

Mauritius: Selected Issues and Statistical Appendix

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**International Monetary Fund
Washington, D.C.**

INTERNATIONAL MONETARY FUND

MAURITIUS

Selected Issues and Statistical Appendix

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Approved by the African Department

November 10, 2005

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I. PREFERENTIAL TRADE ARRANGEMENTS AND THE EQUILIBRIUM REAL EXCHANGE RATE OF THE RUPEE¹

A. Introduction

1. **Mauritius has achieved high growth rates since its independence in 1968 and has become a middle-income developing country.** At independence, the economy was entirely dependent on the sugar crop, but its diversification into textile and clothing and tourism permitted sustained high growth and a favorable current account position. Despite fast growth in unit labor costs over the past three decades, the sugar and textile and clothing industries have remained competitive, partly because they have benefited from preferential trade arrangements in the EU (European Union) and United States markets. These arrangements have acted as implicit subsidies on the price of Mauritius's exports and have affected the real effective exchange rate by improving competitiveness.
2. **The empirical study described in the first part of the paper (sections B and C) shows that the equilibrium real exchange rate in Mauritius has indeed been affected by the terms of trade, as well as by other fundamental determinants, such as the current account, output, the interest rate, and the fiscal balance.** Furthermore, the study reveals that the real effective exchange rate (REER) has not been significantly misaligned over the past 25 years, indicating that the exchange rate policy has been appropriate.
3. **The second part of the paper (section D) assesses the challenges posed to Mauritius's trade performance by the expiration of the preferential trade arrangements.** The terms of trade are expected to worsen, which, in the absence of policy measures, would lead to a current account deficit and a weaker new equilibrium exchange rate. Policies that enhance competitiveness, contain inflation, and restrict the budget deficit would, however, reduce the depreciation of the equilibrium exchange rate and improve the underlying current account.

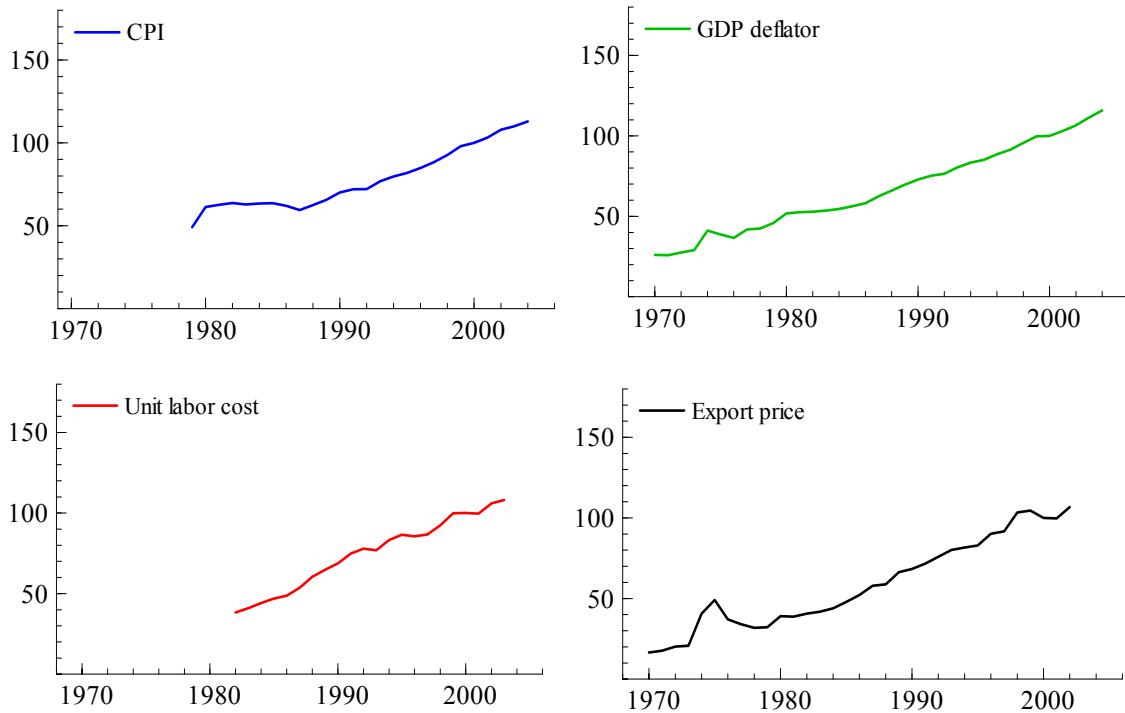
B. The Real Effective Exchange Rate, the Current Account, and the Fiscal Balance: Evidence 1970–2004

4. **During the past three decades, price inflation in Mauritius has been higher than in its trade partners.** The figure below plots price indices for Mauritius relative to an aggregate of countries with which it trades.²

¹ Prepared by Bergljot Barkbu.

² Mauritius's trading partners are (in decreasing order of importance) France, Germany, the United States, the United Kingdom, Japan, South Africa, Italy, Belgium, Singapore, the
(continued...)

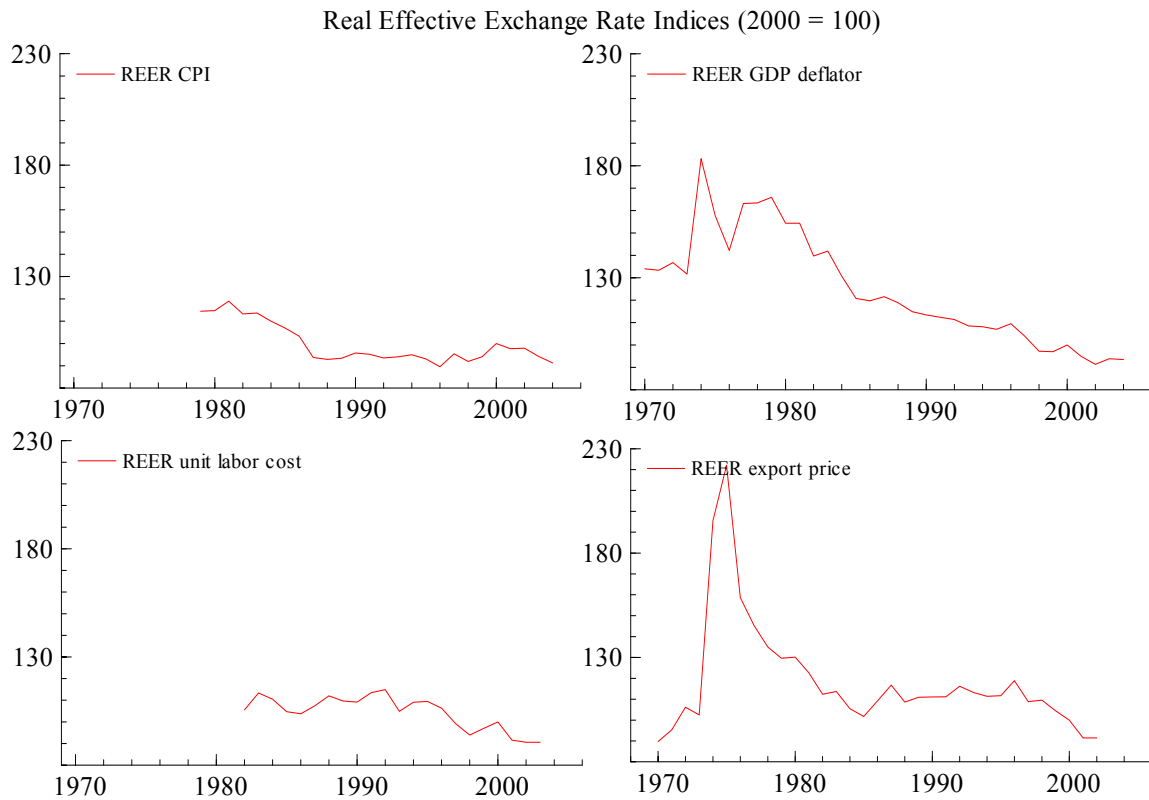
Relative Price, Mauritius' Prices in terms of those of its Trade Partners,
(Indices, 2000 = 100)



Source: International Financial Statistics, Information Notice System, and IMF Staff estimates.

5. **Despite Mauritius's rather high inflation rates compared to those of its trade partners, the developments of the real effective exchange rate suggest that competitiveness has increased over the past several decades.** Hence, the relative price increase has been more than offset by nominal depreciation. The figure below plots four measures of the real effective exchange rate in Mauritius, each of which shows a real depreciation. The exchange rates adjusted for inflation of consumer prices and unit labor costs reveal a more moderate real depreciation than do the GDP deflator and the export price. The latter two price measures also take into account traded goods and are hence more likely to reflect the favorable prices introduced by preferential trade arrangements.

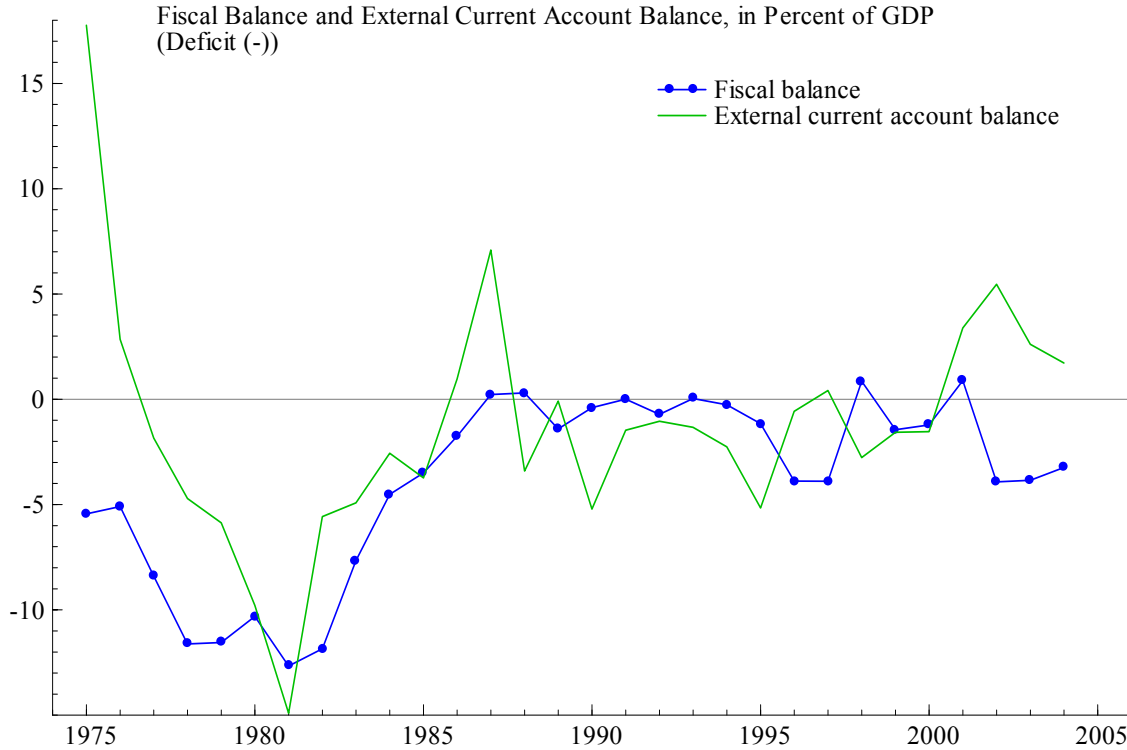
Netherlands, Taiwan Province of China, Hong Kong SAR, Spain, Switzerland, India, Korea, Canada, China, and Thailand.



Source: International Financial Statistics, Information Notice System, and IMF Staff estimates.

6. **Because of high export earnings, Mauritius has posted a sustained high domestic saving rate over the past several decades.** However, export revenues are expected to fall with the loss of preferential trade arrangements, and it is questionable whether Mauritius can maintain the saving rate at its current level. A lower saving rate could impede investment and economic growth prospects. The outlook is worsened by a large public deficit, which crowds out domestic investment because it is financed largely by domestic credit.

7. **A deterioration in the savings-investment position will be matched by a deterioration in the external current account, as the additional domestic consumption and investment goods will have to be imported from abroad.** As seen in the figure above, the fiscal deficit has been positively correlated with the current account deficit. Hence, a sustainable current account balance is intrinsically linked to a sustainable fiscal deficit. In the medium term, therefore, it is indispensable to limit the fiscal deficit in order to constrain the current account deficit.



Source: International Financial Statistics and World Economic Outlook.

C. The Macroeconomic Balance Approach

8. **The macroeconomic balance approach is used to find the equilibrium real exchange rate that is consistent with domestic and external balances, given the terms of trade subsidy implied by preferential trade arrangements.** The approach is based on the accounting identity that, at any point in time, equates a country's current account balance (CA_t) with the excess of domestic saving (S_t) over domestic investment (I_t):

$$CA_t \equiv S_t - I_t \tag{1}$$

where $S_t - I_t$ is a measure of the net outflow of saving. A current account deficit thus implies a net inflow of private and official capital, which again requires a surplus on the capital and financial account. The current account depends on factors affecting trade and income flows, such as the real exchange rate ($reer_t$), the terms of trade (tot_t), the level of aggregate demand (y_t), and other factors (z_t).

$$CA_t = \alpha_1 reer_t + \alpha_2 tot_t + \alpha_3 y_t + \alpha_4 z_t. \tag{2}$$

The lower the value of the exchange rate and the higher the terms of trade, the more competitive is the economy, which tends to improve the current account balance. The impact of aggregate demand is ambiguous, depending on whether import changes are offset by export changes.

9. **The domestic savings-investment balance is determined by domestic factors such as the interest rate (i_t), aggregate output (y_t), and the fiscal position (f_t).**

$$S_t - I_t = \beta_1 i_t + \beta_2 y_t + \beta_3 f_t + \beta_4 v_t. \quad (3)$$

A higher interest rate would encourage higher savings and lower investment, hence tending to improve the domestic savings net of investment position. Higher aggregate output would also be expected to have a positive impact on the domestic savings net of investment position. The government's savings net of investment position is directly affected by the fiscal balance, and would be positively related to the aggregate savings-investment position.

10. **The first step of the empirical method is to estimate a long-run model for the underlying current account position based on its long-run determinants (the real effective exchange rate, the terms of trade, and aggregate demand) as in equation (2).**³ The second step involves estimating an equilibrium savings-investment position, based on the long-run determinants given in equation (3). The third step is to calculate the real exchange rate that equilibrates the underlying current account position, obtained in the first step, with the long-run savings net of investment position, obtained in the second step.

11. **In the short run, the country's current account and savings-investment position, and the determinants of these positions are highly volatile variables.** In the long run, however, the variables are expected to converge to equilibrium relations. The long-run equilibrium in the external and domestic sector is estimated simultaneously in a vector error-correction model using annual data from 1980 to 2004.⁴ The estimated model, with standard errors and likelihood ratio test of the imposed restrictions can be found in the Appendix.

12. **The long-run equilibrium of the current account is estimated in a vector error-correction model with two vectors, to identify the impact of the long-run determinants on exports and on imports.** Exports, measured in terms of GDP, are found to be higher

³ The estimates are based on the cointegrated vector-autoregressive model, see Johansen (1995).

⁴ Unit root tests strongly confirm unit roots in all variables except for the interest rate, which is found to be borderline stationary.

when the economy is more competitive—that is, when the real exchange rate is lower and the terms of trade are higher:⁵

$$\text{exp}_t / \text{GDP}_t = -3.5 \times \text{reer}_t + 6.1 \times \text{tot}_t + 10.0. \quad (4)$$

13. **Imports are found to be lower when the rupee is strong and when terms of trade are unfavorable:**

$$\text{imp}_t / \text{GDP}_t = -0.8 \times \text{reer}_t + 4.0 \times \text{tot}_t. \quad (5)$$

14. **Combining equations (4) and (5) yields the equilibrium level of the real effective exchange rate as a function of the equilibrium level of the external current account:**

$$\text{reer}_t = 0.8 \times \text{tot}_t - 0.4 \times \text{ca}_t / \text{GDP}_t + 3.6. \quad (6)$$

While it is often found that exports decline when the exchange rate is strong, the finding that imports are negatively related to the real exchange rate is less frequent. It implies that the income effect is more important for imports than the substitution effect. The combined effect is, however, the expected negative relation between the real exchange rate and the current account.

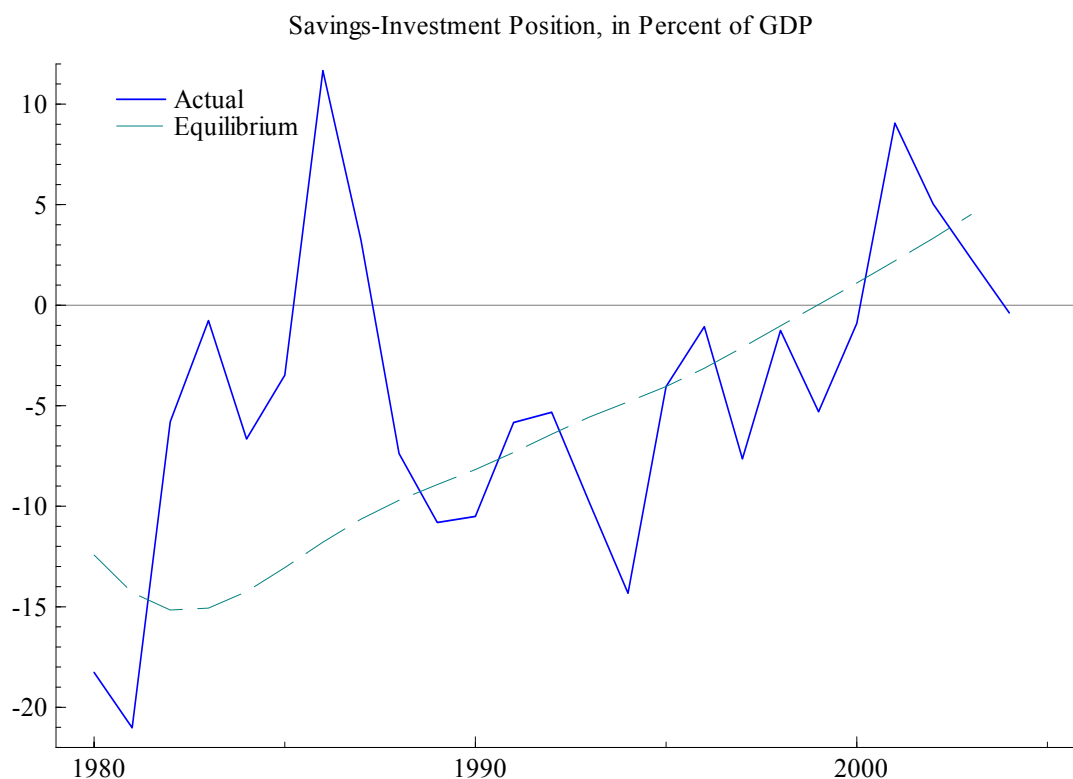
15. **The long-run equilibrium savings-investment position is assumed to depend on aggregate output, the interest rate, and the government's budget position.** The long-run equilibrium of the savings-investment position is equivalent to the long-run equilibrium of the current account balance and can be described as follows:

$$\text{ca} / \text{GDP}_t = 0.9 \times f / \text{GDP}_t + 0.1 \times i_t + 0.6. \quad (7)$$

16. **Hence, a 1 percent increase in the fiscal deficit leads to a 0.9 percent increase in the current account deficit (both in shares of GDP).** As expected, the interest rate has a positive impact on the savings-investment position.

⁵ The GDP deflator was chosen as the price measure because it (i) is a broad measure of inflation that includes traded prices and (ii) ensures the best empirical fit of the model.

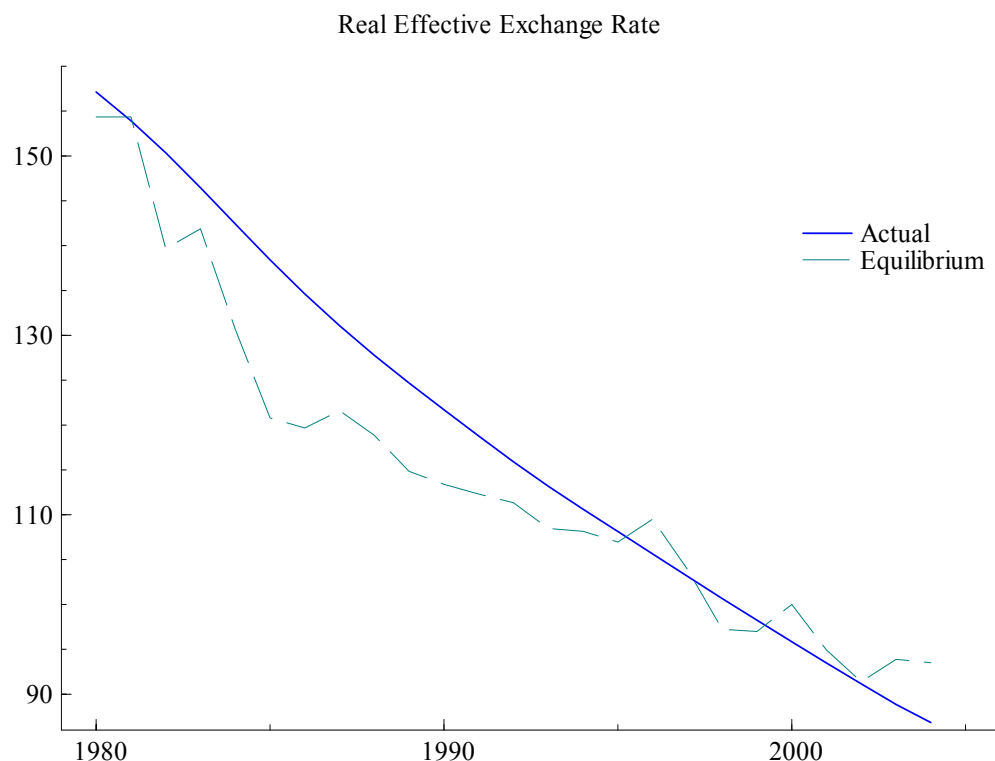
17. **To find the long-run equilibrium savings-investment position, the long-run stochastic trends of the variables are extracted with a Hodrick-Prescott filter and combined using equation (7).**



Source: International Financial Statistics and IMF Staff Estimates.

