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Mauritius Monthly Briefing June 2026

Mauritius Summary 25 June 2026

Prime minister, and finance minister Navinchandra Ramgoolam (2024-present) delivers the 2026/27 budget speech on 19 June, focusing on fiscal consolidation and ways to increase economic growth. Ramgoolam outlines a six-pillar plan to further develop certain aspects of the economy such as digital and trade infrastructure to bolster economic growth. During the speech, Ramgoolam also announces an overhaul of the Basic Retirement Pension (BRP), replacing it with a State Age Pension (SAP), and introducing tapering measures, flexibility eligibility and residency requirements. However, the public is critical of the reform, leading Ramgoolam to announce a pause on the tapering measures. South Africa's Airlink and Ethiopia Airlines separately announce new direct flight paths to Mauritius, which will increase tourist accessibility to the island.

Prime minister delivers the 2026/27 budget speech

Prime minister and finance minister **Navinchandra Ramgoolam** (2024-present) on 19 June delivered the 2026/27 budget speech, focused on continuing fiscal consolidation, which is a key measure to halt increasing public sector debt, and economic growth opportunities, important for Mauritius against the backdrop of the ongoing conflict in the **Middle East**.

Ramgoolam confirmed that the economy grew by 3.2% in 2025, with inflation falling to 3.7% and unemployment easing to 5.7%. However, the debt-to-GDP ratio remains high at 87.8%. Ramgoolam's speech focused on continuing economic growth, keeping inflation down and decreasing public sector debt through a six-pillar plan:

- Leveraging artificial intelligence (AI) and digitisation: the government intends to enable or train 50,000 Mauritians in practical AI and participate in **United States**-headquartered **Google**'s subsea-cable initiative;
- Start-ups and SMEs: the government intends to support start-ups through the dedicated **Start-Up Act** and a ten-year income-tax break;
- Economic space: establish a new high-tech **Special Economic Zone (SEZ)** with the goal to double goods exported to $3 billion within five years;
- Existing sectors: modernisation of manufacturing, agriculture and tourism through new legislation;
- Blue economy: increase investment in oceanic research, aquaculture and fisheries as a long-term growth frontier;
- Port development: leveraging the Government-to-Government (G2G) arrangement with **India** to develop an **Island Container Terminal** to position Mauritius as premier regional port.

The six pillars are ambitious and signal Ramgoolam's clear intent to move the island from a consumption-driven model towards a production-led, export-orientated and technology-enabling economy.

To consolidate fiscal expenditure, he announced that the **Basic Retirement Pension (BRP)** will be replaced with the **State Age Pension (SAP)** from 1 January 2027 (see below). The national pension system is a significant cost to the government; the system cost government Rs 57.8 billion ($1.17m) in the 2024/25 budget, with the number of beneficiaries reaching 279,559. The number of beneficiaries

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is set to grow due to Mauritius' aging population - as of 2026, almost 20% of the population is older than 60.

While Ramgoolam's speech did outline plans to increase economic growth and consolidate fiscal expenditure, it is not clear if it will be enough to sufficiently decrease public debt and curb the consequences of rising energy prices. Debt has been increasingly steady since 2023, from 81.8% of GDP to 86.5% in 2025 to the current 87.8%. The growing debt-to-GDP ratio holds significant consequences for the economy and government spending as government revenue is increasingly being directed to servicing debt rather than into productive investments such as healthcare and infrastructure development. The government increasing expenditure on both the national pension structure and debt servicing is placing significant strain on government finances.

With the above in consideration, the budget speech has forecast economic growth of 3.5% for the 2026/27 alongside headline inflation of 3.7% and a 5.7% unemployment rate. Whether these figures are to remain accurate is not only dependent on the success of the six-pillar plan but also on the escalation of the Middle Eastern conflict and global oil prices, which has significantly impacted the import-reliant island.

… including unpopular pension reforms

Ramgoolam announced significant changes to the national pension system, which will be replaced by the SAP from 1 January 2027. The SAP has the following three defining changes compared to the BRP:

- Flexible eligibility: while the standard pension age is 65, the programme offers a flexible pension age between 60 and 70. If a person draws from their pension fund earlier, it results in a 0.5% additional reduction per month while deferring the payment increases the pension with 0.75% per month after 65;
- Means testing: the SAP is now subject to a means test whereby all individuals do not receive equal payouts. Individuals with a monthly income below Rs 14,000 ($284.89) per month receives the full payout but the payouts taper up until the income ceiling of Rs 50,000 ($1,017.48) per month;
- Residency criteria: to benefit from the SAP a person must have resided in Mauritius for 15 years after the age of 40, with three of those years being immediately before retirement.

Furthermore, the government introduced the new **National Pension Fund Contributions (NPPF)**, which represents a significant increase in employer contributions to the national pension fund. Individuals earning up to Rs 50,000 ($1,017.48) per month need to contribute 1.5% of their monthly salary to the fund and employers need to contribute 7.5%. Individuals earning between Rs 50,000 and Rs 225,000 ($4,578.64) per month need to contribute 3% and the employer 10.5%.

