rupee appreciating under the new administration is the widening of the trade deficit. Ramgoolam's administration will need to pursue a strong economic strategy compared to that of the previous administration to help remedy these issues.

Ramgoolam has remained steadfast in his criticism of the previous administration's misconduct, stating at his party's, **Parti Travailleiste (PTR)**, 89th anniversary on 24 February that the previous government left the economy in a mess and that if his the ruling coalition, the **Alliance du Changement (ADC)**, had lost the election, Mauritius' credit rating would have degraded.⁹ While there is merit in Ramgoolam's critiques, it remains to be seen what economic strategy he, as finance minister, will pursue to turn the economy around.

The Chagos Islands negotiating uncertainty continues

Ramgoolam has invited the **India's** prime minister **Narendra Modi** (2014-present) to Mauritius on 12 March to celebrate the country's 57 years of independence, a likely foreign policy move by Mauritius to visibly closer align itself with India. Mauritius may also leverage Modi's invitation to gain an upper hand in the **Chagos Islands** negotiation.¹⁰ India has continuously supported the Chagos Islands deal, but notably also enjoys friendly relations with the **United States (US)** and its new president **Donald Trump** (2025-present), which Mauritius' may be seeking to capitalise on.¹¹

The negotiations between Mauritius and the **United Kingdom (UK)** over the Chagos Islands is facing a number of obstacles of which Trump's reservation over the deal is the biggest (*ARC Briefing*

⁷ Le Mauricien, 24 Feb 2025

⁸ Statistics Mauritius, 18 Feb 2025

⁹ Le Mauricien, 24 Feb 2025

¹⁰ Times of India, 23 Feb 2025

¹¹ Le Mauricien, 24 Feb 2025

Mauritius Jan 2025). US secretary of state, **Marco Rubio**, has explicitly stated that the US sees the close economic ties between **China** and Mauritius as a threat. Although Mauritius and China share close economic relations through the **China-Mauritius Free Trade Agreement**; it does not share any military relations. Contrastingly, Mauritius shares strong military ties with India whereby Mauritius allows India to use the **Agalega** island, part of the Chagos, as a military base.¹²

Although the US has not officially rejected or approved of the deal, UK prime minister **Keir Starmer** (2024-present) would be afraid that if the US rejects the deal, it could cause a further growing alliance between Mauritius and China.¹³ Additionally, Starmer has expressed his concern over an increase of geopolitical tensions in the **Indian Ocean** if the US rejects the deal, stating his belief that China is sure to legally dispute the status of the islands and may start to build bases on the outer islands creating a contested security environment.¹⁴

While Mauritius shares a closer military alliance with India and is actively trying to emphasise it, if the US decides to reject the deal, whereby the UK will be forced to withdraw from the deal, it could create a precarious geopolitical situation where Mauritius could be motivated to align itself closer to China.

Planner

2025 (**Mauritius**) Municipal elections

Chronology

24 Feb 2025 **Port Louis (Mauritius)** *le Mauricien*. The **Parti Travailleiste (PTTr)** celebrates their 89th anniversary;

21-17 Feb 2025 **Port Louis (Mauritius)** *Economic Development Board of Mauritius*. The **Economic Development Board of Mauritius** meets with the **Business Regulatory Review Agency of Zambia** and discussed strategic efforts to benchmark best practices in business regulatory reforms;

19 Feb 2025 **Port Louis (Mauritius)** *Emerits News Agency*. The **United Arab Emirates (UAE) Chambers of Commerce and Industry** visits Port Louis and meets with Mauritian government officials to discuss bilateral relations;

18 Feb 2025 **Port Louis (Mauritius)** *Statistics Mauritius*. **Statistics Mauritius** releases its trade data for December 2024 which reveals that **South Africa** remains Mauritius' biggest exporting partner and **China** remains the biggest import partner;

16 Feb 2025 **Port Louis (Mauritius)** *Times Live*. **Financial Crimes Commission (FCC)** confirms police arrested former prime minister **Pravind Jugnauth** on money laundering charges, before releasing him on bail;

16-17 Feb 2025 **Muscat (Oman)** *Ministry of Foreign Affairs*. Foreign affairs minister **Dhanajay Ramful** participates in the 8th **Indian Ocean Conference**;

13 Feb 2025 **Port Louis (Mauritius)** *BBC*. Prime minister **Navin Ramgoolam** says the **United States (US)** will be present at all future talks regarding the **Chagos Islands** as negotiations continue between the **United Kingdom (UK)** and Mauritius for the UK to return sovereignty of the islands back to Mauritius;

13 Feb 2025 **Port Louis (Mauritius)** *Economic Development Board of Mauritius*. The **Economic Development Board of Mauritius** hosts a visit from the **Confederation of Indian Industry** to explore investment and business opportunities in Mauritius;

¹² BBC, 9 Nov 2024

¹³ The Guardian, 21 Feb 2025

¹⁴ The Guardian, 21 Feb 2025

12 Feb 2025 **Port Louis (Mauritius) Ministry of Foreign Affairs.** Foreign affairs minister **Dhanajay Ramful** holds a phone call with the **United Kingdom (UK)** trade commissioner for Africa, **John Humphrey**, to discuss business and trade ties between the two countries;

5 Feb 2025 **Port Louis (Mauritius) Financial Times.** **United Kingdom (UK)** government says prime minister **Navin Ramgoolam** has reported a “*factually inaccurate*” portrayal of the proposed deal between the UK and Mauritius over the **Chagos Islands**;

1 Feb 2025 **Port Louis (Mauritius) DW.** Prime minister **Navin Ramgoolam** and his **United Kingdom** counterpart, **Keir Starmer**, discuss the **Chagos Islands** deal in a phone call, with Starmer stressing that the deal needs to secure the military base on **Diego Garcia** including from malign influence;

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