18. **We assume that the equilibrium savings-investment position is domestically determined, in accordance with the theoretical model.** Given the accounting identity in equation (1), it can substitute the equilibrium external current account balance. Together with the stochastic long-run trend of the terms of trade, this substitution determines the long-run equilibrium real effective exchange rate. Although the real effective exchange rate is currently stronger than the equilibrium exchange rate, it is not found to be significantly misaligned.

19. **The results suggest that, despite the terms of trade distortion introduced by the preferential trade arrangements, exchange rate policy in Mauritius has been adequate.** In the following section, the expected impact of, and appropriate policy response to, the reversal of the terms of trade is discussed.



Source: Information Notice System and IMF Staff estimates.

D. Competitiveness and the End of Preferential Trade Agreements

20. The expiration of quotas in world textile and clothing trade on January 1, 2005, and the upcoming phasing out of trade preference agreements for sugar exports to the EU are strongly affecting Mauritius's economy, given these sectors' importance (see Table 1).

Table 1. Mauritius: Contribution of the Export Processing Zone (EPZ) and sugar sector to GDP, Employment, and Exports

	2000/01	2001/02	2002/03	2003/04	2004/05
					Est.
Share in GDP					
EPZ	9.9	9.6	8.5	7.5	...
Sugar	4.0	3.9	3.5	3.5	...
Total	14.0	13.5	12.0	11.1	...
Share in employment					
EPZ	18.8	17.8	17.8	15.3	13.6
Sugar	6.8	6.4	5.0	4.5	4.4
Total	25.5	24.2	22.8	19.8	18.0
Share in exports of goods and services					
EPZ	42.4	39.3	36.8	35.3	29.7
Sugar	9.8	10.7	9.5	9.8	10.0
Total	52.3	50.0	46.2	45.1	39.6

Sources: Central statistics office; and IMF staff estimates.

21. **The mainly textile-based export processing zone (EPZ) was established in the late 1970s.**⁶ During the subsequent two decades, annual real growth rates of the EPZ averaged about 10 percent, and the EPZ became a cornerstone of the economy. During this period, Mauritius's EPZ industry benefited from the Multi-Fiber Agreement (MFA) which was more restrictive toward exports from countries with lower production costs than Mauritius. The phasing out of quotas under the World Trade Organization Agreement on Textiles and Clothing (ATC) started in 1995. However, the quotas for a large share of Mauritius' textile and clothing export products to the EU and the United States were in place until January 1, 2005.⁷ Therefore, Mauritius's textile and clothing export are expected to decline further.

22. **Mauritius is vulnerable to the expiration of the quotas under the ATC because (i) about 90 percent of its EPZ exports go to ATC countries⁸ (see Table 2) and (ii) its labor costs exceed those of its competitors that were previously restricted by the quotas (see Table 3).**

Low-cost textile and clothing produced in the People's Republic of China and India are expected to dominate the market in the ATC countries, lowering the world prices of these products. In the context of Mauritius's weak external competitiveness, the lower world prices would cause its share of global textiles and

Table 2. Mauritius: Total EPZ Exports by Country of Destination, 2001-04
(In percent)

	2001	2002	2003	2004
Total, in million of rupees	33,695	32,683	31,444	32,370
Europe	63	63	65	68
<i>France</i>	23	23	23	22
<i>United Kingdom</i>	21	23	25	28
Asia	1	2	1	3
Africa	8	5	6	6
America	27	30	28	24
<i>United States</i>	26	29	27	23

Source: Central statistics office.

Table 3. Textile and Apparel:
Hourly Compensation for Selected Countries, 2002 1/
(U.S. dollars)

	Textile Industry	Apparel Industry
Bangladesh	0.25	0.39
China, coastal area	0.69	0.88
China, other than coastal ar	0.41	0.68
India	0.57	0.38
Madagascar	...	0.33
Mauritius	1.33	1.25
Pakistan	0.34	0.41
Sri Lanka	0.40	0.48

Source: U.S. International Trade Commission.

1/ Including wages and fringe benefits.

⁶ Textile and clothing exports represent about 90 percent of EPZ exports.

⁷ Data from Eurostat for the EU and from the United States Office of Textiles and Apparel suggest that about 90 percent of exports were in the product categories for which quotas remained in place until January 1, 2005.

⁸ The United States, the EU countries, Canada, Norway, and Turkey were party to the ATC.

clothing exports to drop further.⁹

23. **The expiration of textile quotas at end-2004 has already strongly affected Mauritius's economy.** EPZ exports fell by 12 percent in the first quarter of 2005, compared with the same quarter of the previous year, inducing a marked deterioration of the trade balance. However, in anticipation of the expiration, EPZ production fell even more during the same period, by 21 percent, and enterprises shut down, resulting in a 13 percent fall in EPZ employment.

24. **The sugar sector in Mauritius is also likely to experience difficulties, because of the phasing out of preferential agreements for sugar exports to the EU.**¹⁰ These agreements guaranteed sugar prices at more than 300 percent of the world market price for a given quota. Mauritius's exports to the EU accounted for more than 95 percent of total sugar exports in 2004. Following a proposal from the EU Commission, the price of white sugar could be reduced by 39 percent over the next four years.

25. **The difficulties Mauritius' face in its textile and clothing and sugar sectors are likely to be compounded by the loss of preferential trade agreements with the EU and the United States.** Through its former status as a developing country, Mauritius was able to benefit from trade agreements that granted duty- and quota-free access for some products to the EU market (the agreements for African, Pacific, and Caribbean countries, APC) and the U.S. market (the African Growth and Opportunity Act, AGOA). As of 2001, Mauritius is no longer considered a least developed country for the EU; hence, it cannot participate in the Everything But Arms (EBA) Agreement. Furthermore, AGOA III states that Mauritius will not be able to benefit from least developed status in exports to the United States from 2008, implying that it will not be exempted from the third-country fabric provision.¹¹

26. **The government has initiated reforms to bolster the country's competitiveness in the textile and apparel and sugar sectors and to encourage the expansion of tourism, financial services, and information technology.** The outlook hinges on Mauritius's ability to improve efficiency and productivity, but its proven capacity to adapt to a changing economic environment, its strong institutions, and high level of human capital and social

⁹ In the medium run, the impact will be moderately dampened by the United States and the EU's recent temporary imposition of quotas on a number of Chinese textiles and clothing articles. These quotas will expire at end-2005 for the United States and at end-2007 for the EU, but may be reapplied.

¹⁰ The Special Preferential Sugar Agreement and the Cotonou Agreement with the EU will expire in June 2006 and in June 2007, respectively

¹¹ About half of Mauritius's textile and clothing exports to the United States are covered by the AGOA.

cohesion suggest that the country will be able to find ways to adopt its economic structure so as to ensure sustainable growth.

27. **If Mauritius does not implement macroeconomic policies, a deterioration of the current account as a result of a negative terms of trade shock would put downward pressure on the exchange rate.** If the real exchange rate is allowed to depreciate fully after a terms of trade deterioration, the ratio of the current account to GDP in the new equilibrium is unchanged, see Figure 1. However, if the real exchange rate is not allowed to depreciate (see Figure 2) the new equilibrium current account and the savings-investment position have to deteriorate.

Figure 1. The Real Exchange Rate Depreciates to Adjust to New Equilibrium

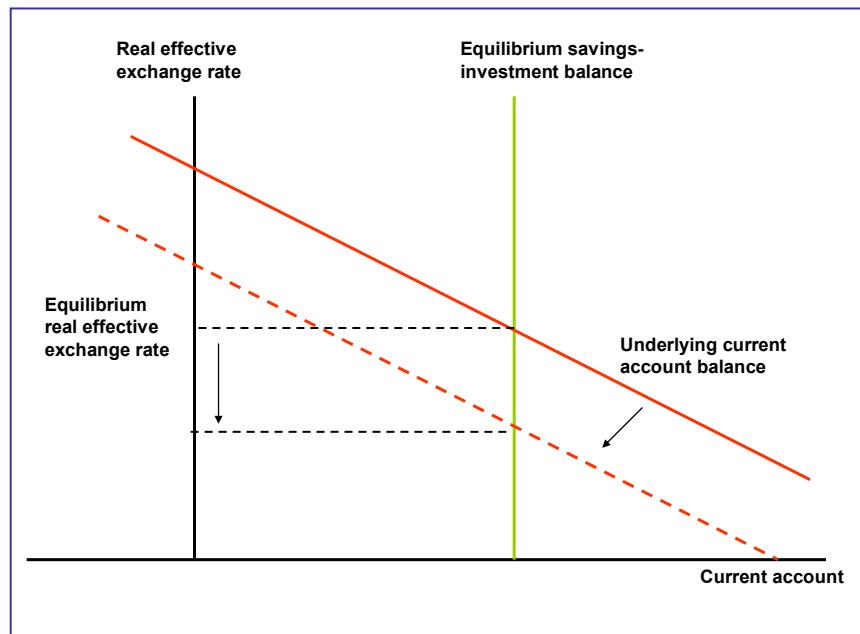
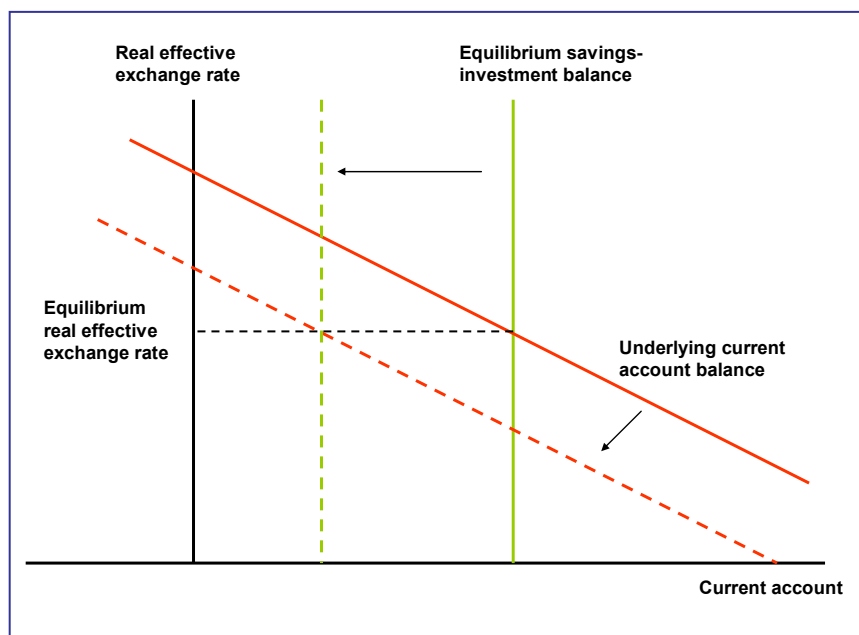


Figure 2. The Real Exchange Rate Does Not Depreciate to New Equilibrium



28. **The estimated equation (6) for the equilibrium real effective exchange rate shows that a terms of trade deterioration would put downward pressure on the exchange rate.** Given that exports are more sensitive than imports to terms of trade shocks, the external current account balance would be expected to weaken. Although the Bank of Mauritius's net international reserves are currently at a comfortable level, reserves clearly cannot finance a current account deficit resulting from a permanent fall in competitiveness. However, to prevent a significant exchange rate depreciation and loss of reserves, the authorities can adopt policies that improve the fundamental determinants of the real exchange rate.

29. **In accordance with the estimated model, monetary and fiscal policy can improve fundamentals and, hence, lessen the burden of adjustment on the real exchange rate.** First, in line with the estimated model, tight monetary policy through a high interest rate has a favorable impact on the current account. Tight monetary policy also makes assets denominated in domestic currency more attractive and therefore reduces downward pressure on the real exchange rate. Second, tight monetary policy contains domestic inflation and, hence, also tends to limit the need for the exchange rate to depreciate. Third, the fiscal balance positively affects the external current account position because changes in the fiscal position tend to have "non-Ricardian" effect. In particular, an increase in the fiscal surplus is not fully offset by a decline in private saving and therefore has a positive effect on the savings-investment balance.

30. **The adverse effect of the terms of trade deterioration can also be offset by measures that directly improve competitiveness.** First, productivity can be improved through investments, including in human capital through education and in new technologies. Second, productivity can be further enhanced through an easing of labor market regulations, which would provide workers with stronger incentive systems. A softening of regulations would also encourage investment, including foreign direct investment. Third, decentralization of the wage-setting system could strengthen the link between productivity and wages and avoid high wage inflation in less competitive sectors.

E. Conclusion

31. **The equilibrium real exchange rate in Mauritius is determined by the terms of trade, the current account, output, the interest rate, and the fiscal balance.** Over the past 25 years, the rate has not been significantly misaligned, indicating that the exchange rate policy has been appropriate. During this period, Mauritius's terms of trade have been positively affected by preferential trade arrangements for sugar and textile and clothing products.

32. **The end of privileged access poses a serious challenge to the macroeconomy, but an adequate policy response could prevent the real exchange rate from bearing the burden of adjustment.** Measures to restrict the fiscal deficit, keep monetary policy tight, improve productivity, and create a more competitive economy will be crucial to restore macroeconomic balances.

F. Appendix

Data from the International Financial Statistics

The data, with the exception of the real effective exchange rate, is taken from the International Financial Statistics (IFS) database.

The data for the external sector are exports and imports of goods and services as a share of GDP, the terms of trade, and the real effective exchange rate. All variables are in logarithms. Exports and imports of goods and services and gross domestic product are denominated in billions of current Mauritian Rupees. The terms of trade are defined as the ratio of the unit value of exports to the unit value of imports. The real effective exchange rate has been calculated using the data for Mauritius and its trading partners; GDP deflators and nominal exchange rates from the IFS database and trade weights from the Information Notice System. Mauritius trading partners are (in decreasing order of importance): France, Germany, the United States, the United Kingdom, Japan, South Africa, Italy, Belgium, Singapore, the Netherlands, Taiwan Province of China, Hong Kong SAR, Spain, Switzerland, India, Korea, Canada, People's Republic of China, and Thailand.

The additional data for the domestic sector are the money market rate (in basis points) and the budget deficit as a share of GDP.

Unit Root Tests

The augmented Dickey-Fuller test finds that all variables can be described as unit root processes, with the exception of the interest rate, for which the test cannot reject stationarity at the 1 percent significance level. In the table below * and ** denote significance at the 5 and 1 percent significance level, respectively.

	Level	First difference
Imports/GDP	-1.66	-4.16 **
Exports/GDP	-2.35	-5.21 **
Terms of Trade	-1.57	-3.98**
Real Effective Exchange Rate	-2.42	-6.03 **
Money Market Rate	-4.51**	-6.74 **
Budget Surplus/GDP	-2.19	-4.96 **

Residual Misspecification Tests

Despite the short sample, the residuals are well-behaved. The normality test consists in testing whether the skewness and kurtosis of the variables corresponds to that of a normal distribution. It rejects normality for the vector for the terms of trade series, but this is however not sufficient to induce rejection of normality for the system. The ARCH (Auto Regressive Conditional Heteroscedasticity) test cannot reject normally distributed residuals.

Vector	Normality	ARCH
Export/GDP	$\chi^2(2) = 2.11 (0.35)$	F(1,15) = 0.03 (0.87)
Import/GDP	$\chi^2(2) = 3.48 (0.18)$	F(1,15) = 0.02 (0.89)
Real Effective Exchange Rate	$\chi^2(2) = 0.31 (0.85)$	F(1,15) = 0.43 (0.52)
Terms of Trade	$\chi^2(2) = 15.60 (0.00) **$	F(1,15) = 0.22 (0.65)
Interest Rate	$\chi^2(2) = 0.68 (0.71)$	F(1,15) = 0.87 (0.37)
Deficit/GDP	$\chi^2(2) = 0.20 (0.90)$	F(1,15) = 0.07 (0.80)
System	$\chi^2(12) = 19.45 (0.08)$	n.a.

Estimated Model

The sample is 1980 to 2004.

	Export/GDP	Import/GDP	REER	Terms of Trade	Deficit/GDP	Interest Rate	Constant
$\chi^2(2) = 20.00 (0.17)$							
β_1	1.00 (0.00)	0.00	3.55 (0.76)	-6.12 (3.66)	0.00	0.00	-10.02 (1.13)
β_2	0.00	1.00 (0.00)	0.79 (0.24)	-3.99 (1.17)	0.00	0.00	0.00
β_3	1.00 (0.00)	-1.00 (0.00)	0.00	0.00	-0.87 (0.22)	-0.06 (0.01)	-0.64 (0.10)
α_1	0.01 (0.00)	0.32 (0.05)	0.05 (0.05)	0.00	0.00	0.00	
α_2	0.00	-0.95 (0.14)	-0.22 (0.20)	0.00	0.00	0.00	
α_3	-0.26 (0.08)	0.00	0.00	0.00	-16.5 (2.70)	0.00	

II. INFLATION AND MONETARY POLICY IN MAURITIUS¹²

A. Introduction

1. **Inflation forecasting, which is a crucial input in any inflation targeting (IT) regime, is still rudimentary in Mauritius.** The Bank of Mauritius (BOM) is developing a medium-term analytical framework specifying the monetary transmissions of monetary policy. An IMF study modeled the demand for real money balances in Mauritius¹³ but did not derive the implications of the model for the determination of inflation and for monetary policy purposes.
2. **The goal of this paper is to start filling this gap.** It examines the empirical relationship among domestic prices, money, foreign prices and the nominal exchange rate in Mauritius and whether the BOM's interventions in the foreign exchange market influenced the conduct of monetary policy. The paper also derives policy implications that are applied to Mauritius' current challenges: the removal of external trade preferences and the planned adoption of a full-fledged IT regime.
3. **The paper is organized as follows:** Section B is a brief overview of Mauritius' inflation, monetary and exchange rate policies and instruments during the period under analysis (1977:Q2 to 2004:Q4). Section C presents and estimates a model for the determination of domestic prices. The main findings and policy implications are presented in section D and E.
4. **The main findings are as follows:**
 - The pass-through of changes in the nominal exchange rate to changes in domestic prices is moderate. This is consistent with the BOM's previous findings and with the existence of administered prices; however, the recent partial liberalization of domestic petroleum product prices is an important reason to expect a higher pass-through in the immediate future;
 - a one percent shock to money supply would increase prices by 0.70 percent,
 - income elasticity of real money demand is very high, reflecting the process of financial deepening in Mauritius during the period under analysis; a one percent increase in real income would increase real money demand by 2.33 percent;
 - money supply was found to be endogenously determined. This finding is consistent with a focus on achieving exchange rate goals.

¹² Prepared by Liliana Schumacher. This paper was presented at a seminar attended by the BOM Deputy Governor and staff.

¹³ Khandelwal (2002). This study covered the period 1976:Q1 to 2001:Q2.

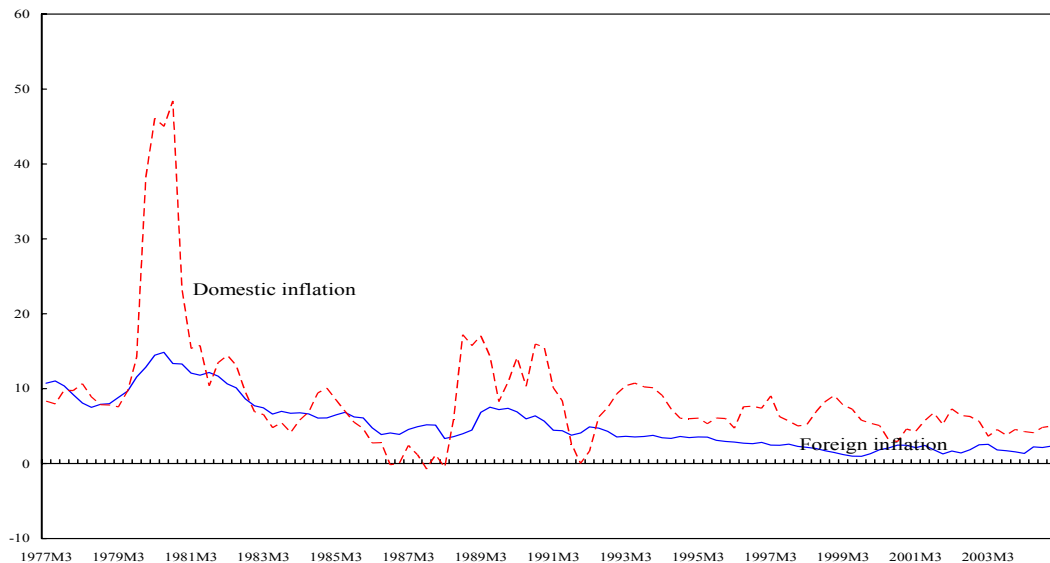
5. **The main policy implications are as follows:**

- the positive correlation between exchange rate movements (and money supply) and domestic prices is the basis for recommending some tightening of monetary policy to counteract inflationary pressures, derived from the removal of trade preferences, the depreciation of the rupee and higher world oil prices;
- an important precondition for a successful adoption of a formal IT regime would be to limit BOM interventions in the foreign exchange market to smoothen out short term volatility. This would avoid adopting potentially contradictory (and in the end self-defeating) goals in the foreign exchange and money markets and would increase the efficiency of current instruments of monetary policy.

B. Background

6. **Mauritius' inflation has decreased over time, as a result of an increased commitment by the BOM to price stability, and the introduction of more efficient instruments of monetary policy.** However, it remains above inflation in trade partner countries. Although the BOM has started to announce inflation targets in 1998/99, Mauritius has been identified as an “inflation targeting lite” (ITL) country, in light of its specific mix of exchange rate and monetary policies.