While this is a significant overhaul of the public pension system with clear intentions to reduce state expenditure and consolidate fiscal expenditure, which is important to grow the economy, the public has criticised the decision, most notably arguing that the announcement should have been made as a standalone announcement and not part of the standard budget speech. The public feel that Ramgoolam did not treat the announcement with the sensitivity it deserves especially considering the changes brought forth such as tapering the monthly payouts per income brackets and the number of people impacted.

In response to the significant public criticism, Ramgoolam announced on 22 June that government would temporarily freeze the means testing aspect of the pension reform; in his statement, he outlined that he made the decision based specifically on the public's feedback. Whether amendments are to be made to the means testing or if this reform is to be completely dropped from the overhaul is yet to be seen.

Considering how residents already flagged rising living costs during the 2024 election, which has only increased with the Middle Eastern conflict, the reaction to the pension system change was to be expected. However, fiscal pressures also remain a real concern for the government and it is faced with the challenge of balancing fiscal consolidation while not alienating its voter base.

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Ethiopia Airways and Airlink create new direct flights to Mauritius

While the persistent conflict in the Middle East is a damper on the island's economic growth, it has also provided Mauritius with a strategic opportunity. Two airlines, **South Africa**-headquartered private airline, **Airlink**, and **Ethiopia**'s national carrier, **Ethiopia Airlines**, separately announced at the start of July that they will be launching new direct flight paths to Mauritius. Airlink announced that it is planning to provide direct flights from **Cape Town** to **Port Louis** by October 2026 and Ethiopia Airlines is planning to launch direct flights three times a week from **Addis Ababa** to Port Louis by end July.

Ease of access is an important part of growing the island's tourist sector. Geographically, Mauritius is located far from key markets such as **Europe**, and specifically **France**, where over 30% of tourist arrivals come from. South Africa is also a key regional tourist market for Mauritius, with 6% of arrivals coming from South Africa.

Ethiopian Airline's decision was also guided by the persisting conflict and is a net positive for its business. Previously, passengers from **India** and Europe would have a layover in **Dubai (United Arab Emirates)**, **Doha (Qatar)** or **Abu Dhabi** (UAE) to reach Mauritius but with continuous flight disruptions due to the conflict, this has become difficult. The new flight path is a way for Ethiopian Airlines to continue with its flights and unlock new business opportunities by channelling air traffic into their networks and airways. Mauritius will benefit from a boost to its all important tourism sector and increase overall accessibility to the island.

Planner

26-29 Jul 2026 **(Mauritius) 18th United States-Africa Business Summit**

Chronology

23-25 Jun 2026 **Port Louis (Mauritius)** *World Council of Churches.* The **World Council of Churches** hosts the **Religious for Peace 2026 International Council Meeting** in Mauritius;

18 Jun 2026 **Ebène (Mauritius)** *Government Information Services.* Foreign affairs minister, **Dhananjay Ramful**, launches the national workshop on the **Second Ten Year Implementation Plan (STYIP)** of the **Agenda 2063**, reconfirming Mauritius' commitment to fulfilling this vision;

17 Jun 2026 **Port Louis (Mauritius)** *Government Information Services.* Mauritius and **Côte d'Ivoire**'s departments of trade hold discussions to strengthen private sector collaboration between the two countries;

12 Jun 2026 **Port Louis (Mauritius)** *Bank of Mauritius.* The **Bank of Mauritius (BoM)** (central bank) intervenes on the domestic foreign exchange market and sells a total of $10m at a rate of Rs47.25/USD;

10 Jun 2026 **Antananarivo (Madagascar)** *L'Express*. Madagascar, the **Comoros**, **Mauritius**, and the **Seychelles** conclude seven years of negotiations with the **European Union (EU)** to finalise a landmark enhanced **Economic Partnership Agreement (EPA)**;

8 Jun 2026 **Port Louis (Mauritius)** *Reuters*. Government confirms it has received no official proposal from the **United States (US)** regarding a plan to purchase the **Chagos Islands**, following media reports that the US was drafting alternative options to the paused **United Kingdom (UK)** sovereignty deal;

7 Jun 2026 **Port Louis (Mauritius)** *Reuters.* The **United States (US)** announces that it is considering a plan to buy the **Chagos Islands** from Mauritius to bypass the **United Kingdom (UK)** and take control of **Diego Garcia**;

6 Jun 2026 **Port Louis (Mauritius)** *Anadolu Ajansi.* Mauritius bans travellers from the **Democratic Republic of Congo (DRC)**, **Uganda** and **South Sudan,** citing concerns over the **Ebola** outbreak;

1 Jun 2026 **Ebène (Mauritius)** *Tech Africa News.* Tech company **SIL** and **Mauritius Telecom** sign a memorandum of understanding between the two organisations to focus on innovation on the island digital services and focus on technology-driven growth;

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Please contact us by email info@africariskconsulting.com