Figure 1. Mauritius. Domestic Inflation and Inflation in Trade Partner Countries.



Sources. Bank of Mauritius, IMF, International Financial Statistics and staff estimates. (M3= March).

7. **Since its creation in 1967, the BOM has been concerned with price stability. However, during its first years, as in most countries at that time, price stability was not its overriding policy goal.**¹⁴ The BOM gave high priority to an exchange rate policy that could ensure the competitiveness of Mauritius' export sectors. More recently, the BOM has increasingly focused on price stability. In its 1996/97 annual report, the BOM began announcing an inflation target for the subsequent year.

Table 1. Mauritius. Inflation Targets (for one-year-ahead) and actual (year-to-year) inflation (in percent)

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Target inflation	8.0	6.0	8.0	6.0	5.0-5.5	6.0	6.0	5.0	4.0
Actual inflation	7.9	5.4	7.9	5.3	4.4	6.3	5.1	4.1	5.6

Source: Sacerdoti and others (2005)

8. **The implementation of monetary policy in Mauritius has evolved from a strong reliance on direct monetary instruments, such as credit ceilings, to a gradual introduction of market-based instruments.** Weekly auctions of treasury and BOM bills were introduced in 1991. In 1993 the BOM introduced a framework for the programming of reserve money and the forecasting of liquidity. A signaling rate was introduced in 1994.¹⁵

9. **Although the exchange rate policy has also become more liberal over time, the BOM still intervenes in the foreign exchange market.** In 1983, Mauritius moved from a fixed to a managed exchange rate regime, and the BOM has continued intervening in the foreign exchange market through sales, purchases, and repurchase agreements (repos) of U.S. dollars.¹⁶ Given the size of the net interventions in terms of the monetary aggregates, their impact on monetary aggregates, on the adoption of high inflation targets (relatively to

¹⁴ The BOM Act (1981) did not ascribe any specific mandate to the central bank. The new BOM Act (2004) states that “the primary object of the Bank shall be to maintain price stability and to promote orderly and balanced economic development...”

¹⁵ The signaling rate was the “Bank” rate between 1994 and 1999, and the Lombard rate thereafter. The “Bank” rate was a weighted average of interest rates at primary auctions of treasury bills. The Lombard facility is an overnight loan made available by the BOM to banks with liquidity shortages.

¹⁶ Repos of U.S. dollars started in April 2004.

inflation rates in trade partner countries), and on achieving the targets cannot not be disregarded.¹⁷

10. **Stone (2003) explains that ITL should be understood as a transitional regime designed to buy time for the authorities to implement the structural reforms needed for a single credible nominal anchor.** During this time, ITL countries float their exchange rate and announce an inflation target but are not able to maintain the inflation target as their foremost policy objective.¹⁸

Table 2. Mauritius. Bank of Mauritius' Interventions in the Foreign Exchange Market

	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
1. Sales of U.S. dollars									
in millions of U.S. dollars	392.1	252.4	126.6	94.0	118.3	19.0	0.0	0.0	179.8
in percent of M1	87.6	60.0	29.8	21.8	27.5	4.1	0.0	0.0	24.7
2. Purchases of U.S. dollars									
in millions of U.S. dollars	38.9	37.0	11.0	15.7	0.0	21.1	189.0	68.0	0.0
in percent of M1	8.7	8.8	2.6	3.6	0.0	4.6	33.7	9.8	0.0
3. Net sales of U.S. dollars (#1 - #2)									
in millions of U.S. dollars	353.2	215.4	115.6	78.3	118.3	-2.1	-189.0	-68.0	179.8
in percent of M1	78.9	51.2	27.3	18.2	27.5	-0.5	-33.7	-9.8	24.7

Sources: BOM and IMF staff estimates

C. Methodology and Data

11. **In a small open economy like Mauritius, inflation is expected to be influenced by both monetary and external factors in the long run.** The purchasing power (PPP) theory suggests that arbitrage in goods markets in different countries ensures that domestic price levels are equal to foreign price levels, once all prices are converted into a common currency.

$$(1) p = q - e;$$

where p is Mauritius's CPI index; e is the nominal effective exchange rate; and q is a weighted average of CPI indexes in Mauritius' trade partners

$$(2) m^s - p = m^d(y, i^m, i^{nm}),$$

¹⁷ The BOM has implicitly recognized the difficulties it encounters as a result of overlapping policy goals and insufficient coordination between monetary and fiscal policies. For example, see the BOM annual report 2003/04, page 39, and Punchoo (2004).

¹⁸ See also Yao and Porter, 2005.

Equilibrium in the domestic money markets would ensure that the real money supply ($m^s - p$) would be equal to the real money demand $m^d(y, i^m, i^{nm})$, defined as a positive function of real income (y) and the interest rate on domestic monetary assets (i^m); and as a negative function of the interest rate on nonmonetary assets (i^{nm}). Domestic monetary assets were defined as deposits in rupees for up to one year (*depav*). One-year domestic treasury bills (*TB*) and one-year deposits in U.S. dollars in the London interbank market (*L*) are used as competing nonmonetary assets. Summing up, the proposed long-run relations are as follows:

$$(1') \quad p = a_1 e + a_2 q \quad \text{and}$$

$$(2') \quad p = b_1 y + b_2 m_2 + b_3 i^{depav} + b_4 i^{TB} + b_5 i^L,$$

12. **Some distortions to the relations defined above are also expected from the existence of administered prices on about one third of the items in the consumer price index (CPI) basket items.**¹⁹ The main administered prices were: petroleum products, liquefied petroleum gas (LPG), flour and rice, whose importation and domestic commercialization has been monopolized by the State Trade Corporation (STC).

13. **The analysis of the time series properties of the variables indicated above suggest that an error-correction representation should be used to estimate the long-run relations among the variables, as well as their short-term responses to specific shocks.** The intuition of this approach is that prices change over time in response to deviations from long-term equilibria in the goods and money markets. The vector auto-regression (VAR) included two lags to capture the short-term dynamics of inflation. All the variables are expressed in logs except interest rates. This study used quarterly data for the period 1977:Q2 to 2004:Q4.

D. Long-Term Relations

14. **The restricted coefficients obtained were as follows:**²⁰

$$(1'') \quad p = -0.23e + 0.89q \quad \text{and}$$

$$(2'') \quad p = -1.7y + 0.74m_2 - 0.014 i^{depav} + 0.007 i^{TB} + 0.001 i^L$$

¹⁹ Most of these prices are still regulated by the Government. In April 2004, an Adjustment Tariff Mechanism (ATM) was introduced, to quarterly adjust domestic petroleum product prices in line with world market prices.

²⁰ The restrictions imposed are zero coefficients for y , m_2 and the interest rates on deposits, *TB* and *L* in equation 1'' and zero coefficients for e and q in equation 2''.

All the coefficients have the right sign and are significant at the 1 percent level, except Libor. The model rejects PPP for Mauritius in equation (1''): a depreciation (appreciation) of the exchange rate increases (decreases) domestic prices by less than the nominal depreciation in the long run; a decrease (increase) in foreign prices, decreases (increases) domestic prices by about 90 percent of the foreign price change. The less-than-perfect pass-through mechanism is consistent with previous findings by the BOM and with the existence of administered prices. Equation (2'') indicates, that in the long-term, 74 percent of the increase in broad money will be reflected in price increases.

15. **When the coefficient on $m2$ is restricted to 1 in equation (2'''), this equation has all the properties of a real money demand function** in that real money demand is positively related to output, negatively related to the return of nonmonetary assets and positively related to the return of monetary assets.

$$(2''') \quad m - p = 2.32y + 0.021 i^{depav} - 0.01 i^{TB} - 0.001 i^L$$

The estimated income elasticity of real money demand is 2.32. This implies that on average the increase in the demand for broad money has been more than twice the increase in real output, which reflects the speed at which financial deepening has taken place in Mauritius.²¹

E. Policy Implications and Short-Term Dynamics of Adjustment

16. **To draw policy conclusions, the issue of whether the variables should be treated as (weakly) exogenous or endogenous and how they interact in the short term becomes important.** The analysis of the adjustment parameters indicates that prices are endogenously determined in both equations; that is, prices adjust to restore deviations from long-term equilibria in both the goods and money markets. As expected, foreign prices, broad money, and the interest rates are (weakly) exogenous²² in the first equation.

17. **One important finding is that $m2$ was found to be endogenous in the money demand equation, which is consistent with a policy focus on the exchange rate as well as with possibly insufficient coordination between fiscal and monetary policies.** The importance given to the real exchange rate has motivated the BOM's large (as a proportion

²¹ These results are consistent with Khandelwal (2002), except that she found an statistically significant impact of Libor on real money demand.

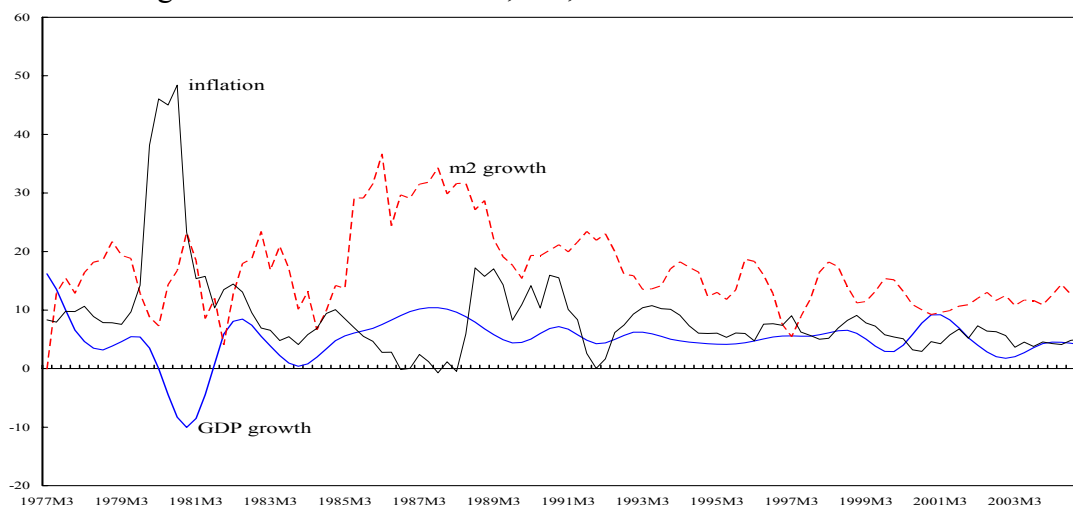
²² A variable is said to be weakly exogenous when it does not react to a movement away from the long term equilibrium represented by equations (1'') and (2'')

of monetary aggregates) interventions in the foreign exchange market. Insufficient coordination between monetary and fiscal policy has also been observed at times.²³

18. **Output was found to be endogenous in the real demand function whereas interest rates were found to be (weekly) exogenous.** The endogeneity of *m2* and output draws attention to the need to model these two variables explicitly in order to have a more accurate picture of feed-backs and interactions. The exogeneity of interest rates in the money demand equation is consistent with a deliberate tightening of monetary policy in response to pressures on prices.

19. **The analysis of the short-term dynamics of the adjustment indicates that most of the total impact on domestic prices of a shock to the nominal effective exchange rate would take place during the first five quarters.** A positive shock to money (an increase in money supply) would lead immediately to a temporary increase in output and, in about five quarters, to price increases.

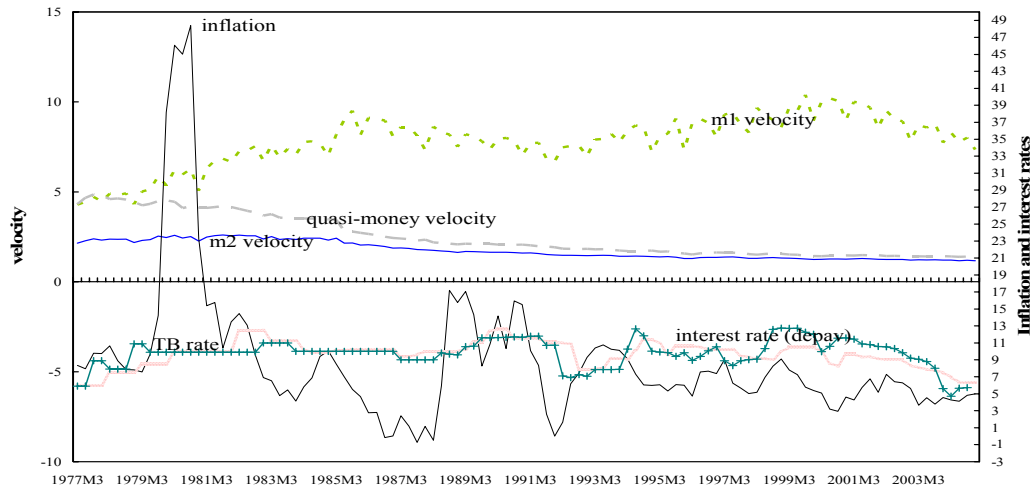
Figure 2. Mauritius: Inflation, M2, and Real GDP Growth Rates.



Sources. Bank of Mauritius; and IMF staff estimates.

²³ For example, during 2003/04 (and apart from the BOM interventions in the foreign exchange market (Table 2)), monetary aggregates were influenced by the 91 percent increase in central bank credit to the government, as a result of a large drawdown of government deposits at the BOM. As a consequence, banks held considerable excess liquidity that made it difficult for the BOM to conduct monetary policy (see BOM annual report, 2003/04).

Figure 3. Mauritius. Velocity of Monetary Aggregates, Interest Rates and Inflation



Sources: Bank of Mauritius, and IMF staff estimates.

F. Conclusions and Policy Recommendations

20. **Like Kandheval (2002), we found that there is a stable relationship among broad money, income, and a set of interest rates over the sample period in Mauritius.** The apparent stability of real money demand makes it a useful indicator for policy. However, the endogeneity of broad money (and output) in the money demand equation draws attention to the need to model these two variables explicitly in order to have a more accurate picture of feed-backs and interactions.

21. **As expected, inflation in Mauritius is determined by domestic and external factors. However, the pass-through mechanism is affected by the existence of administered prices.** Changes in the nominal exchange rate and in money supply are not fully reflected in the CPI. To follow up on these findings, studies of the response of subsets of prices to shocks to the exchange rate or the money supply would be appropriate. The income elasticity of real money demand is very high, reflecting the increased willingness of the Mauritian population to hold broad money, as confidence in the banking system grew over time.

22. **The results of this paper also reflect the priority given to the exchange rate policy during the period under analysis.** The endogeneity of broad money is consistent with a monetary-exchange rate policy that has prioritized a certain real exchange rate level.

23. **Full adoption of an inflation targeting regime in the future would require to switch (from the present managed float) to a freely floating exchange rate regime, with interventions in the foreign exchange market only motivated by short-term volatility. At**

present, Mauritius's monetary policy has many of the features that characterize an inflation targeting regime (Box 1), in particular, its long tradition of strong independent public institutions, including an independent central bank; a highly developed banking sector; and a reliable production of the macroeconomic data necessary for inflation forecasting. However, substantive work lies ahead in order to lay the foundation of a successful inflation targeting framework (Box 2).

Box 1. What is Inflation Targeting?

Inflation targeting has been described by Mishkin (2004) as comprising five elements: 1) the public announcement of medium-term numerical targets for inflation; 2) an institutional commitment to price stability as the primary goal of monetary policy, to which other goals are subordinated; 3) a model in which many variables, and not just monetary aggregates or the exchange rate, are used for deciding the setting of policy instruments; 4) increased transparency of the monetary policy strategy through communication with the public and the market about the plans, objectives and decisions of the monetary authorities; and 5) increased accountability of the central bank for attaining its inflation objectives. The list clarifies that inflation targeting entails more than a public announcement of numerical targets for inflation for the year ahead. This is important for emerging market countries, many of which routinely report numerical inflation targets or objectives as part of the government's economic plan for the coming year. However, their monetary policy strategy should not be characterized as inflation targeting, which requires the other four elements to be sustainable over the medium term.

Box 2. Recommended Preconditions for the Implementation
of a Successful Inflation Targeting Regime²⁴

Before launching a full-fledged inflation targeting regime, Mauritius needs to lower its fiscal deficits and debt; improve the coordination between fiscal and monetary policies; implement the structural reforms necessary to help the economy recover from the real terms of trade shock represented by the removal of trade preferences; undertake additional efforts to increase the deepening of financial markets, in particular the money market; and refine its set of monetary instruments.

The literature has agreed on the conditions that need to be in place in countries that wish to implement a formal inflation targeting framework:

Monetary policy should not be dominated by fiscal priorities. Therefore, the government should raise the bulk of its funding in financial markets. Institutional arrangements can help contain concerns that fiscal deficits might be monetized by the central bank (for example, the use by the central bank of treasury bills' secondary market instead of the primary market for monetary purposes).

Exchange rate objectives must be clearly subordinated to the inflation target. The central bank should make clear that foreign exchange market interventions and changes in the policy interest rate intended to influence the exchange rate are designed only to smooth the effects of temporary shocks. If a country's external position requires corrections, it should be dealt with through fiscal policy or structural policies.

The financial and corporate sectors should be sound enough to enable the authorities to pursue the inflation target and not be sidetracked by concerns about systemic defaults. Issues that could interfere with the implementation of monetary policy are the probability of a large bail-out of financial institutions, a large debt burden of bank clients, and excessive foreign exchange exposure of banks and/or bank clients. These weaknesses may be reinforced by interest rate increases or a depreciation of the exchange rate and constraint monetary policy choices.

Financial markets should be well developed. They should be able to enable monetary policy to be implemented using market-based instruments and ensure that the conduct of monetary policy is not complicated by weaknesses in financial market infrastructure. Deep and liquid financial markets help to absorb shocks and contribute to the transmission of monetary policy.

Existence of proper tools to implement monetary policy in support of the inflation target. A central bank should be in a position to influence inflation through its policy instruments and have a reasonable understanding of the links between the stance of policy and inflation.

²⁴ This box follows Carare et al (2002) and Mishkin (2004).

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Table 1. Mauritius: GDP Real Growth Rates by Industrial Origin, 2000-04

	2000	2001	Rev. Est. 2002	Prov. 2003	Prov. 2004
	(Annual change in percent)				
Agriculture, forestry, hunting, and fishing	33.0	7.0	-15.9	1.5	5.7
Sugarcane growing	64.5	9.9	-25.0	3.1	6.5
Other agriculture	11.2	4.0	-6.1	0.1	5.0
Mining and quarrying	2.3	-6.0	-49.2	1.6	0.0
Manufacturing	9.4	4.7	-3.3	-0.2	0.1
Sugar milling	64.6	9.9	-25.0	3.2	6.5
Export processing zone	6.0	4.4	-6.0	-6.0	-6.8
Other manufacturing	7.0	4.1	4.2	5.8	6.0
Electricity, gas, and water	16.7	10.6	2.3	5.8	2.6
Construction	9.1	5.2	6.3	10.2	-0.2
Wholesale and retail trade, repairs, and personal and household goods	2.2	3.2	3.2	1.3	4.2
Wholesale and retail trade	2.0	3.0	3.0	1.0	4.0
Other retail services	8.4	8.1	8.4	8.3	8.2
Hotels and restaurants	12.2	1.2	3.1	3.0	2.4
Transport, storage, and communications	13.2	9.1	7.6	7.0	6.7
Financial intermediation	19.8	-6.5	4.5	6.1	5.9
Insurance	5.0	4.9	5.0	5.0	5.0
Banking and other (including offshore)	24.8	-9.7	4.3	6.4	6.2

Table 1. Mauritius: GDP Real Growth Rates by Industrial Origin, 2000-04 (continued)

Real estate, renting, and business activities	7.2	7.6	6.0	6.1	6.2
Ownership of dwellings	6.1	6.7	6.3	5.4	5.2
Other	8.6	8.7	5.5	6.9	7.4
Public administration, defense, and social security	4.4	3.9	6.1	5.6	4.4
Education	8.8	4.0	6.1	4.8	6.4
Health and social work	6.0	5.5	9.0	6.8	7.4
Other services	6.1	5.7	6.5	6.3	7.6
Imputed bank service charges	27.2	-14.5	1.7	7.2	3.2
GDP at basic prices	10.0	5.7	1.8	4.0	4.0
Taxes on products (net of subsidies)	4.4	-15.4	2.1	3.5	9.1
GDP at market prices	9.3	3.1	1.9	3.9	4.5

Source: Central Statistics Office, *National Accounts of Mauritius*.

Table 2. Mauritius: GDP at Current Prices by Industrial Origin, 2000-04

	2000	Rev. Est. 2001	Rev. Est. 2002	Prov. 2003	Prov. 2004
(In millions of Mauritian rupees)					
Agriculture, forestry, hunting, and fishing	7,328	8,596	7,909	8,588	9,444
Sugarcane growing	3,741	4,646	3,913	4,370	4,890
Other agriculture	3,587	3,950	3,996	4,218	4,554
Mining and quarrying	163	156	81	84	87
Manufacturing	24,701	27,422	28,227	29,640	31,850
Sugar milling	840	1,436	1,270	1,418	1,587
Export processing zone	12,523	13,681	13,603	13,171	13,134
Other manufacturing	11,338	12,305	13,354	15,051	17,129
Electricity, gas, and water	1,820	2,634	3,012	3,409	3,597
Construction	5,899	6,442	7,168	8,269	8,775
Wholesale and retail trade and other retail services	12,810	13,532	14,728	15,204	16,712
Wholesale and retail trade	12,260	12,902	13,997	14,357	15,736
Other retail services	550	630	731	847	976
Hotels and restaurants	6,872	8,693	8,923	9,427	11,302
Transport, storage, and communications	13,594	15,180	16,908	18,556	19,883
Financial intermediation	9,922	10,323	11,506	13,116	14,724
Insurance	2,400	2,851	3,251	3,750	4,200
Banking and other (including offshore)	7,522	7,472	8,255	9,366	10,524

Table 2. Mauritius: GDP at Current Prices by Industrial Origin, 2000-04 (continued)

Real estate, renting, and business activities	9,341	10,524	11,707	12,971	14,547
Ownership of dwellings	4,733	5,244	5,836	6,439	7,198
Other	4,608	5,280	5,871	6,532	7,349
Public administration, defense, and social security	7,043	7,483	8,140	9,409	10,571
Education	4,761	5,112	5,603	6,280	7,093
Health and social work	3,106	3,360	3,812	4,423	5,105
Other services	3,498	3,790	4,265	4,839	5,390
Imputed bank service charges	-5,947	-5,731	-6,246	-7,118	-7,784
GDP at factor cost	104,911	117,516	125,743	137,097	151,296
Sugar	4,581	6,082	5,183	5,788	6,477
Nonsugar	100,330	111,434	120,560	131,309	144,819
Net indirect taxes	15,085	14,613	17,059	19,806	23,172
GDP at market prices	119,996	132,129	142,802	156,903	174,468

Source: Central Statistics Office, *National Accounts of Mauritius*.

Table 3. Mauritius: Real Growth Rates of Expenditure on GDP, 2000-04

	Rev. Est. 2000	Rev. Est. 2001	Prov. 2002	Prov. 2003	Prov. 2004
	(Annual change in percent)				
Consumption	4.0	3.3	3.5	4.2	4.6
Private	3.5	3.0	3.0	4.5	4.5
Government	6.5	4.7	5.8	2.8	4.8
Gross fixed capital formation	-7.9	2.8	1.9	10.0	5.5
Private	1.1	-2.6	2.1	-2.3	11.8
Public 1/	-25.4	16.9	1.4	37.3	-4.6
Exports	4.1	15.4	-12.0	-3.8	4.0
Goods, f.o.b.	2.7	12.8	-11.4	-5.9	1.5
Nonfactor services	6.3	19.4	-13.0	-0.7	7.5
Imports	-1.9	3.2	-3.4	-3.2	5.8
Goods, f.o.b.	-5.5	0.9	-3.0	-4.4	4.6
Nonfactor services	8.8	9.4	-4.2	-0.1	8.6
GDP at market prices	9.2	5.3	1.7	4.2	4.5

Source: Central Statistics Office, *National Accounts of Mauritius*.

1/ Includes purchases of ships and/or aircraft.

Table 4. Mauritius: Expenditure on GDP at Current Prices, 2000-04

	Rev. Est. 2000	Rev. Est. 2001	Rev. Est. 2002	Prov. 2003	Prov. 2004
(In millions of Mauritian rupees)					
Consumption	90,725	98,285	108,121	119,471	135,259
Private	73,812	79,977	88,077	97,116	110,924
Government	16,913	18,308	20,045	22,355	24,336
Gross fixed capital formation	28,657	29,658	31,921	34,978	38,137
Private	19,940	20,618	21,232	22,722	25,082
Public 1/	8,718	9,040	10,689	12,256	13,055
Increase in stocks	2,576	-2,375	-179	1,679	4,300
Net exports	-563	3,957	3,550	1,067	-3,061
Exports	71,491	80,064	85,492	89,831	97,972
Goods, f.o.b.	42,034	46,580	50,593	53,740	56,302
Nonfactor services	29,457	33,484	34,900	36,091	41,670
Imports	72,053	76,107	81,942	88,764	101,033
Goods, f.o.b.	51,694	53,157	58,004	63,316	71,576
Nonfactor services	20,359	22,950	23,939	25,448	29,457
GDP at market prices	121,395	129,524	143,413	157,195	174,635
Memorandum items:					
Domestic savings	30,671	31,239	35,292	37,724	39,376
Domestic investment	31,233	27,283	31,742	36,657	42,437
Resource gap	563	-3,957	-3,550	-1,067	3,061

Source: Central Statistics Office, *National Accounts of Mauritius*.

1/ Includes purchases of ships and/or aircraft in 1999 and 2001.

Table 5. Mauritius: Real Growth Rates of Gross Domestic Fixed Capital Formation, 2000-04

	2000	2001	Rev. Est. 2002	Rev. Est. 2003	Rev. Est. 2004
	(Annual change in percent)				
Gross domestic fixed capital formation	-8.2	2.7	-0.1	10.3	1.5
By type of capital good					
Residential building	7.3	5.0	-6.4	4.6	-2.8
Nonresidential building	11.2	-5.7	15.9	7.6	19.2
Other construction and works	6.0	10.0	10.6	34.5	-26.5
Transport equipment					
Passenger cars	-2.5	-2.4	19.0	12.2	39.5
Other transport equipment 1/	65.1	108.2	-47.5	66.5	-40.4
Other machinery and equipment	-8.1	-11.0	4.0	-5.2	14.0
By industrial sector					
Agriculture, forestry, hunting, and fishing	-22.2	-9.5	24.1	10.9	13.6
Manufacturing	0.0	-5.6	6.2	-11.9	29.9
<i>Of which: export processing zone</i>	-5.8	-0.5	-18.5	-6.1	68.1
Electricity, gas, and water	-28.8	-19.6	-12.5	19.7	-4.8
Construction	8.0	-19.1	-71.5	323.6	28.6
Wholesale and retail trade	13.7	-8.5	11.0	-3.7	-14.6
Restaurants and hotels	-0.2	-2.9	24.9	-20.2	46.4
Transport, storage, and communications 1/	-39.9	39.4	-32.7	24.5	-33.5
Financial intermediation	-16.0	21.4	34.8	-18.1	28.4
Real estate, renting, and business activities	8.4	0.1	-4.7	16.6	2.7
Ownership of dwellings	7.3	5.0	-6.4	4.6	-2.8
Other	15.9	-32.1	15.2	128.3	26.7
Public administration, defense, and compulsory social security	-3.7	-13.1	41.3	24.4	9.0
Education	9.7	-0.6	94.3	14.2	-8.2
Health and social work	45.8	-8.8	76.5	-7.6	12.5
Other services	147.4	12.0	7.8	77.1	-31.6

Source: Central Statistics Office, *National Accounts of Mauritius*.

1/ Includes purchases of ships and/or aircraft.

Table 6. Mauritius: Composition of Gross Domestic Fixed Capital Formation
at Current Prices, 2000-04

	2000	2001	Rev. Est. 2002	Rev. Est. 2003	Rev. Est. 2004
(In millions of Mauritian rupees)					
By type of capital good	28,069	29,798	31,075	35,553	37,730
Residential building	6,035	6,525	6,955	7,620	7,871
Nonresidential building	5,802	5,635	7,074	7,966	10,093
Other construction and works	3,330	3,774	4,371	6,154	4,810
Transport equipment	2,792	4,511	3,289	4,651	4,305
Passenger cars	1,316	1,330	1,601	1,813	2,580
Other equipment 1/	1,476	3,181	1,688	2,838	1,725
Other machinery and equipment	10,110	9,353	9,386	9,162	10,651
By industrial sector	28,069	29,798	31,075	35,553	37,728
Agriculture, forestry, hunting, and fishing	692	648	832	954	1,130
Manufacturing	4,464	4,372	4,522	4,109	5,488
<i>Of which: export processing zone</i>	1,702	1,758	1,468	1,418	2,455
Electricity, gas, and water	1,918	1,594	1,452	1,809	1,783
Construction	606	509	141	610	800
Wholesale and retail trade, repairs, and personal and household services	2,263	2,140	2,501	2,487	2,201
Hotels and restaurants	2,915	2,920	3,878	3,227	4,988
Transport, storage, and communications 1/	4,533	6,547	4,396	5,628	3,877
Financial intermediation	544	684	935	789	1,051
Real estate, renting, and business activities	6,941	7,162	7,703	9,388	10,216
Ownership of dwellings	6,035	6,525	6,955	7,620	7,871
Other	906	637	748	1,768	2,345
Public administration, defense, and compulsory social security	1,278	1,146	1,681	2,175	2,485
Education	497	510	1,041	1,240	1,198
Health and social work	353	334	606	580	677
Other services	1,065	1,232	1,387	2,557	1,834

Table 6. Mauritius: Composition of Gross Domestic Fixed Capital Formation at Current Prices, 2000-04 (continued)

(In percent of total Gross Domestic Fixed Capital Formation)

By type of capital good	100.0	100.0	100.0	100.0	100.0
Residential building	21.5	21.9	22.4	21.4	20.9
Nonresidential building	20.7	18.9	22.8	22.4	26.8
Other construction and works	11.9	12.7	14.1	17.3	12.7
Transport equipment	9.9	15.1	10.6	13.1	11.4
<i>Of which:</i> Passenger cars	4.7	4.5	5.2	5.1	6.8
<i>Of which:</i> Other equipment 1/	5.3	10.7	5.4	8.0	4.6
Machinery and other equipment	36.0	31.4	30.2	25.8	28.2
By industrial sector	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, hunting, and fishing	2.5	2.2	2.7	2.7	3.0
Manufacturing	15.9	14.7	14.6	11.6	14.5
<i>Of which:</i> export processing zone	6.1	5.9	4.7	4.0	6.5
Electricity, gas, and water	6.8	5.3	4.7	5.1	4.7
Construction	2.2	1.7	0.5	1.7	2.1
Wholesale and retail trade	8.1	7.2	8.0	7.0	5.8
Restaurants and hotels	10.4	9.8	12.5	9.1	13.2
Transport, storage, and communications 1/	16.1	22.0	14.1	15.8	10.3
Financial intermediation	1.9	2.3	3.0	2.2	2.8
Real estate, renting, and business activities	24.7	24.0	24.8	26.4	27.1
Ownership of dwellings	21.5	21.9	22.4	21.4	20.9
Other	3.2	2.1	2.4	5.0	6.2
Public administration, defense, and compulsory social security	4.6	3.8	5.4	6.1	6.6
Education	1.8	1.7	3.3	3.5	3.2
Health and social work	1.3	1.1	2.0	1.6	1.8
Other services	3.8	4.1	4.5	7.2	4.9

Source: Central Statistics Office, *National Accounts of Mauritius*.

1/ Includes purchases of ships and/or aircraft.

Table 7. Mauritius: Sugar Cultivation, Yields, and Output, 2000-04

(Area in thousands of arpents; yields in metric tons per arpent harvested; and production, accruals, and consumption in thousands of metric tons, unless otherwise indicated) 1/

	2000	2001	2002	Rev. Est. 2003	Prov. 2004
Area under cultivation	182	181	179	173	168
Miller-planters 2/	92	92	77	74	74
Planters	90	90	102	99	94
Area harvested 3/	173	173	171	168	168
Miller-planters 2/	85	84	70	67	69
Planters	88	89	101	101	99
Percent harvested	95	96	96	97	100
Miller-planters 2/	92	92	92	91	93
Planters	97	100	99	102	105
Cane yield	30	33	28	31	32
Miller-planters 2/	34	37	33	34	34
Planters	25	40	26	29	30
Cane production	5109	5792	4874	5199	5281
Miller-planters 2/	2878	3139	2293	2309	2350
Planters	2231	2653	2581	2890	2931
Commercial sugar recovered (percent of cane)	11.1	11.1	10.7	10.3	10.8
Sugar yield	3.3	3.7	3.0	3.2	3.4
Sugar production	569.3	645.0	520.9	537.2	572.3
White	3.1	5.0	7.1	0.5	0.0
Raw	566.2	640.0	513.8	536.7	572.3
Sugar accruals 4/	569.3	645.0	520.9	537.2	
Planters	...	...	...	...	...
Miller-planters 5/	...	...	...	...	...
Millers	...	...	...	...	...
Molasses production	144.0	174.0	140.8	160.0	155.8
Memorandum items:					
Sugar production by fiscal year 5/ 6/	373.3	569.3	645.6	520.9	537.2
<i>Of which</i> : local consumption 5/ 7/	0.0	0.7	25.6	10.3	0.4

Sources: Mauritius, Chamber of Agriculture and Central Statistics Office; and IMF staff estimates.

1/ One arpent = 1.043 acres or 0.4221 hectare.

2/ Mills and estates, including legally separate companies under same ownership.

3/ Difference from area cultivated is attributable mainly to replanting and rotational/fallow periods.

4/ Reflects millers' 26 percent share of sugar produced as compensation for milling, as adjusted for mill efficiency.

5/ Fiscal-year data relate to 12-month period ending in June of current year.

6/ Total crop from harvest beginning approximately one month before the start of the fiscal year indicated, less the output in June immediately before the indicated fiscal year, plus the June output of the next crop, most of which is produced in the next fiscal year.

7/ During 2001/02, 17,050 tons of sugar were imported for local consumption.

Imports for the 2002/03 period were 32,000 tons for local consumption.

Imports for the 2003/04 period are estimated at 38,000 tons.

Table 8. Mauritius: Sugar Exports, 1999/2000-2003/04 1/

	1999/2000	2000/01	Rev. Est. 2001/02	Prov. 2002/03	Prov. 2003/04
(In thousands of tons)					
Volume shipped	378.5	565.0	589.9	511.6	537.1
European Union	368.8	540.0	520.0	499.3	498.9
United States	6.0	5.0	19.8	2.0	2.4
World market	3.7	6.0	6.5	6.2	7.1
Special Preferential Sugar Agreement 2/	0.0	14.0	43.6	4.1	28.8
(In Mauritian rupees per ton)					
Unit value	14,267	12,844	14,657	16,120	16,976
European Union	14,284	12,900	14,877	16,190	17,178
United States	16,167	17,600	13,333	15,783	15,837
World market	9,459	9,667	10,769	11,145	10,721
Special Preferential Sugar Agreement 2/	...	10,357	13,211	15,341	15,112
(In millions of Mauritian rupees)					
Value, f.o.b.	5,400	7,257	8,646	8,247	9,118
European Union	5,268	6,966	7,736	8,083	8,570
United States	97	88	264	31	38
World market	35	58	70	69	76
Special Preferential Sugar Agreement 2/	0	145	576	63	435
(In U.S. dollars per ton)					
Unit value	559.2	465.5	484.9	555.5	605.5
European Union	559.9	467.6	492.2	557.9	612.7
United States	633.7	637.9	441.1	543.9	564.9
World market	370.8	350.4	356.3	384.0	382.4
Special Preferential Sugar Agreement 2/	0.0	375.4	437.1	528.6	539.0
(In millions of U.S. dollars)					
Value, f.o.b.	211.7	263.0	286.0	284.2	325.2
European Union	206.5	252.5	255.9	278.5	305.7
United States	3.8	3.2	8.7	1.1	1.3
World market	1.4	2.1	2.3	2.4	2.7
Special Preferential Sugar Agreement 2/	0.0	5.3	19.1	2.2	15.5
(Mauritian rupees per U.S. dollars)					
Nominal Exchange Rate	25.5	27.6	30.2	29.0	28.0

Sources: Mauritius Sugar Syndicate (MSS); and Bank of Mauritius.

1/ Fiscal year from July to June. Data differ somewhat from those presented by the MSS on a crop-year basis, which refer to disposal of a given year's crop (from June, when harvest starts, to the following June).

2/ The Special Preferential Sugar Agreement was signed on June 1, 1995, between Atlantic, Caribbean, and Pacific (ACP) sugar-supplying countries and the European Union to compensate for the European cane refiners' deficit for the six years to 2001. It provides Mauritius with the right to export a variable tonnage of approximately 80,000 tons of sugar.

Table 9. Mauritius: Ex-Syndicate Sugar Prices, 1999/2000-2003/04 1/

(Mauritian rupees per ton)

	1999/00	2000/01	2001/02	2002/03	Rev. Est. 2003/04
Average sugar prices 2/	12,493	11,675	12,935	14,172	15,334
Average price, after insurance premiums	10,696	10,626	11,812	12,641	13,781
Memorandum items:					
Average SIFB insurance premiums	1,797	1,048	1,123	1,531	1,554

Source: Mauritius Sugar Syndicate.

1/ Marketing years.

2/ Ex-syndicate price, after deductions for (i) freight, marine insurance, and overseas brokerage; and (ii) shippers' commissions. (iii) lighterage, warehousing, weighing, and storage chains; (iv) local brokerage, white sugar premium, and syndicate general and laboratory expenses; (v) export duty; and (vi) contribution to sugar funds.

Table 10. Mauritius: Revenue and Expenditure of Sugar Estates with Factories, 2000-04 1/ 2/

	2000	2001	Est. 2002	Prov. 2003	Proj. 2004
(In millions of Mauritian rupees, unless otherwise indicated)					
Production and prices					
Sugar output (at 98.5 polarization)					
National total	569	646	521	537	600
Estates with factories	396	442	367	371	414
Sugar price, ex-syndicate 3/	11,602	12,875	14,097	15,200	15,200
Molasses output					
National total	146	175	141	160	150
Estates with factories	90	105	87	99	93
Molasses price	436	902	599	350	350
Revenue	5,097	6,108	5,928	6,466	6,742
Sugar 3/	4,597	5,694	5,174	5,634	6,293
Molasses	39	95	52	35	33
Electricity, white sugar, and by-products	267	309	270	422	264
Crop insurance compensation	194	10	432	375	152
Operating expenditure	5,542	5,794	5,106	5,272	5,586
Wages and salaries	3,042	3,130	2,269	2,326	2,552
Agricultural workers	1582	1627	1180	1209	1327
Nonagricultural workers	791	814	590	605	664
Administrative staff	669	689	499	512	561
Supplies and other charges	2071	2180	2330	2360	2434
Supplies	806	846	955	965	995
Interest	461	496	458	468	483
Other charges	804	838	917	927	956
Centralisation Costs	0	0	35	51	68
Crop insurance premium and levy	429	484	472	535	532
Operating surplus/deficit (-)	-445	315	821	1194	1156
VRS - Amortization	0	0	0	-400	-400
Depreciation per accounts (-)	-475	-481	-465	-469	-443
Profit/loss (-) on sugar	-920	-166	356	325	313
Net nonsugar income 4/	641	2326	900	686	900
Receipts 5/	914	2667	1200	986	1200
Payments (-)	-273	-341	-300	-300	-300
Overall profit/loss (-)	-279	2160	1256	1011	1213

Sources: Mauritius Chamber of Agriculture; Mauritius Sugar Authority; and IMF staff estimates.

1/ Based on companies' audited accounts, in which accounting practices vary somewhat, supplemented by questionnaire returns.

2/ Accounting-year basis. Mainly calendar years, except Illovo and Mon Tresor (April-March).
Revenues include receipts (partly estimated) from current year's crop through following June 30.

3/ Less Mauritius Sugar Syndicate marketing expenses and cesses; before export taxes and insurance premiums.
Reflects actual final price, whereas company accounts are closed using an estimate.

4/ Income on other crops and nonagricultural activities.

5/ Figure does not include additional receipts relating to the Llovo deal.

Table 11. Mauritius: Nonsugar Agricultural Production, 2000-04

	2000	2001	Rev. Est. 2002	Prov. 2003	Prov. 2004
(In thousands of metric tons, unless otherwise indicated)					
Tea					
Area harvested (in thousands of arpents) 1/	1.6	1.6	1.6	1.6	1.6
Production	7.8	9.0	8.3	8.4	8.7
Green leaf processed	6.4	7.4	6.9	7.0	7.2
Manufactured tea	1.3	1.5	1.4	1.4	1.5
Green leaf yields (tons per hectare)	9.6	11.3	10.1	10.2	10.7
Food crops					
Area harvested (in thousands of arpents) 1/	17.4	18.8	17.2	17.1	17.9
Production	114.5	129.1	103.9	103.5	111.6
Potatoes	14.5	17.0	14.0	13.0	11.9
Irish	13.8	16.4	13.3	12.5	11.2
Sweet	0.7	0.7	0.6	0.5	0.7
Tomatoes	9.7	12.4	11.7	13.2	14.4
Eggplant (<i>brinjal</i>)	2.2	2.7	2.4	2.1	2.8
Bananas	8.5	11.0	7.2	12.09	12.00
Pineapples	3.4	6.0	1.9	4.6	4.5
Groundnuts	0.4	0.3	0.3	0.9	0.6
Maize 2/	0.6	0.4	0.3	0.2	0.4
Manioc	0.2	0.2	0.1	0.1	0.2
Ginger	0.5	0.9	0.5	0.4	0.8
Other 3/	74.5	78.2	65.5	56.9	64.0

Sources: Mauritius Chamber of Agriculture; and Ministry of Agriculture, Food Technology, and Natural Resources.

1/ One arpent = 1.043 acres, or 0.4221 hectare.

2/ Includes maize that is sent to drying stations; does not include fodder.

3/ Includes beans and peas, eddoes (*arouille*), creepers (cucumber and squash), and mixed vegetables (beets, cabbage, carrots, cauliflower, chilies, garlic, onions, and lettuce).

Table 12. Mauritius: Export Processing Zone (EPZ) Activity, 2000-04

	2000	2001	2002	Rev. 2003	Prov. 2004
	(Number)				
Total firms 1/	518	522	506	506	501
Textiles	286	286	274	272	274
Other	232	236	232	234	227
Total employees 1/	90,682	87,607	87,204	77,623	68,022
Textiles	80,001	77,003	76,570	67,251	58,180
Other	10,681	10,604	10,634	10,372	9,842
	(In millions of Mauritian rupees)				
EPZ investments	1,702	1,758	1,468	1,396	1,944
Plant and machinery	1,557	1,444	1,445	1,342	1,885
Buildings	145	314	23	54	59
EPZ value added					
At basic prices	12,523	13,681	13,600	13,167	13,130
At constant 1992 prices	7,922	8,271	7,774	7,308	6,811

Source: Central Statistics Office, *Digest of Industrial Statistics*.

1/ As of December.

Table 13. Mauritius: Electricity Production and Consumption, 2000-04

	2000	2001	2002	Rev. Est. 2003	Prov. 2004
(In megawatts)					
Plant effective capacity	577.2	579.4	575.1	573.7	558.9
(In percent of total capacity)					
Hydroelectric effective capacity	9.4	9.4	9.5	9.5	9.7
<i>Of which</i> : purchases 1/	0.1	0.0	0.1	0.1	0.0
Thermal effective capacity	90.6	90.6	90.5	90.5	90.3
<i>Of which</i> : purchases 1/	36.3	36.5	36.0	35.9	36.8
(In millions of kilowatt-hours)					
Energy generated	1,777.6	1,910.8	1,948.9	2,081.6	2,164.8
Hydroelectric	95.7	70.8	85.9	117.8	122.3
Thermal	1,681.9	1,840.0	1,863.0	1,963.8	2,042.5
Energy purchased from sugar and other factories	601.2	710.2	746.7	729.4	725.1
Energy sold	1,374.0	1,466.7	1,509.8	1,626.9	1,703.9
(Annual growth in percent, unless otherwise indicated)					
Energy generated	24.9	7.5	2.0	6.8	4.0
Energy purchased from sugar and other factories	74.9	18.1	5.1	-2.3	-0.6
Energy sold	11.8	6.7	2.9	7.8	4.7
Consumers at year-end (numbers)	323,652	333,028	340,125	348,848	357,506
<i>Of which</i> : domestic (percent of total)	89.1	89.2	89.3	89.3	89.3
Annual percentage increase of consumers	6.5	2.9	2.1	2.6	2.5
Average selling prices (Mauritian cents per kilowatt-hour)	231	271	303	309	314
(In millions of Mauritian rupees, unless otherwise indicated)					
Central Electricity Board indicators					
Revenue	3,356.4	4,194.9	4,902.8	5,269.2	5,469.3
Current expenditure	3,739.7	4,011.1	4,737.3	4,671.0	5,507.5
Persons employed (number)	1,830	1,807	1,779	1,762	1,740

Sources: Central Statistics Office; and Central Electricity Board.

1/ From sugar mills and other factories generating electricity.

Table 14. Mauritius: Building Permits Issued, 2000-04 1/

	2000	2001	2002	Rev. Est. 2003	Prov. 2004
Permits issued	(Number)				
Total	8,867	9,495	9,004	9,123	8,329
By building type					
Residential	8,331	8,999	8,671	8,712	7,957
New buildings	4,538	4,459	4,167	4,301	...
Additions	3,793	4,540	4,504	4,411	...
Nonresidential	536	496	333	411	372
By location					
Urban	3,856	3,903	3,689	3,723	3,232
Rural	5,011	5,592	5,365	5,400	5,097
	8,867	9,495	9,054	9,123	8,329
	(Thousands of square meters)				
Floor area					
Total	1,510	1,504	1,542	1,638	1,523
By building type					
Residential	1,170	1,256	1,222	1,230	1,164
New buildings	785	794	758	769	...
Additions	385	462	464	461	...
Nonresidential	340	248	320	408	359
By location					
Urban	592	646	651	677	589
Rural	918	858	891	961	934

Source: Central Statistics Office.

1/ Includes new buildings and additions for which permits have been issued by municipalities and the central government.

Table 15. Mauritius: Tourist Arrivals, Capacity, and Earnings, 2000-04

	2000	2001	2002	2003	2004
Arrivals by country of residence (Number of tourists, unless otherwise specified)					
Africa	163,921	168,522	172,641	174,430	175,649
Kenya	1,801	1,734	1,507	1,510	1,506
Madagascar	7,057	6,674	9,417	11,044	8,256
Reunion (France)	86,945	91,140	96,375	95,679	96,510
Seychelles	9,229	10,687	13,468	9,869	7,456
South Africa	48,683	47,882	42,685	45,756	52,069
Zimbabwe	3,435	3,860	3,185	2,343	2,345
Other Africa	6,771	6,545	6,004	8,229	7,507
Europe	439,989	437,305	451,504	465,379	477,041
Belgium	10,998	10,398	10,579	10,170	8,524
France	198,423	197,595	202,869	200,229	210,411
Germany	52,869	50,866	53,762	53,970	52,277
Italy	39,000	37,343	38,263	39,774	41,277
Switzerland	20,473	18,427	17,371	17,929	16,110
United Kingdom	74,488	77,888	80,667	91,210	92,652
Other Europe	43,738	44,788	47,993	52,097	55,790
Other	52,543	54,491	57,503	62,209	66,171
Australia	8,771	8,790	8,387	9,103	11,373
India	17,241	18,890	20,898	25,367	24,716
Japan	2,389	1,589	1,958	1,572	1,724
Singapore	4,104	3,431	3,114	2,102	2,329
United States	3,704	3,923	4,116	4,505	4,305
Other	16,334	17,868	19,030	19,560	21,724
All countries	656,453	660,318	681,648	702,018	718,861
Tourism capacity					
Hotels	95	95	95	97	103
Rooms	8,657	9,024	9,623	9,647	10,640
Beds	17,776	18,350	19,597	19,727	21,355
Occupancy rates for all hotels (percent)					
Room	70	66	67	63	63
Bed	62	58	59	55	56
Nights spent (thousands)	6,413	6,528	6,769	6,952	7,119
Average stay (number of nights)	10	10	10	10	10
Gross earnings					
In millions of Mauritian rupees	14,234	18,166	18,328	19,415	23,448
In millions of U.S. dollars	542	624	612	696	853
Average earnings per tourist					
In Mauritian rupees	21,683	27,511	26,888	27,656	32,618
In U.S. dollars	826	944	897	991	1,186

Source: Central Statistics Office.

Table 16. Mauritius: Estimated Labor Force and Employment, 2000-04 1/

	2000	2001	2002	2003	2004
(In thousands of persons)					
Population aged 15+ years 1/	881.5	892.8	902.4	914.9	927.0
Female	447.9	453.9	459.2	465.9	472.3
Male	433.6	438.9	443.2	449.0	454.7
Labor force 2/	519.8	529.0	531.2	540.9	549.6
Female	178.6	183.7	184.3	188.8	192.4
Mauritian	169.0	173.0	173.7	178.5	183.9
Foreign	9.6	10.7	10.6	10.3	8.5
Male	341.2	345.3	346.9	352.1	357.2
Mauritian	336.2	339.5	340.5	344.2	348.2
Foreign	5.0	5.8	6.4	7.9	9.0
Employment 2/	485.9	493.6	493.8	500.4	504.5
Large establishments 3/ 4/	297.7	301.0	296.2	295.9	292.3
<i>Of which:</i> foreign	14.6	16.5	17.0	18.2	17.5
Female	110.5	113.0	108.3	108.0	103.5
Male	187.2	188.0	187.9	187.9	188.8
Other firms and self	188.2	192.6	197.6	204.5	212.2
Female	52.2	54.2	56.9	60.0	64.1
Male	136.0	138.4	140.7	144.5	148.1
Employment in large establishments					
by economic activity 4/ 5/	296.8	301.1	294.6	298.5	295.4
Agriculture, forestry, and fishing	32.7	31.3	25.3	23.4	23.1
<i>Of which:</i> sugar	24.8	23.5	17.6	15.5	14.8
Mining and quarrying	0.2	0.2	0.2	0.2	0.2
Manufacturing	115.0	117.0	111.0	108.9	101.7
<i>Of which:</i> sugar	3.4	3.2	3.1	2.2	2.3
<i>Of which:</i> EPZ 6/	88.2	90.8	84.5	82.5	74.7
Electricity, gas, and water	3.0	3.0	3.0	3.0	2.9
Construction	13.5	13.3	13.0	14.6	15.3
Wholesale and retail trade	16.5	16.5	16.9	17.7	18.2
Hotels and restaurants	14.1	15.9	16.7	17.8	18.5
Transport, storage, and communications	16.0	16.5	17.4	17.8	17.8
Financial intermediation	6.7	7.0	7.0	7.3	7.5
Real estate, renting, and business activities	9.8	9.8	10.3	11.1	12.4
Public administration and defense	34.9	35.7	37.8	38.8	38.7
Education	17.8	18.3	18.9	20.6	21.3
Health and social work	11.3	11.0	11.0	11.6	12.1
Other community, social, and personal service	5.4	5.7	6.1	5.7	5.6
Unemployment	33.9	35.4	37.4	40.5	45.1
Female	15.9	16.5	19.1	20.8	24.8
Male	18.0	18.9	18.3	19.7	20.3

Table 16. Mauritius: Estimated Labor Force and Employment, 2000-04 1/ (continued)

	2000	2001	Rev. 2002	Prov. 2003	2004
(In percent)					
Labor force participation rate 7/	59.0	59.3	58.9	59.1	59.3
Female	39.9	40.5	40.1	40.5	40.7
Male	78.7	78.7	78.3	78.4	78.6
Unemployment rate	6.7	6.9	7.3	7.7	8.5
Female	9.4	9.5	11.0	11.7	13.5
Male	5.4	5.6	5.4	5.7	5.8
Employment growth rate	-	1.6	0.0	1.3	0.8
Female	-	2.8	-1.2	1.7	-0.2
Male	-	1.0	0.7	1.2	1.4

Source: Central Statistics Office, *Survey of Employment and Earnings and Digest of Labour Statistics*, and IMF staff estimates.

Note: As of 2004, estimates of labor force, employment, and unemployment are based on the results of the Continuous Multi Purpose Household Survey (CMPHS) and refer to population aged 15 years and over. Estimates in line with 2004 figures have been worked out for years 2000 to 2003 on the basis of the results of CMPHS 2004 and the trend observed in the estimates of the previous methodology. Provisional estimates are given for year 2005. Data refer to the Republic of Mauritius and estimates are for the year.

1/ Total resident population

2/ Includes foreign workers

3/ Average of March and September survey results.

4/ Covers large establishments, i.e., nonagricultural establishments with 10 or more employees, all government sugar plantations of ten hectares or more, tea plantations of 2 hectares or more, all flue-cured tobacco, and other agricultural units with 10 or more employees; excludes self-employed, piece-rate employees working at home, and unpaid family workers. Includes foreign workers.

5/ In March of each year.

6/ Excludes nonmanufacturing EPZ establishments.

7/ For total resident population.

Table 17. Mauritius: Average Monthly Earnings by Industrial Group, 2000-04 1/

	2000	2001	2002	2003	2004
	(Mauritian rupees per employee per month)				
Agriculture, forestry, and fishing	6,602	7,581	7,959	8,734	9,334
<i>Of which: sugar</i>	6,156	7,039	7,386	8,308	8,580
Mining and quarrying	3,889	4,655	5,155	5,441	5,496
Manufacturing	5,544	5,856	6,155	6,668	7,299
<i>Of which: export processing zone (EPZ)</i>	4,774	5,063	5,323	5,694	6,196
Electricity, gas, and water	13,515	15,663	17,518	17,347	18,456
Construction	8,746	8,979	9,280	10,147	11,465
Wholesale and retail trade	9,584	10,573	10,762	11,236	12,032
Hotels and restaurants	7,401	7,799	8,034	8,402	8,947
Transport, storage, and communications	11,491	11,986	12,777	13,830	15,189
Financial intermediation	14,814	16,538	17,228	17,734	20,225
Real estate, renting, and business activities	10,275	11,156	12,186	11,690	12,003
Public administration and defense	10,146	10,671	11,018	11,232	13,960
Education	11,280	11,299	11,728	12,524	13,993
Health and social work	11,256	12,360	12,082	12,812	15,134
Other community, social, and personal service	7,953	8,183	7,976	9,839	10,846
Total, large establishments	8,178	8,701	9,159	9,826	11,103

Source: Central Statistics Office, *Survey of Employment and Earnings in Large Establishments* .

1/ Covers large establishments. Data for 1998-99 are based on the International Standard Industrial Classification of all Economic Activities, Revision 2 of 1968 (ISIC Rev.2). Data for 2000-04 are based on the National Industrial Classification, an adaptation of the International Standard Industrial Classification of all Economic Activities, Revision 3 of 1990 (ISI

Table 18. Mauritius: Labor Costs and Productivity, 2000-04 1/

	2000	2001	2002	2003	2004
	(Indices, 2000=100)				
Labor cost (1)	100.0	108.1	111.0	122.4	132.8
Real output (2)	100.0	105.4	107.6	111.8	116.4
Employment (3) 2/	100.0	100.7	101.1	101.8	102.5
Consumer price index (4)	100.0	105.4	112.1	116.5	122.0
Unit labor cost (5) = (1)/(2)	100.0	102.6	103.2	109.5	114.1
Average real wage 3/ (6) = (1)/[(3)*(4)]	100.0	101.8	97.9	103.2	106.2
Labor productivity (7) = (2)/(3)	100.0	104.7	106.4	109.8	113.6

Source: Central Statistics Office, *Digest of Productivity and Competitiveness Statistics*.

1/ Total economy.

2/ Number of persons.

3/ Covers the overall compensation of employees, including wages, salaries, overtime, bonuses, and contributions to pension funds.

Table 19. Mauritius: Cost Structure and Prices of Petroleum Products, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
(In percent of the sales price, unless otherwise specified)						
Premium gasoline						
Import cost, c.i.f.	49.4	37.0	29.6	37.1	41.9	49.3
Distribution costs and overheads	3.6	5.6	4.1	1.6	1.9	2.8
Taxes	109.5	63.0	46.2	59.7	59.4	48.0
Profits (loss -)	-62.5	-5.7	20.1	1.6	-0.3	-0.2
STC sales price (Mauritian rupees per liter)	10.5	16.6 2/	16.6 2/	16.4 3/	16.5	20.4
Retail price (Mauritian rupees per liter)	12.8	19.50 2/	19.85 2/	20.40 3/	21.4	25.3
Imports for inland trade (in metric tons)	90,101	86,936	88,459	87,043	90,475	89,598
Diesel						
Import cost, c.i.f.	85.7	65.8	57.0	67.7	69.6	76.4
Distribution costs and overheads	5.6	9.1	6.4	1.7	2.4	3.4
Taxes	64.5	25.9	13.3	13.4	32.6	22.6
Profits (loss -)	-55.8	-0.8	23.3	17.2	-0.2	-2.2
STC sales price (Mauritian rupees per liter)	5.0	9.3 2/	9.3 2/	9.2 3/	9.2	13.5
Retail price (Mauritian rupees per liter)	6.7	11.40 2/	11.60 2/	11.90 3/	13.1	17.0
Imports for inland trade (in metric tons)	178,503	196,940	190,213	209,101	227,959	214,654
Kerosene						
Import cost, c.i.f.	135.8	93.4	72.0	86.4	93.3	157.0
Distribution costs and overheads	5.2	12.0	7.8	2.0	2.4	3.5
Taxes	0.0	0.0	0.0	0.0	0.0	0.0
Profits (loss -)	-41.0	-5.4	20.2	11.6	0.0	-60.5
STC sales price (Mauritian rupees per liter)	3.5	7.7 2/	7.7 2/	7.5 4/	7.5	7.4
Retail price (Mauritian rupees per liter)	4.6	8.75 2/	8.75 2/	8.75 4/	8.8	8.8
Imports for inland trade (in metric tons)	29,186	13,159	15,571	18,722	23,593	29,212
Fuel oil						
Import cost, c.i.f.	103.4	118.3	56.8	71.6	71.1	93.5
Distribution costs and overheads	1.1	12.2	4.3	0.3	0.3	1.0
Taxes	74.3	78.0	34.3	28.6	28.6	28.5
Profits (loss -)	-78.7	-108.4	4.6	-0.4	1.9	-19.5
STC sales price (Mauritian rupees per liter)	3.7	3.7	8.2 5/	7.0 6/	7.0	7.0
Imports for inland trade (in metric tons)	121,185	95,244	62,616	50,888	53,049	52,417

Source: State Trading Corporation.

1/ Fiscal year from July to June. Cost structure relates to that of the State Trading Corporation (STC).

2/ Effective September 30, 2000.

3/ Effective October 1, 2002.

4/ Effective March 18, 2003.

5/ Effective September 1, 2001.

6/ Effective July 1, 2002.

Table 20. Mauritius: Consumer Price Indices by Major Commodity Groups, July 2003-September 2005 1/

	Weights	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	(Avg.) Year
(Index, July 2001-June 2002=100)														
2003														
Food and nonalcoholic beverages	29.9	103.9	104.2	104.1	104.2	105.5	106.2	106.6	106.5	107.4	107.1	107.2	107.7	105.9
Alcoholic beverages and tobacco	8.6	106.6	106.5	106.4	106.9	108.0	110.0	110.8	110.6	110.6	112.2	112.2	115.7	109.7
Clothing and footwear	6	102.8	103.0	102.9	101.7	103.3	103.4	103.6	103.8	103.8	103.7	103.9	103.9	103.3
Housing, water, electricity, and gas and other fuels	9.6	103.7	104.0	104.1	104.1	104.2	104.3	105.7	105.9	105.8	105.8	105.9	105.9	105.0
Furnishings, household equipment and routine household maintenance	8	104.9	105.0	104.6	104.9	104.8	104.9	106.3	106.0	106.3	106.1	106.4	105.8	105.5
Health	2.8	107.9	108.2	108.3	108.6	108.6	109.1	110.0	109.9	110.9	112.6	113.1	113.5	110.1
Transport	13.9	106.0	106.0	105.6	106.2	106.3	106.6	107.2	105.8	105.4	106.0	106.2	106.7	106.2
Communication	3.1	122.0	122.4	123.3	122.5	122.5	121.3	121.7	121.7	128.7	133.9	133.9	133.3	125.6
Recreation and culture	5.3	103.9	104.1	103.9	104.3	104.5	104.5	105.1	105.1	105.2	104.8	104.5	104.7	104.6
Education	2.4	107.1	107.1	107.1	107.1	107.1	107.1	108.5	108.5	108.5	108.5	108.5	108.5	107.8
Restaurants and hotels	5	106.3	106.7	106.8	106.8	108.0	107.9	108.0	108.1	108.2	108.7	108.8	109.0	107.8
Miscellaneous goods and services	5.4	108.4	109.0	108.8	109.4	109.4	109.7	110.1	112.4	112.6	112.8	113.3	112.8	110.7
	100													
Total		105.5	105.7	105.6	105.8	106.4	106.9	107.5	107.4	107.9	108.3	108.4	108.9	107.0
2004														
Food and nonalcoholic beverages	29.9	110.0	111.8	111.5	111.7	111.8	111.8	112.2	112.3	113.2	114.5	114.4	114.7	112.5
Alcoholic beverages and tobacco	8.6	116.1	116.1	116.0	115.6	116.0	120.7	122.9	122.1	122.8	123.4	123.4	122.6	119.8
Clothing and footwear	6	103.8	104.3	104.4	104.6	104.9	104.8	105.2	105.0	105.2	105.7	105.8	105.8	105.0
Housing, water, electricity, and gas and other fuels	9.6	105.9	105.9	105.9	106.0	106.0	106.2	106.6	108.4	108.4	108.5	108.5	108.6	107.1
Furnishings, household equipment and routine household maintenance	8	106.5	106.3	106.6	106.6	106.8	106.5	108.1	108.0	108.4	109.0	109.1	109.4	107.6
Health	2.8	114.1	114.4	114.3	115.2	117.3	117.6	117.7	119.1	119.1	119.2	118.8	118.2	117.1
Transport	13.9	106.4	105.6	105.6	107.4	107.4	107.9	112.5	112.2	112.2	118.1	118.6	120.8	111.2
Communication	3.1	133.3	133.9	133.9	133.9	133.9	133.9	133.9	133.5	133.5	136.6	136.6	135.5	134.4
Recreation and culture	5.3	104.3	104.1	104.1	104.0	104.2	103.2	103.5	103.2	103.3	103.4	103.6	102.8	103.6
Education	2.4	111.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7	111.7
Restaurants and hotels	5	109.3	109.3	110.3	110.4	111.4	114.6	115.4	115.5	116.1	116.9	117.4	117.7	113.7
Miscellaneous goods and services	5.4	113.2	113.2	112.8	113.1	113.3	114.4	115.2	116.0	116.0	116.2	116.0	116.4	114.7
	100													
Total		109.7	110.1	110.1	110.4	110.7	111.3	112.6	112.7	113.1	114.6	114.7	115.0	112.1
2005														
Food and nonalcoholic beverages	29.9	116.5	117.3	117.8	118.3	118.8	118.9	119.7	119.1	119.5				
Alcoholic beverages and tobacco	8.6	123.5	124.0	124.2	125.5	125.3	125.8	128.6	128.7	129.5				
Clothing and footwear	6	106.5	106.7	107.0	104.9	105.2	105.2	105.2	105.1	105.7				
Housing, water, electricity, and gas and other fuels	9.6	108.7	109.2	109.6	109.9	110.0	110.0	110.7	111.0	111.1				
Furnishings, household equipment and routine household maintenance	8	111.4	112.0	112.1	111.5	111.2	111.7	113.0	113.6	113.5				
Health	2.8	119.2	120.1	120.8	121.0	121.0	121.0	121.0	125.2	125.0				
Transport	13.9	119.7	119.7	120.0	119.8	119.7	119.3	120.0	118.7	111.9				
Communication	3.1	135.4	135.4	135.5	135.1	134.8	134.8	134.8	134.8	134.8				
Recreation and culture	5.3	105.0	104.9	105.2	105.4	105.3	105.0	105.4	105.5	105.5				
Education	2.4	115.7	119.5	119.5	119.5	119.5	119.5	119.5	119.5	119.5				
Restaurants and hotels	5	119.7	120.4	120.3	121.0	121.0	121.6	121.8	122.9	123.6				
Miscellaneous goods and services	5.4	118.0	120.6	120.8	119.5	118.7	118.6	118.8	119.3	119.4				
	100													
Total		116.1	116.7	117.1	117.1	117.2	117.2	118.0	118.0	117.3				

Source: Central Statistics Office.

1/ In July 2002, a new series of the consumer price index (CPI) was introduced. A new basket of goods and services is used for the computation of this index following the 2001/02 Household Budget Survey.

The commodities in the basket are classified according to the UN CCEP (Classification of Consumption Expenditure According to Purpose).

Table 21. Mauritius: Summary of Government Finances, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Total revenue and grants	23,500	22,707	25,270	30,298	33,676	36,049
Tax revenue	20,373	20,189	21,519	25,879	29,068	32,719
Nontax revenue	2,966	2,318	3,435	4,056	3,920	2,473
External grants	161	199	317	363	618	444
Capital Revenue						414
Total expenditure and net lending	27,810	29,846	33,569	39,533	42,567	45,046
Current expenditure	23,379	26,786	27,881	31,538	34,885	38,062
Wages and salaries	7,763	8,181	8,854	9,366	10,901	11,682
Other goods and services	2,354	2,735	2,927	3,168	3,502	3,746
Interest payments	3,856	5,527	4,541	6,390	6,586	7,184
External interest	453	401	207	189	206	216
Domestic interest	3,403	5,125	4,334	6,202	6,380	6,968
Current transfers and subsidies	9,406	10,342	11,558	12,614	13,897	15,450
Capital expenditure and net lending	3,548	2,325	5,688	7,995	7,682	6,984
Expenditure by the Privatization Fund	883	735	0	0	0	0
Overall balance after grants	-4,310	-7,139	-8,299	-9,235	-8,892	-8,997
Financing	4,310	7,139	8,299	9,235	8,892	8,997
External (net)	-510	-3,584	1,070	87	-486	438
Disbursements	410	349	1,778	923	396	1,368
Amortization	-920	-3,932	-708	-836	-882	-930
Domestic	3,815	5,652	7,229	9,299	9,378	8,559
Banking system (net)	2,579	-959	1,314	2,496	13,564	5,499
Nonbank	1,236	6,611	5,915	6,803	-3,462	6,030
Sale of equity in state-owned enterprises and residual 2/	1,006	5,071	0	-151	-724	-2,971
(Annual change in percent)						
Total revenue and grants	10.2	-3.4	11.3	19.9	9.3	19.0
Total expenditure and net lending	11.9	7.3	12.5	17.8	6.9	13.9
(In percent of GDP)						
Total revenue and grants	20.9	18.2	18.4	20.2	20.3	20.2
Of which: tax revenue	18.1	16.1	15.7	17.4	17.5	18.3
Total expenditure and net lending	24.7	23.9	24.5	26.5	25.7	25.2
Current expenditure	20.8	21.4	20.3	21.2	21.1	21.3
Capital expenditure and net lending	3.1	1.9	4.1	5.4	4.3	3.9
Overall balance after grants	-3.8	-5.7	-6.0	-6.2	-5.4	-5.0
Overall balance, excluding exceptional factors 3/	-4.3	-7.1	-6.6	-6.2		
External financing	-0.5	-2.9	0.8	0.1	-0.3	0.2
Domestic financing	3.4	4.5	5.3	6.2	5.7	4.8
Of which: banking system	2.3	-0.8	1.0	1.7	8.2	3.1
Sale of equity in state-owned enterprises and residual 2/	0.9	4.1	0.0	-0.1	0.0	-1.7

Sources: Ministry of Finance; and Bank of Mauritius.

1/ Budgetary central government, *Government Finance Statistics* basis; fiscal year from July to June.

2/ Includes proceeds from the sale of government equity in state-owned enterprises, equivalent to 5.7 percent of GDP in 2000/01.

3/ Exceptional factors include the repayment of the FRN on-lending equivalent to 1.4 percent of GDP in 2000/01, as well as the proceeds from the sale of fixed assets equivalent to 0.4 percent of GDP in 1999/2000.

Table 22. Mauritius: Revenue and Grants, Budgetary Central Government, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Tax revenue	20,373	20,189	21,519	25,879	29,068	32,719
Taxes on net income and profits	2,881	3,039	3,494	4,014	4,669	5,829
Individuals	1,540	1,518	1,619	1,859	2,265	2,553
Corporate	1,341	1,521	1,875	2,155	2,405	3,276
Taxes on property	1,206	1,324	1,299	1,375	1,469	1,680
Land and real estate	218	279	250	306	339	409
Financial transactions	988	1,045	1,049	1,068	1,130	1,271
Registration fees	960	1,017	1,028	1,056	1,117	1,256
Incorporation and lodging fees	19	20	12	4	4	5
Mortgages	9	8	10	9	9	10
Taxes on domestic goods and services	9,339	9,466	10,821	13,957	15,531	17,465
Selective excises	2,160	2,107	2,299	2,332	2,408	2,838
Alcoholic beverages	946	927	996	1,008	1,054	1,220
Tobacco	1,213	1,178	1,302	1,323	1,352	1,617
Other	1	1	1	1	2	1
Taxes on services	1,099	957	979	1,069	1,097	1,235
Gambling and lottery profits	892	859	891	967	980	1,075
Tourism	206	98	87	101	116	159
Taxes on use of goods	476	477	490	744	836	862
Business licenses	143	126	112	162	213	210
Motor vehicles	334	351	378	582	623	652
Sales tax on goods/value-added tax	5,604	5,925	7,053	9,812	11,189	12,529
Taxes on international trade	6,935	6,349	5,893	6,523	7,385	7,731
Import duties	6,935	6,349	5,893	6,523	3,348	7,731
Customs duties	6,924	6,349	5,893	6,523	4,037	3,899
Stamp duties	11	0	0	0	0	0
Export duties	0	0	0	0	0	0
Other tax revenue (stamp duty)	12	11	13	12	13	14
Nontax revenue	2,966	2,318	3,435	4,056	3,990	2,473
Property income	1,862	1,660	1,774	2,861	2,689	1,235
Bank of Mauritius	800	800	1,200	1,500	1,100	0
Interest and royalties	448	351	294	840	774	456
Dividends	543	426	196	457	698	664
Operating surpluses	5	12	0	0	0	0
Rent and other	66	71	85	99	116	115
Other nontax revenue	604	658	1,052	1,172	1,301	1,289
Fees, charges, and sales	409	450	594	613	858	903
Fines and forfeits	65	76	97	104	115	147
Government pension fund	120	123	131	135	162	175
Miscellaneous	10	8	230	320	97	13
Total revenue	23,339	22,507	24,954	29,935	33,058	35,605
Foreign grants	161	199	317	363	618	444
Total revenue and grants	23,500	22,707	25,270	30,298	33,676	36,049

Source: Ministry of Finance.

1/ Fiscal year from July to June.

Table 23. Mauritius: Functional Classification of Expenditure and Net Lending,
Consolidated Central Government, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Total expenditure	27,643	31,420	32,925	38,553	41,843	44,404
Public administration and security	4,767	5,363	5,718	6,319	7,191	7,690
General public services	2,524	2,917	2,931	3,115	3,330	3,723
Defense	239	253	270	299	305	329
Public order and safety	2,004	2,193	2,517	2,905	3,556	3,638
Social services	13,951	15,494	18,084	19,856	21,498	23,357
Education	3,987	4,357	4,755	5,578	6,297	6,812
Health and sanitation	2,256	2,547	2,884	3,151	3,738	3,938
Social security and welfare	5,563	6,160	6,698	6,988	7,802	8,746
Housing and community amenities 2/	1,704	2,023	3,255	3,323	2,877	3,313
Recreational, cultural, and religious organizations	441	408	492	817	784	548
Economic services	4,192	4,175	3,666	4,231	4,222	4,137
Fuel and energy	25	23	44	34	37	100
Agriculture, forestry, and fishing	1,260	1,329	1,276	1,275	1,544	1,494
Mining, manufacturing, and construction	174	198	157	155	190	150
Transport and communications	1,102	1,855	887	1,123	987	769
Other economic services	1,631	770	1,302	1,644	1,464	1,624
Other purposes	4,733	6,388	5,456	8,147	8,923	9,760
Public debt interest	3,856	5,527	4,541	6,390	6,591	7,280
Transfers to local governments	877	861	914	969	1,190	1,257
Other	0	0	0	787	1,142	1,223
Lending minus repayments	167	-1,574	645	980	724	617
Total expenditure and net lending	27,810	29,846	33,569	39,533	42,567	45,046

Sources: Ministry of Finance; and Central Statistics Office.

1/ Budgetary central government, *Government Finance Statistics* basis; fiscal year from July to June.

2/ Includes water supply.

Table 24. Mauritius: Financing of Central Government Deficit,
1999/2000-2004/05 1/

	1999/00	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
External financing (net)	-509	-3,584	1,030	87	-486	438
Euro currency (net)	0	0	0	0	0	0
Other external (net)	-509	-3,584	-1,030	87	-486	438
Disbursements by purpose	411	348	1,739	924	396	1,368
Nonproject loans	0	0	1,189	0	0	0
Project loans	411	348	590	761	727	1,142
Mixed project and suppliers' credits	5	34	18	134	263	282
Electric power	13	46	161	161	0	122
Water and irrigation	74	182	148	120	150	186
Other agriculture	0	0	0	0	0	0
Roads, highways, and bridges	0	0	0	0	0	0
Telecommunications	0	0	0	0	0	0
Housing projects	0	0	0	0	0	0
Urban development	0	0	0	0	0	0
Education	0	0	21	0	0	0
Environment	295	67	194	260	289	468
Other projects	25	20	48	86	24	83
Disbursements by source	411	368	1,738	923	396	1,368
Bilateral lenders	61	184	278	295	577	918
Multilateral agencies	350	184	1,500	465	149	224
Miscellaneous	0	0	-40	163	-331	227
Repayments (-)	-920	-3,932	-708	-836	-882	-930
Euro currency	0	0	0	0	0	0
Other loans	-920	-3,932	-708	-836	-882	-930
Domestic financing (net)	4,693	10,677	7,269	9,299	9,377	8,559
Banking system	2,579	-958	1,402	2,496	13,564	5,499
Bank of Mauritius	-1,496	-651	-5,545	-7,787	9,955	1,454
Commercial banks	4,075	-307	6,947	10,283	3,609	4,045
Nonbank	1,236	6,611	4,944	6,803	-3,464	6,030
Short-term instruments	1,873	7,097	4,849	5,747	-6,809	-8,677
Long-term instruments	-638	-486	95	1,056	3,345	14,707
Residual 2/	1,145	5,024	1,003	-151	-724	-2,971
Total financing	4,310	7,139	8,299	9,235	8,891	8,997

Sources: Ministry of Finance; Bank of Mauritius; and IMF staff estimates.

1/ Fiscal year from July to June.

2/ Reflects differences of coverage and valuation, as well as timing; includes proceeds from the sale of government equity in state-owned enterprises equivalent to 5.7 percent of GDP in 2000/01.

Table 25. Mauritius: Transfers and Subsidies by Budgetary Central Government,
1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Subsidies and other current transfers	9,406	10,342	11,558	12,614	13,897	15,450
Local governments	762	790	851	904	1,873	2,049
Education	1,966	2,143	2,264	2,469	2,869	3,175
Secondary schools	1,047	1,116	1,202	1,313	1,547	1,714
University of Mauritius	194	208	210	230	249	249
Education Institute	80	78	91	96	108	117
Gandhi Institute	103	110	111	129	165	190
College of the Air	47	55	54	58	65	66
Block grant	137	142	145	162	191	206
Examination Syndicate	69	74	78	85	96	96
Other	290	361	373	396	448	537
Public service pensions	1,595	1,724	1,868	1,965	2,386	2,714
National Pension Fund	3,177	3,507	3,777	4,178	4,500	4,943
Rice and wheat flour	443	339	393	429	396	417
Domestic crops	53	64	0	0	0	0
Unemployment fund	0	1	0	0	0	0
Outdoor relief	0	0	0	0	0	0
Development Works Corporation (DWC) 2/	122	115	140	85	24	31
Other current transfers	1,287	1,660	2,265	2,583	1,849	2,113
Capital transfers	1,398	1,737	1,435	1,907	2,180	1,822
Local governments	0	0	63	65	510	481
Public financial institutions	191	225	194	192	214	184
Nonfinancial public enterprises	1,199	1,501	1,130	1,291	1,365	1,120
Aviation, PTT, and sewerage 3/	687	851	0	0	0	0
Other	512	650	37	55	0	0
International organizations	2	8	11	37	7	7
Other	7	3	0	268	85	31
Total subsidies and transfers	10,804	12,080	12,993	14,521	16,077	17,272

Source: Ministry of Finance.

1/ Fiscal year from July to June.

2/ Includes mainly wages and salaries for government employees transferred to the DWC.

3/ PTT is the postal and telecommunications enterprise.

Table 26. Mauritius: Income and Expenditure of the National Pension Fund,
1999/2000-2003/04 1/

	1999/2000	2000/01	Rev. Est. 2001/02	Prov. 2002/03	Prov. 2003/04
(In millions of Mauritian rupees)					
Income	6,117	6,887	7,558	8,379	8,898
Government grant	3,267	3,606	3,879	4,288	4,627
Contributions from employers and employees	984	1,004	1,213	1,202	1,257
Investment income	1,718	2,071	2,395	2,843	2,895
Other income	148	206	71	45	120
Expenditure	3,662	4,107	4,359	4,920	5,279
Noncontributory (basic) pensions	3,262	3,598	3,865	4,275	4,608
Food aid allowance	6	16	7	8	8
Contributory and industrial injury pensions	280	342	377	515	528
Administration and other costs	114	151	110	122	135
Excess of income over expenditure	2,455	2,780	3,199	3,459	3,619
Balance in fund at end of year 2/	18,899	21,679	24,963	28,417	34,067

Source: National Pension Fund.

1/ Fiscal year from July to June.

2/ Change in balance at end of year may differ from excess of income over expenditure owing to valuation adjustments.

Table 27. Mauritius: State Trading Corporation—
Ration Rice and Flour Transactions, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Sales revenue	544	534	516	511	542	586
Ration rice	195	187	166	150	135	138
Flour	350	347	350	361	407	448
Total cost	872	875	896	884	987	1,131
Ration rice	369	349	298	257	223	255
Flour	504	527	598	627	764	876
Purchasing cost	788	804	819	827	943	1,062
Ration rice	320	305	253	225	198	231
Flour	467	498	566	602	745	831
Other charges	85	72	77	57	44	69
Ration rice	48	43	45	32	25	24
Flour	37	28	32	25	19	45
Balance (deficit -)	-328	-341	-380	-373	-445	-545
Ration rice	-174	-162	-132	-107	-88	-117
Flour	-154	-180	-248	-266	-357	-428
Financing	328	341	380	373	445	545
Budgetary transfers	328	320	380	373	400	400
Other financing 2/	0	21	0	0	45	145
(In metric tons)						
Memorandum items:						
Sales volume						
Ration rice	43,778	42,242	37,445	34,052	30,524	24,694
Flour	85,279	84,670	85,395	88,000	93,219	94,061
(In Mauritian rupees per metric ton)						
Rice unit values						
Fixed price, initial	4,420	4,420	4,420	4,420	6,180	6,180
Fixed price, final	4,420	4,420	4,420	4,420	6,180	6,180
Revenue	4,449	4,427	4,433	4,441	4,411	5,569
Cost	8,420	8,250	7,104	7,647	7,311	10,317
Subsidy	3,970	3,823	2,671	3,206	2,900	4,748
Flour unit values						
Fixed price, initial	4,100	4,100	4,100	4,100	4,800	4,800
Fixed price, final	4,100	4,100	4,100	4,100	4,800	4,800
Revenue	4,101	4,098	4,099	4,102	4,800	4,767
Cost	5,909	6,219	6,218	7,455	9,313	9,313
Subsidy	1,808	2,121	2,120	3,352	4,546	4,546
(Annual change in percent)						
Sales volume						
Ration rice	7.2	-3.5	-11.4	-9.1	-10.4	-19.1
Flour	2.7	-0.7	0.9	3.1	5.9	0.9
(In percent)						
Revenue/total cost ratio	62.4	61.0	64.7	55.9	54.9	51.8
Ration rice revenue/cost	52.8	53.7	62.4	58.1	60.5	54.1
Flour revenue/cost	69.4	65.9	65.9	55.0	53.3	51.1

Source: State Trading Corporation.

1/ Fiscal year from July to June. Ration rice is a variety of rice.

2/ Residual; reflects extrabudgetary financing (overdrafts and acceptances, net of deposits) and timing discrepancies.

Table 28. Mauritius: Government Domestic Nonbank Debt Outstanding by Holder,
1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	Prov. 2003/04	Prov. 2004/05
(In millions of Mauritian rupees; end of period)						
National Pension Fund	8,535	12,820	14,707	18,355	18,307	20,895
Short term	4,418	6,937	8,885	12,377	10,395	4,348
Long term	4,117	5,883	5,822	5,978	7,911	16,547
Post Office Savings Bank	160	236	403	1,253	0	0
Short term	24	112	279	1,152	0	0
Long term	137	124	124	101	0	0
State Insurance Corporation of Mauritius (SICOM)	2,081	3,620	4,620	6,061	5,654	6,920
Short term	1,391	2,272	3,358	4,693	3,887	2,692
Long term	690	1,348	1,262	1,368	1,767	4,229
Insurance companies	679	1,489	2,143	3,162	3,237	3,700
Short term	494	1,298	1,990	2,689	2,185	2,078
Long term	185	191	153	473	1,051	1,622
Sugar Insurance Fund Board (SIFB) 2/	385	874	1,297	1,117	807	892
Short term	385	874	1,297	1,117	807	653
Long term	0	0	0	0	0	239
National Savings Fund (NSF) 3/	989	2,092	2,486	3,244	3,112	3,981
Short term	862	1,738	2,132	2,790	2,333	1,193
Long term	127	354	354	454	779	2,789
Employees' Welfare Fund (EWF) 3/	372	516	495	579	420	142
Short term	349	493	472	579	420	142
Long term	23	23	23	0	0	0
Independence and Republic bonds 4/	2,079	0	0	0	0	0
Short term	0	0	0	0	0	0
Long term	2,079	0	0	0	0	0
Consolidated Sinking Fund (CSF) 5/	2,074	323	558	964	1,419	2,392
Short term	700	0	0	1	538	1,054
Long term	1,375	323	558	963	881	1,338
Other	4,901	6,850	7,053	5,833	4,148	4,213
Short term	4,853	6,802	6,961	5,725	3,748	3,480
Long term	48	48	92	108	400	733
Total	22,523	29,134	34,036	41,005	37,210	43,467
Short term	13,743	20,840	25,648	31,560	24,420	15,970
Long term	8,780	8,294	8,388	9,445	12,790	27,497
Memorandum items:						
Changes during year (total)	1,236	6,611	4,902	6,967	-3,794	6,257
Short term	1,873	7,097	4,808	5,911	-7,140	-8,450
Long term	-638	-486	94	1,056	3,345	14,707

Sources: Ministry of Finance; and IMF staff estimates.

1/ Includes tax treasury bills and tax reserve certificates (short term) and government stocks, treasury certificates, and anonymous bearer bonds (long term). Fiscal year from July to June.

2/ The SIFB collects premiums from planters and insures sugar crops against natural disasters, such as cyclones and drought.

3/ The NSF and the EWF make deductions from salaries and accumulate funds to contribute to government employees.

4/ Only individuals and nonbank institutions, including the African Development Bank and petroleum companies, subscribe to the Independence and Republic bonds.

5/ Fund for payment of government debt.

Table 29. Mauritius: External Debt of Central Government — Disbursements,
1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
	(In millions of Mauritian rupees)					
All bilateral lenders	60.6	184.3	278.0	295.4	577.3	918.1
Governments	34.5	46.3	40.5	210.4	559.2	786.8
People's Republic of China	0.0	0.0	0.0	0.0	0.0	68.9
Flacq Hospital	0.0	0.0	0.0	0.0	0.0	0.0
Housing	0.0	0.0	0.0	0.0	0.0	0.0
Recreation center	0.0	0.0	0.0	0.0	0.0	0.0
France	18.0	3.4	37.8	57.0	327.7	33.5
Small-scale irrigation project	0.0	0.0	0.0	0.0	0.0	0.0
Goodlands district water supply	0.0	0.0	0.0	0.0	0.0	0.0
Hotel catering school	0.0	0.0	0.0	0.0	0.0	0.0
Lycée Polytechnique, Rose Hill	0.0	0.0	20.9	0.0	0.0	0.0
Northern Plain irrigation project	15.5	0.8	4.2	5.3	52.4	33.5
Grand Baei sewerage project	2.5	2.6	12.7	51.7	275.3	0.0
India (lines of credit for development projects and supplies)	5.1	32.1	0.0	145.9	231.5	246.6
Japan	11.4	10.8	2.7	0.0	0.0	437.8
Telecommunications	0.0	0.0	0.0	0.0	0.0	0.0
La Butte drainage and soil consolidation project	11.4	10.8	2.7	0.0	0.0	437.8
Other bilateral agencies	26.1	138.0	237.5	85.0	18.1	131.3

Table 29. Mauritius: External Debt of Central Government—Disbursements,
1999/2000-2004/05 1/ (continued)

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05
	(In millions of Mauritian rupees)					
Multilateral agencies	349.9	161.8	1,499.8	464.6	149.4	223.6
Arab Bank for Economic Development in Africa	177.9	89.1	106.9	235.8	99.4	147.1
Industrial credit	0.0	0.0	39.9	45.6	0.0	0.0
Housing rehabilitation	133.4	0.0	0.0	0.0	0.0	0.0
Water works	44.5	23.7	0.0	1.5	40.6	21.4
Midlands dam	0.0	65.4	67.0	57.0	0.0	0.0
Upgraing of Victoria Hospital	0.0	0.0	0.0	0.0	19.8	3.7
132 KV Transmission Line	0.0	0.0	0.0	131.7	0.0	122.0
African Development Bank/Fund	0.0	0.0	0.0	0.0	0.0	0.0
Bridge project	0.0	0.0	0.0	0.0	0.0	0.0
Rose Belle rehabilitation	0.0	0.0	0.0	0.0	0.0	0.0
Third highway project	0.0	0.0	0.0	0.0	0.0	0.0
Education project	0.0	0.0	0.0	0.0	0.0	0.0
Mauritius and Rodrigues sewerage	0.0	0.0	0.0	0.0	0.0	0.0
Support to the National Health Plan	0.0	0.0	0.0	0.0	0.0	0.0
European Development Fund	118.2	0.0	124.5	196.8	0.0	0.0
Prime Minister's rock removal scheme	0.0	0.0	0.0	0.0	0.0	0.0
Agricultural and industrial credits	0.0	0.0	0.0	0.0	0.0	0.0
Water projects	0.0	0.0	0.0	0.0	0.0	0.0
Regional meteorological project	0.5	0.0	0.0	0.0	0.0	0.0
Baei du Tombeau sewerage project	117.7	0.0	124.5	196.8	0.0	0.0
Plaines Wilhems sewerage project	0.0	0.0	0.0	0.0	0.0	0.0
International Bank for Reconstruction and Development	53.8	72.7	1,250.9	5.3	18.6	40.9
Environmental program	0.0	0.0	0.0	0.0	0.0	0.0
Debt and liquidity management improvement project	0.0	0.3	0.5	0.6	0.0	0.0
Agricultural management services	0.0	0.0	0.0	0.0	0.0	0.0
Sugar (bagasse) energy development project	0.0	0.0	0.0	0.0	0.0	0.0
Third education project	0.0	0.0	0.0	0.0	0.0	0.0
Vocational training	0.0	0.0	0.0	0.0	0.0	0.0
Technology development project	9.8	0.0	0.0	0.0	0.0	0.0
Higher-and technical education project	0.0	0.0	0.0	0.0	0.0	0.0
Freeport project	14.4	19.3	7.3	0.0	0.0	0.0
Sewerage and sanitation	29.6	53.1	54.1	4.1	14.0	30.5
Public Expenditure Reform Plan	0.0	0.0	1,189.0	0.0	0.0	0.0
Financial Sector Supervisory Authority	0.0	0.0	0.0	0.6	0.0	0.0
Mauritius Light Rail Transit	0.0	0.0	0.0	0.0	0.0	0.0
Nordic Investment Bank/Development Fund	0.0	0.0	0.0	0.0	0.0	0.0
Environmental program	0.0	0.0	0.0	0.0	0.0	0.0
Fort George power station	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous sources (international floating rate note)	126.0	46.0	-40.0	163.0	-331.0	226.5
Total disbursements	536.5	394.3	1,737.8	923.0	395.7	1,368.2

Source: Ministry of Finance.

1/ Fiscal year from July to June.

Table 30. Mauritius: Consolidated Monetary Survey, June 2001-June 2005

	2001		2002		2003		2004		2005
	June	Dec.	June	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.
(In millions of Mauritian rupees; end of period)									
Net foreign assets	31748	35754	40531	44027	48301	48873	50013	52786	53446
Monetary authorities	23077	25763	30469	36178	40317	41626	44120	45865	43622
Commercial banks	8671	9992	10062	7850	7984	7247	5892	6921	9824
Domestic credit	92821	98689	100323	105634	107517	117315	131068	139919	145802
Claims on government (net)	17544	19515	18858	20764	21312	26972	36000	38593	41107
Monetary authorities	2329	1453	-3227	-7650	-11285	-5182	-982	-313	453
Commercial banks	15215	18062	22085	28414	32596	32154	36982	38906	40654
Claims on private sector 1/	75277	79175	81465	84871	86206	90343	95068	101326	104695
Broad money (M2)	97720	105241	110440	118357	123365	131223	141099	148592	153084
Money (M1)	12711	15452	15131	18157	17437	20401	21321	23617	22646
Quasi money	85009	89789	95308	100200	105928	110822	119777	124975	130438
Money market instruments	0	0	0	0	0	2952	3837	3905	3735
Other items (net)	26849	29202	30414	31305	32453	32014	36145	40209	42429
(Annual changes in millions of Mauritian rupees)									
Net foreign assets	6544	2220	8783	8273	7770	4846	1712	3913	3433
Monetary authorities	5128	416	7391	10415	9848	5448	3804	4239	-499
Commercial banks	1417	1804	1392	-2142	-2078	-603	-2092	-326	3932
Domestic credit	4693	12717	7502	6945	7194	11680	23551	22604	14733
Claims on government (net)	-959	5929	1314	1249	2454	6208	14689	11621	5107
Claims on private sector 1/	5651	6788	6188	5696	4741	5472	8863	10983	9627
Broad money (M2)	8809	10370	12720	13116	12926	12866	17734	17369	11985
Money (M1)	1646	2155	2421	2705	2306	2245	3884	3215	1325
Quasi money	7163	8215	10299	10411	10620	10621	13849	14154	10660
(Annual change in percent)									
Domestic credit	5.3	14.8	8.1	7.0	7.2	11.1	21.9	19.3	11.2
Claims on government (net)	-5.2	43.6	7.5	6.4	13.0	29.9	68.9	43.1	14.2
Claims on private sector 1/	8.1	9.4	8.2	7.2	5.8	6.4	10.3	12.2	10.1
Broad money (M2)	9.9	10.9	13.0	12.5	11.7	10.9	14.4	13.2	8.5
Money (M1)	14.9	16.2	19.0	17.5	15.2	12.4	22.3	15.8	6.2
Quasi money	9.2	10.1	12.1	11.6	11.1	10.6	13.1	12.8	8.9
(Annual change in percent of beginning-of-period broad money)									
Net foreign assets	7.4	2.3	9.0	7.9	7.0	4.1	1.4	3.0	2.4
Domestic credit	5.3	13.4	7.7	6.6	6.5	9.9	19.1	17.2	10.4
Claims on government (net)	-1.1	6.2	1.3	1.2	2.2	5.2	11.9	8.9	3.6
Claims on private sector 1/	6.4	7.2	6.3	5.4	4.3	4.6	7.2	8.4	6.8
Velocity (GDP/M2)	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2

Sources: Bank of Mauritius; and IMF staff estimates.

1/ Including claims on public enterprises.

Table 31. Mauritius: Summary Accounts of the Bank of Mauritius, June 2001-June 2005

	2001		2002		2003		2004		2005
	Jun.	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.
(In millions of Mauritian rupees; end of period)									
Net foreign assets	22,550	25,210	29,892	35,603	39,472	40,778	43,220	44,907	42,642
Foreign assets	22,561	25,220	29,917	35,621	39,583	40,850	43,341	45,010	42,733
Foreign liabilities	-11	-10	-25	-18	-111	-72	-121	-104	-91
Claims on government (net)	2,427	1,548	-3,135	-7,557	-10,931	-4,801	-585	100	904
Treasury bills	1,350	994	1,172	1,225	863	761	1,602	1,833	3,091
Government securities	984	1,178	770	479	42	39	36	37	36
Advances	0	0	0	0	0	0	0	0	0
Other 1/	134	134	134	134	134	134	134	134	134
Government deposits	-42	-758	-5,211	-9,394	-11,970	-5,734	-2,357	-1,904	-2,357
Claims on commercial banks	253	660	1,875	2,171	2,173	2,157	1,865	1,936	1,825
Reserve money	11,342	12,990	12,920	14,921	14,774	21,861	24,904	24,621	22,940
Currency outside banks	5,735	7,329	6,467	8,286	7,488	9,347	8,480	10,731	9,729
Currency with banks	1,727	3,063	2,067	3,182	2,100	3,715	2,386	3,571	2,288
Bankers' deposits	3,790	2,450	4,240	3,342	4,992	3,139	6,322	4,492	5,971
<i>Of which</i> : non-interest-bearing deposits	0	0	0	0	0	0	0	0	0
Banks' holdings of Bank of Mauritius bills	0	0	0	0	0	5,547	7,492	5,625	4,476
Private sector demand deposits	90	148	147	112	194	114	225	203	475
Money market instruments	0	0	0	0	0	2,952	3,837	3,905	3,735
Other items (net)	13,888	14,428	15,711	15,296	15,940	13,321	15,758	18,417	18,696
Memorandum items:									
Monetary authorities									
Reserve position with the Fund	527	553	577	575	845	848	900	958	980
Claims on government (net) 2/	2,329	1,453	-3,227	-7,650	-11,285	-5,182	-982	-313	453

Source: Bank of Mauritius.

1/ Use of SDRs (as shown in the accounts of the Bank of Mauritius) and Trust Fund borrowing.

2/ Including transactions with the IMF (based on IMF records).

Table 32. Mauritius: Summary Accounts of Commercial Banks, June 2001-June 2005

	2001		2002		2003		2004		2005
	Jun.	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.	Dec.	Jun.
(In millions of Mauritian rupees; end of period)									
Net foreign assets	8,671	9,992	10,062	7,850	7,984	7,247	5,892	6,921	9,824
Reserves	5,516	5,513	6,307	6,523	7,092	12,401	16,200	13,032	12,736
<i>Of which</i> : holdings of Bank of Mauritius bills	0	0	0	0	0	5,547	7,492	4,801	4,476
Claims on government (net)	15,215	18,062	22,085	28,414	32,596	32,154	36,982	40,214	40,654
Government securities	2,503	2,037	1,946	2,183	1,965	2,361	2,787	5,080	5,766
Treasury bills	13,063	16,121	20,566	26,465	31,206	30,000	34,497	35,309	35,183
Loans and advances	0	0	0	0	0	0	0	0	0
State Trading Corporation rice and flour credit	98	129	0	0	0	0	0	0	0
Government deposits	-449	-225	-426	-234	-575	-208	-302	-175	-294
Claims on private sector	74,016	77,892	79,976	83,977	85,080	88,424	93,120	100,915	102,089
Sugar industry	5,130	...	...	...	...	...	...	...	...
Export processing zone	6,713	...	...	...	...	...	...	...	...
Other industries	8,110	...	...	...	...	...	...	...	...
Personal, professional, and housing	14,527	...	...	...	...	...	...	...	...
Traders	9,778	...	...	...	...	...	...	...	...
Others	29,757	...	...	...	...	...	...	...	...
Claims on other banklike institutions	1,261	1,283	1,489	894	1,126	1,919	1,949	2,918	2,606
Demand deposits	6,885	7,975	8,518	9,759	9,755	10,941	12,617	11,915	12,442
Time and savings deposits	85,009	89,789	95,308	100,200	105,928	110,822	119,777	129,501	130,438
Credit from the Bank of Mauritius	253	660	1,875	2,171	2,173	2,157	1,865	1,872	1,825
Other items (net)	12,531	14,316	14,219	15,527	16,022	18,226	19,884	21,246	23,204

Source: Bank of Mauritius.

Table 33. Mauritius: Summary Accounts of Offshore Banks, June 2001-June 2005

	2001 Jun.	2002 Jun.	2003 Jun.	2004 Jun.	2005 Jun.
(In millions of U.S. dollars)					
Assets	3710.4	4320.6	5479.8	7099.5	7885.8
Amounts due from banks	1951.1	2040.0	2361.6	3163.3	4188.2
Loans and advances	1468.0	2062.6	2730.3	3013.1	2668.0
Fixed assets	1.3	1.9	1.9	3.1	2.9
Other assets	290.0	216.1	386.0	920.0	1026.7
Liabilities	3710.4	4320.6	5479.8	7099.5	7885.8
Capital/paid-up capital	119.3	136.4	181.5	189.6	186.6
Nonbank deposits	1586.2	2030.5	2340.5	2970.6	4037.9
Deposits and balances of other banks	1681.3	1794.9	2380.6	2806.6	3027.1
Other liabilities	323.6	358.8	577.2	1132.7	634.2
Contingent liabilities	448.4	477.1	665.6	691.4	913.7

Source: Bank of Mauritius.

Table 34. Mauritius: Principal Interest Rates, 2001-05

	Dec-01	Dec-02	Dec-03	Dec-04	Jun-05					
(In percent per annum)										
Lombard rate	11.50	11.00	9.75	9.75	10.00					
Weighted = average yield on bills accepted at primary auctions	10.80	9.85	8.01	5.72	6.37					
Weighted = average interbank interest rate	6.95	4.92	1.40	1.69	1.62					
Weighted = average term deposits rate (former category 1 banks)	8.72	8.40	7.56	6.54	6.42					
Weighted = average lending rate (former category a banks)	13.08	12.97	11.71	11.00	10.89					
Lending rates	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Prime lending rate	10.00	11.25	9.50	10.00	8.25	8.75	7.75	8.50	8.00	8.75
Sectoral lending rates										
Agriculture and fishing	9.63	21.50	9.50	21.00	8.25	21.00	6.50	21.00	6.50	21.00
<i>Of which:</i> sugar industry	9.63	19.50	9.50	21.00	8.25	21.00	6.50	13.75	6.50	13.50
Manufacturing	10.00	21.50	9.50	21.00	7.25	21.00	6.75	21.00	7.25	21.00
<i>Of which:</i> export enterprise certificate holders	10.00	21.00	8.50	21.00	7.25	21.00	6.75	21.00	8.00	21.00
Tourism	10.00	21.50	9.25	21.00	7.31	21.00	6.65	21.00	6.65	21.00
<i>Of which:</i> hotels	10.00	21.00	9.06	21.00	7.68	21.00	6.65	21.00	6.65	21.00
Transport	10.00	21.50	9.75	21.00	8.25	21.00	7.50	21.00	7.50	21.00
Construction	10.00	21.75	9.25	21.25	8.25	21.00	7.20	21.00	7.20	21.00
<i>Of which:</i> housing	10.00	21.75	9.75	20.00	8.25	19.50	7.75	19.50	8.00	19.50
Traders	10.00	21.50	9.50	21.25	7.75	21.00	7.00	21.00	7.25	21.00
New economy	10.00	21.00	9.50	21.00	8.25	21.00	7.75	21.00	8.00	21.00
Statutory and parastatal bodies	10.00	21.00	9.75	21.00	8.25	21.00	7.75	21.00	7.00	17.50
Personal	10.25	21.00	9.50	21.00	8.50	19.75	7.00	19.75	7.00	19.75
Deposit rates										
Savings	...	7.00	6.50	6.50	5.25	6.00	3.50	4.50	4.50	4.63
Fixed deposits										
Up to 3 months	7.00	8.75	6.50	9.50	5.25	9.75	2.70	9.75	3.00	7.00
Exceeding 3 and up to 6 months	7.13	9.30	6.50	9.50	5.50	8.38	2.90	8.50	4.00	6.25
Exceeding 6 and up to 12 months	7.25	11.40	6.50	11.50	5.25	10.50	3.00	9.70	3.00	9.38
Exceeding 12 and up to 18 months	7.38	11.00	6.50	11.50	5.63	10.00	4.25	8.75	4.50	9.75
Exceeding 18 and up to 24 months	7.50	11.00	7.00	12.00	5.63	11.00	3.75	11.00	4.00	9.50
Exceeding 24 and up to 36 months	7.63	11.25	6.75	13.00	5.75	13.00	4.25	13.00	4.50	11.00
Exceeding 36 and up to 48 months	7.75	11.50	7.25	13.50	5.25	13.00	4.00	12.00	4.25	11.00
Over 48 months	8.00	11.50	7.25	13.25	6.00	13.00	4.50	13.00	4.50	13.00

Source: Bank of Mauritius.

Table 35. Mauritius: Balance of Payments, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Current account	-1,753	4,257	7,458	3,554	1,334	-5,347
Goods	-12,344	-6,977	-6,177	-8,645	-10,506	-20,041
Exports, f.o.b.	38,845	45,222	47,938	53,247	54,233	58,371
Sugar	5,446	7,529	8,950	8,283	9,072	10,331
Export processing zone (EPZ)	29,879	32,476	32,891	32,123	32,598	30,742
Other	3,520	5,217	6,097	12,841	12,563	17,298
Imports, f.o.b.	-51,189	-52,199	-54,115	-61,892	-64,739	-78,412
Imports, c.i.f.	-55,049	-56,204	-58,151	-66,267	-69,665	-84,585
Rice and flour	-1,245	-1,167	-1,339	-1,511	-1,671	-1,876
Petroleum	-4,528	-5,891	-5,467	-6,288	-7,068	-10,696
EPZ	-15,836	-16,771	-16,756	-16,253	-16,810	-16,396
Other	-33,440	-32,375	-34,589	-42,215	-44,116	-55,617
<i>Of which: aircraft and ships</i>	0	-398	-1,575	-1,073	-225	-120
Services (net)	9,037	9,159	11,908	10,014	11,271	13,154
Transportation	-1,095	-1,003	-517	-1,756	-2,192	-2,628
Credit	5,335	6,401	7,238	8,915	9,595	11,427
Debit	-6,430	-7,404	-7,755	-10,671	-11,787	-14,055
Travel	9,605	10,691	12,379	12,587	15,800	16,402
Credit	14,344	15,527	19,045	17,998	22,394	24,097
Debit	-4,739	-4,836	-6,666	-5,411	-6,594	-7,695
Other services	527	-529	46	-817	-2,337	-620
Credit	7,947	9,360	9,396	7,207	6,072	9,754
Debit	-7,420	-9,889	-9,350	-8,024	-8,409	-10,374
Income	-895	336	-248	-47	-1,002	-133
Credit	776	2,018	1,808	1,811	1,098	1,802
Debit	-1,671	-1,682	-2,056	-1,858	-2,100	-1,935
Current transfers (net)	2,449	1,739	1,975	2,232	1,571	1,673
Capital and financial account	-477	2,488	-367	3,488	2,057	253
Capital account	-12	-40	-30	-57	-40	-28
Financial account	-2,631	-2,600	-7,728	-6,303	-1,707	3,414
Direct investment	323	5,443	1,458	1,760	964	-887
Abroad	-300	-129	-44	55	-501	-826
In Mauritius	623	5,572	1,502	1,705	1,465	-61
Portfolio investment (net)	-590	-3,834	-600	-614	-743	-325
Other investment	-198	919	-1,195	2,399	1,876	1,493
Assets	1,499	492	-302	1,553	5,241	-4,356
Liabilities	-1,697	427	-893	846	-3,365	5,849
Long-term liabilities	-1,824	492	-1,121	-2,716	-3,056	-745
Government (net)	-510	-458	1,070	-76	-155	212
Other public sector (net)	-1,081	1,026	-1,554	-2,341	-2,581	-1,174
Other long-term liabilities	-233	-76	-637	-299	-320	217
Short-term liabilities	127	-65	228	3,562	-309	6,594
Reserve assets (increase -)	-2,166	-5,128	-7,391	-9,848	-3,804	3,133
Net errors and omissions	2,230	-6,745	-7,091	-7,042	-3,391	5,094

Sources: Bank of Mauritius; Ministry of Finance; and IMF staff estimates.

1/ Fiscal year from July to June.

Table 36. Mauritius: Principal Merchandise Trade, Price Indices,
and Terms of Trade, 2000-2004

	2000	2001	2002	2003	Prov. 2004
(In millions of Mauritian rupees)					
Total exports, f.o.b.	39,072	45,622	51,679	50,978	53,025
Sugar	5,544	8,557	8,926	8,849	9,961
Export processing zone (EPZ)	30,961	33,695	32,683	31,444	32,370
Cut flowers (non-EPZ)	133	139	118	111	101
Chemicals (non-EPZ)	311	289	253	362	386
Other	660	996	1,042	1,372	1,165
Reexports /1	1,463	1,946	8,657	8,840	9,042
Total imports, c.i.f.	54,928	57,835	64,608	65,942	76,577
Food and live animals	6,948	8,237	11,289	10,308	11,962
Beverages and tobacco	369	302	491	626	698
Crude materials, except fuels	1,654	1,787	1,813	1,542	2,062
Mineral fuels, lubricants, etc.	6,450	6,504	6,634	7,290	10,020
Animal and vegetable oils and fats	455	472	625	639	712
Chemicals	4,260	4,780	5,012	5,770	6,409
Manufactured goods	17,570	17,616	18,744	18,863	19,812
Machinery and transport equipment	12,427	13,004	13,543	14,241	18,087
Miscellaneous manufactures	4,710	5,000	6,317	6,521	6,624
Other	85	133	140	142	191
(Index, 1997=100; in Mauritian rupees)					
Price indices					
Unit value of exports	112	114	124	131	144
Unit value of imports	117	126	132	141	169
Terms of trade	96	90	94	93	85
(In millions of Mauritian rupees)					
Memorandum items:					
Ships' stores and bunkers					
Exports, f.o.b.	1,810	1,937	2,214	2,044	2,198
Imports, c.i.f.	0	0	0	0	0

Source: Central Statistics Office.

1/ As of 2002, Mauritian trade statistics include transactions of the Mauritius Freeport under "Other exports."

Table 37. Mauritius: Pattern of Trade and Direction of Exports of the Export Processing Zone (EPZ), 2000-2004

	2000	2001	2002	2003	2004 Prov.
(In millions of Mauritian rupees)					
Total EPZ exports by commodities, f.o.b.	30,961	33,695	32,683	31,444	32,370
Clothing	24,590	25,626	25,315	24,168	23,217
Other textiles	1,914	2,473	1,225	1,100	1,535
Pearls and precious stones	822	853	1,047	1,127	1,250
Watches and clocks	498	407	333	393	410
Optical goods	178	186	149	118	145
Toys, games, and sporting goods	179	177	183	176	174
Jewelry, gold, and silver goods	443	578	850	629	834
Fish and fish preparations	945	1,800	2,018	1,995	2,231
Other	1,392	1,595	1,563	1,738	2,574
Total EPZ exports by direction of exports, f.o.b.	30,961	33,695	32,683	31,444	32,370
European Union (EU) countries	19,845	20,941	20,861	20,507	21,886
Belgium	809	643	727	646	1,015
France	7,510	7,872	7,637	7,253	7,036
Germany	1,339	1,463	1,132	1,176	1,014
Netherlands	602	744	752	749	730
Sweden	155	173	114	67	17
United Kingdom	6,622	7,169	7,635	7,848	8,913
Other	2,808	2,877	2,864	2,768	3,161
Non-EU countries	11,116	12,754	11,822	10,937	10,484
Hong Kong S.A.R.	124	85	109	66	113
United States	7,715	8,804	9,481	8,474	7,395
Other	3,277	3,865	2,232	2,397	2,976
Total EPZ imports by commodities, c.i.f.	16,399	17,140	16,909	15,579	17,210
Materials	14,700	15,637	15,251	14,079	14,749
Yarn and fabrics	9,313	9,319	8,536	7,848	7,321
Other	5,387	6,318	6,715	6,231	7,428
Machinery	1,699	1,503	1,658	1,500	2,461

Source: Central Statistics Office.

Table 38. Mauritius: Medium- and Long-Term External Debt, June 2000-June 2005 1/

	2000	2001	2002	2003	2004	2005
(In millions of Mauritian rupees; end of period)						
Total	27,992	28,254	27,673	26,539	25,619	25,949
Public sector	24,690	25,437	25,366	24,602	23,666	23,779
Central government	6,798	6,786	8,084	8,350	8,445	9,150
International agencies	4,176	4,165	5,462	5,390	...	...
IMF credit	0	0	0	0	...	...
Other	4,176	4,165	5,462	5,390	...	...
Governments	2,541	2,538	2,547	2,897	...	...
Other lenders	81	83	75	63	...	...
Parastatal bodies	17,892	18,651	17,282	16,252	15,221	14,629
International agencies	1,940	1,978	1,537	1,413	...	...
Governments	5,234	4,946	4,903	3,742	...	...
Other lenders	10,718	11,727	10,842	11,097	...	...
Private sector	3,302	2,817	2,307	1,937	1,953	2,170

Source: Ministry of Finance.

1/ Disbursed debt outstanding with a maturity exceeding one year.

Table 39. Mauritius: External Debt Service Payments, 1999/2000-2004/05 1/

	1999/2000	2000/01	2001/02	2002/03	Rev. Est. 2003/04	Prov. 2004/05
(In millions of Mauritian rupees)						
Government loans (1)	1,385	4,351	937	1,024	1,088	1,147
Principal	920	3,932	708	836	882	930
Interest and other charges	465	419	229	188	206	217
Parastatal bodies (2)	3,574	2,659	4,945	5,453	4,250	5,086
Principal	2,670	1,703	4,002	4,627	3,535	4,430
Interest and other charges	904	956	943	826	715	656
Total public debt (1+2)	4,959	7,010	5,882	6,477	5,338	6,233
Principal	3,590	5,635	4,710	5,463	4,417	5,360
Interest and other charges	1,369	1,375	1,172	1,014	921	873
Private sector debt (3)	264	505	1,170	709	705	495
Principal	256	490	1,152	679	675	478
Interest and other charges	8	15	18	30	30	17
Debt service, excluding IMF (1+2+3)	5,223	7,515	7,052	7,186	6,043	6,728
Principal	3,846	6,125	5,862	6,142	5,092	5,838
Interest and other charges	1,377	1,390	1,190	1,044	951	890
International Monetary Fund (4)	0	0	0	0	0	0
Principal	0	0	0	0	0	0
Interest and other charges	0	0	0	0	0	0
Total debt service (1+2+3+4)	5,223	7,515	7,052	7,186	6,043	6,728
Principal	3,846	6,125	5,862	6,142	5,092	5,838
Interest and other charges	1,377	1,390	1,190	1,044	951	890
(In percent of exports of goods and services)						
Debt-service ratios						
Total debt service (including IMF)	7.9	9.8	8.4	8.2	6.5	6.5
Principal	5.8	8.0	7.0	7.0	5.5	5.6
Interest and other charges	2.1	1.8	1.4	1.2	1.0	0.9
(In millions of Mauritian rupees)						
Memorandum item:						
Exports of goods and services	66,471	76,510	83,617	87,367	92,294	103,649

Sources: Ministry of Finance; and Bank of Mauritius.

1/ Service payments on medium- and long-term external debt; fiscal year from July to June.

Table 40. Mauritius: Effective Exchange Rate Indices, 1990-2005

(1990=100; period averages)

	Nominal Effective Exchange Rate Index	Real Effective Exchange Rate Index	Consumer Price Index	Relative Price Index
1990	100.0	100.0	100.0	100.0
1991	96.7	98.7	107.0	102.0
1992	94.9	97.0	112.0	102.2
1993	89.6	97.6	123.8	109.0
1994	87.2	98.6	132.8	113.1
1995	83.3	96.7	140.8	116.1
1996	77.3	93.0	150.1	120.4
1997	79.0	99.2	160.3	125.5
1998	72.7	95.5	171.2	131.5
1999	70.3	97.8	183.0	139.1
2000	73.2	104.0	190.7	141.9
2001	69.2	101.8	200.7	147.0
2002	66.4	102.3	213.9	153.9
2003	62.7	98.4	222.4	157.0
2004	58.4	94.2	233.6	161.5
2001 I	70.0	101.6	197.2	145.1
2001 II	71.2	103.8	198.5	145.8
2001 III	68.5	101.7	202.9	148.3
2001 IV	67.3	100.2	204.0	148.9
2002 I	69.1	105.3	210.3	152.3
2002 II	66.8	102.6	212.3	153.6
2002 III	64.9	100.3	215.1	154.4
2002 IV	64.9	100.9	217.8	155.4
2003 I	65.4	101.4	219.3	155.0
2003 II	64.4	101.0	220.9	156.8
2003 III	60.8	95.9	223.4	157.7
2003 IV	60.2	95.4	225.8	158.6
2004 I	63.3	101.0	228.6	159.5
2004 II	60.0	96.1	230.1	160.1
2004 III	57.9	93.6	234.2	161.6
2004 IV	55.5	90.7	238.3	163.5
2005 I	54.1	89.6	242.2	165.5
2005 II	54.8	91.1	243.4	166.0
2005 III	...	...	...	...
2005 IV	...	...	...	...

Source: IMF, Information Notice System.

**Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)**

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
1. Taxes on income and profits	<p>Income tax for companies and individuals is payable on income derived during the preceding year. A nonresident is liable only on income derived from Mauritius</p>	<p>Income accruing to charitable institutions, various sugar industry funds, local authorities, trade unions, and benevolent associations is exempted.</p>	
1.1 Companies	<p>Corporate tax is applicable to companies, unit trust schemes, trusts, and nonresident societies.</p> <p>Chargeable income includes distributed dividends that are not subject to income tax in the hands of the recipient.</p> <p>Nonresident societies are liable to income tax as if they were companies.</p> <p>Resident societies are not liable for income tax, but the associates are taxable on their share of income from the societies, whether the income is distributed or not.</p>	<p>Companies are entitled to capital allowances: 5-100 percent annual allowance on straight line method.</p> <p>In addition, there is an investment allowance of 25 percent on the construction of industrial premises or on the acquisition of new plant and machinery, computer software, and new buses with a seating capacity of not less than 30.</p> <p>Previous year's losses, expenditure on repair of premises or plant, donations to approved charitable institutions up to a certain level, contributions to National Pension Fund and Employee Share Scheme, and 100 percent investment allowance on acquisition of new plant and machinery for investments in Rodrigues are all deductible.</p> <p>Additional investment allowance of 25 percent is granted on capital expenditure incurred by information and communications technology (ICT) companies on the acquisition of new plant and machinery or computer software.</p> <p>Additional investment allowance is also granted to manufacturing companies on the acquisition of state-of-the-art technological equipment as follows:</p> <ul style="list-style-type: none"> - 20 percent if investment is made in income year ending June 2006 - 15 percent if investment is made in income year ending June 2007 - 10 percent if investment is made in income year ending June 2008 	<p>General rate – 25 percent Incentive rate – 15 percent Alternative Minimum Tax: Where the normal tax payable for an income year is less than 5 percent of book profit, the AMT rate is 5 percent of book profit or 10 percent of dividends declared in respect of that year, whichever is lesser.</p> <p>Incentive rate under the Investment Promotion Act, Financial Services Development Act; authorized mutual funds; investment trust companies; trustees of unit trust; and companies engaged in agricultural, manufacturing, and tourism sectors, which do not hold an incentive certificate.</p> <p>Incentive companies include companies that provide preprimary and primary education as well as those licensed under Section 14 of the Financial Services Development Act 2001 to conduct business activity in the financial services sector, other than insurance business.</p> <p>Unit Trusts A trust (a) of which a settler is nonresident or holds a category 1 Global Business License (GBL) or a Category 2 GBL under the Financial Services Development Act 2001 or another trust</p>

Unrelieved losses of a manufacturing company taken over by another company, or in the case of merger, may be transferred to the acquirer under certain conditions.

The following deductions are also available in respect of

- investment in start-up companies for a period of three years
- expenditure incurred by companies in the setting up of approved social infrastructure for the benefit of the community
- contributions made by companies toward the provision of national ambulance services.

Exemptions are granted for

- royalties payable to nonresidents by offshore corporations
- dividends from resident companies
- income derived by companies engaged in spinning, weaving, or dyeing, subject to certain conditions

Annual allowance of 10 percent is granted on capital allowance incurred on the setting up of golf courses.

that qualifies and of which all beneficiaries appointed under the terms of trust are qualified. Throughout an income year, nonresidents or holders of a Category 1 GBL or a Category 2 GBL under the Financial Services Development Act 2001 or which is a purpose trust under the Trust Act 2001 and whose purpose is carried out outside Mauritius.

Amendment has been introduced to the method of taxation of Freeport companies engaged in different type of activities.

Special tax credit up to 60 percent of investment in spinning, weaving, or dyeing.

Investment tax credit of 10 percent of the amount subscribed to the share capital of stock exchange companies for three years (maximum credit of 300,000 a year). The credit is limited to such an extent that the tax payable after the credit should not be less than 15 percent of the chargeable income.

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
1.2 Individual	Individual income tax is payable on income derived from any source. In general, a resident domiciled in Mauritius is liable on income derived domestically or from abroad except for earned income, where only the amounts remitted to the taxpayer enter the tax base. A taxpayer having a foreign domicile but residing in Mauritius is liable to tax in Mauritius in respect of his foreign income, but will be entitled to credit for foreign tax.	<p>The Pay As You Earn (PAYE) exemption threshold is MUR 8,000, for field workers; for nonagricultural workers in the sugar industry, the exemption is MUR 6,000 during intercrop season and MUR 9,500 during crop season.</p> <p>Exemption of severance allowance and retiring allowance is increased to MUR 1.4 million.</p> <p>Exemption of transport allowance is increased to MUR 6,200.</p> <p>Exempt income includes death gratuities; gains from sale of units or securities quoted on the stock exchange, the first MUR 100,000 of bank interest, dividends paid by resident companies, and income from the first 60 tons of sugar produced (i.e., by small planters).</p> <p>Deductions from income include interest paid on mortgage or secured housing loans; previous year's losses; pension contributions; life insurance premiums; premiums on personal pension schemes; and investment relief, which is a deduction of 40 percent (maximum MUR 75,000) of the amount subscribed to the share capital of stock exchange companies.</p> <p>Personal and family deductions include mainly the following:</p> <ul style="list-style-type: none"> 15 percent emolument relief (up to a maximum of MUR 135,000); for personal use, MUR 85,000; for dependent spouse, MUR 85,000; MUR 30,000 a child under 18 (for a maximum of three); for educational expenses, MUR 10,000- MUR 80,000; for medical expenses, 75 percent of actual expenditure (up to a maximum of MUR 25,000) for treatment in Mauritius or 75 percent of actual expenditure (up to a maximum of MUR 35,000) for treatment outside Mauritius; for handicapped dependent persons, MUR 70,000 each. Premiums on life insurance (up to MUR 80,000); premiums on personal pension schemes, on retirement annuity, and contribution to medical schemes (up to 20 percent of net income); interest relief on secured loans for purchases of land for construction or improvement of residence, 40 percent of investment in stock exchange (up to a maximum of MUR 50,000), donations to charitable institutions (up to a maximum of MUR 40,000). 	<p>First MUR 25,000 10 percent</p> <p>Next MUR 25,000 20 percent</p> <p>Next MUR 450,000 25 percent</p> <p>Remainder 30 percent</p>

Table 41. Mauritius: Summary of Tax System, September 2005
 (All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
2. Taxes on property			
2.1 Registration duty	The duty is levied upon registration or transfer of immovable property, based on value of property transferred.	<p>Under the Sugar Industry Efficiency Act 2001:</p> <p>On certain conditions: (a) where land under cane cultivation is transferred, registration duty at 2 percent and no surcharge is payable; (b) where land is transferred by a planter to a sharecropper (metayer), registration duty of 2 percent and no surcharge is payable; (c) where land is transferred (i) to the Sugar Investment Trust or a body controlled by it; (ii) by the Sugar Investment Trust or a body controlled by it to a shareholder of The Trust or a body controlled by it or a cooperative credit society registered under the Cooperative Societies Act. Registration duty at 2 percent and no surcharge is payable. (d) Where land is transferred to: (i) an occupier of a former sugar estate company owned by a planter of a miller; (ii) an employee who has voluntarily terminated his contract of employment in the context of a factory closure taking place after July 1, 1997, pursuant to Section 24 of the Cane Planters and Millers Arbitration and Control Board Act, or the VRS, pursuant to Section 23 of the Act. Total exemption of registration duty. Any transaction in respect of any sale, conversion, or acquisition of land pursuant to the Act by a specified entity: total exemption of registration duty</p>	10 percent of market value of immovable property transferred
	A deed containing the creation of a mortgage. An instrument containing creation of a fixed or floating charge or a pledge in accordance with Article 2112 to 2119 of the Code Napoléon.	..... .....	2.25 percent on the amount of loan.
	Document witnessing the creation of fixed and floating charges by a company	.....	MUR 300
	Recording of the renewal of a <i>sûreté fixe ou flottante</i> under Articles 2202-10 and 2203-6 of the Code Napoléon.	.....	MUR 300
	Recording of Memorandum of Inventory		

under Article 2202-49 of the Code Napoléon.	MUR 50
Registration of a notice under Article 2202-44 of the Code Napoléon.	
Registration of a document witnessing the creation of a charge on movable property (<i>gage sans déplacement</i>) in accordance with Article 2112 of the Code Civil Mauricien by a company specified in the Eighth Schedule.	MUR 300
Registration of a document witnessing the creation of fixed and floating charges by a noncitizen on his assets, property, and accounts sited in Mauritius in favor of another noncitizen, a company holding a Category 1 GBL, a company holding a Category 2 GBL, or a bank holding a Category 2 Banking License.	MUR 300
	MUR 1,000

On certain conditions specified under the Act (a) a deed of transfer, for the construction of a residential building, of a lot excised from a larger portion of land, or a portion of land on which a house exists, by a partnership or a company registered with the Sugar Insurance Fund to a worker is exempt from registration duty; (b) where bare land in a residential area is acquired for the construction of a building by an individual not already owner of a residential property, registration duty is reduced by MUR 110,000; (c) where a right to construct a building on top on an existing building (*droit de surélévation*), together with a fraction of the ownership of the ground, is acquired by an individual not already owner of residential property, registration duty is reduced by MUR 110,000; (d) where a residential lot in a building that has been subject to a duly registered and transcribed deed witnessing a division of an apartment into lots (*règlement de copropriété*) in accordance with Article 664 and 664-1 to 664-94 of the Code Napoléon is acquired by an individual not already owner of a residential building, registration duty is reduced by 130,000; and (e) where a portion of land, whether freehold or leasehold with a

residential building thereon, is acquired by an individual not already owner of a residential building, registration duty is reduced by MUR 130,000.

Under Act 25 of 1994, where immovable property is transferred to a company holding a housing development certificate, duty is reduced by 75 percent.

Registration of a deed witnessing the purchase of an immovable property from a company holding an investment certificate in respect of a project under the Integrated Resort Scheme prescribed under the Investment Promotion Act:

- (a) in case of a noncitizen..... US\$70,000
- (b) in case of a citizen or company incorporated under the Companies Act of 2001..... US\$70,000 Equivalent

Where property is transferred without consideration between parties other than ascendants and descendants

- 10 percent -
- 45 percent, depending on value of property

No duty is applied where a property is transferred (a) by an ascendant to a descendant or the latter's spouse or surviving spouse; (b) between the heirs of a deceased person when that property was acquired by inheritance from that person; (c) between spouses; (d) to a charitable trust under the Trust Act 2001; (e) to a religious body under the Registration Duty Act; and (f) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer.

Under Act 19 of 1986, on certain conditions specified in the Act, transfer of a lot excised from a larger portion of land by a partnership or company registered with the Sugar Insurance Fund to a worker: total exemption of registration duty.

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
2.2 Land transfer tax	This tax is payable by the transferor on the transfer of immovable property based on the value of the property transferred	<p>Under the Sugar Industry Efficiency Act 2001 total exemption of land transfer tax is granted.</p> <p>On certain conditions (a) where land under cane cultivation is transferred; (b) where land is transferred by a planter to a sharecropper; (c) where land is transferred to the Sugar Investment Trust or a body controlled by it to a shareholder of the trust or a body controlled by it or a cooperative credit society registered under the Cooperative Societies Act; (d) where land is transferred to an occupier of a former sugar estate company owned by a planter or a miller; or an employee who has voluntarily terminated his contract of employment in the context of a factory closure taking place after 1 July, 1997, pursuant to Section 24 of the Cane Planters and Millers Arbitration Control Board Act, or the Voluntary Retirement Scheme pursuant to Section 23 of the Act; and (e) where land is converted by sale or otherwise acquired pursuant to the Act by a specified entity: total exemption of land transfer tax.</p>	<p>On value of immovable Property</p> <p>If held 5 years or more - 5 percent</p> <p>If held less than 5 years - 10 percent</p>
		<p>Total exemption of land transfer tax is also granted where property is transferred (a) by an ascendant to a descendant or the latter's spouse or surviving spouse; (b) to a charitable trust under the Trust Act of 2001; (c) to a religious body under the Registration Duty Act; (d) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer; (e) by a company holding a housing development certificate; (f) between spouses; (g) in respect of a right to construct a building on top of an existing building, together with a fraction of the ownership of the ground, and where certain conditions under Section 45 A (2) are fulfilled; and (h) by a transferor who has acquired the property to be transferred through inheritance from his spouse, an ascendant, a descendant, a brother, or a sister.</p>	

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
2.3 Parcelling (Morcellement) Fee	The fee is levied on any lot of land parceled out	Exemptions include land under sugar cane cultivation (up to 2.5 acres).	For residential, commercial or industrial purposes: MUR 6 per sq. meter For agricultural purposes: MUR 2.50 per sq. Meter.
2.4 Land Conversion Tax	The tax is levied on conversion of agricultural land to other uses	Exemptions are granted for approved housing schemes, agro industry, and community benefit. Exemptions are also granted for construction of industrial estates; business parks; IT parks; tourist facilities including hotels; and the setting up, relocation, and expansion of industrial enterprises. A housing development company pays half the rate.	Depending on area converted and category of conversion, MUR 0 to MUR 3.5 million per hectare.
2.5 Bungalow (Campement) Site Tax	The tax is levied on bungalows (campements).	(a) Exemption is granted from payment of tax where the site is occupied as a sole residence or is used primarily for agricultural or grazing purposes; and (b) part of a campement site is exempted from tax where the site is crossed by a public road.	MUR 2.00 – MUR 6.00 per sq. meter, according to zone
2.6 Bungalow (Campement) Tax	The tax is levied on bungalows (campements).	Exemption is granted to an owner who uses the bungalow (campement) for his sole residence and if the market value is less than MUR 5 million.	On market value of bungalow (campement) [including value of bungalow (campement) site]: 0.5 percent less than the bungalow (campement) site tax and general rate under Local Government Act .
2.7 Capital gains parceling (morcellement) tax	The tax is levied on the transfer of a lot of land being parceled out.	The following are exempted: (a) immovable property within 500 meters of the high-water mark of the seacoast up to 1,000 sq. meters; (b) immovable property within the limits of a town, up to 2,000 sq. meters; and (c) other immovable property, up to 4,000 sq. meters. Under the Sugar Industry Efficiency Act 2001 total exemption of capital gain tax on certain conditions: (a) where land under cane cultivation is transferred; (b) where land is transferred by a planter to a sharecropper;	20-30 percent of the difference between the selling and purchase prices.

(c) where land is transferred to the Sugar Investment Trust or a body controlled by it, by the Sugar Investment Trust or a body controlled by it, to a shareholder of the Sugar Investment Trust or a body controlled by it, or a cooperative credit society registered under the Cooperative Societies Act; (d) where land is transferred to an occupier of a former sugar estate company owned by a planter or a miller or by an employee who has voluntarily terminated his contract of employment in the context of a factory closure taking place after July 1, 1997, pursuant to Section 24 of the Cane Planters and Millers Arbitration and Control Board Act or the Voluntary Retirement Scheme pursuant to Section 23 of the Act; and (e) where land is converted by sale or otherwise acquired pursuant to the Act by a specified entity, total exemption of capital gains tax. Under Act 19 of 1986, on certain conditions specified in the Act, the transfer of a lot excised from a larger portion of land by a partnership or company registered with the Sugar Insurance Fund Board to a worker is totally exempt from the capital gains tax.

Total exemption from capital gains tax is also granted where property is transferred (a) by an ascendant to a descendant or the latter's spouse or surviving spouse; (b) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer; and (c) by a transferor who has acquired the property to be transferred through inheritance from his spouse, an ascendant, a descendant, a brother, or a sister.

2.7 Taxes on transfer of leasehold rights in state land

The tax is levied on the transfer of lease contracts for state land from one lessee to another. The tax is paid by vendor and purchaser in equal proportions.

Under Act 9 of 1997 (Tax on Transfer of Leasehold rights in State Land), no tax is applied where a property is transferred (a) by an ascendant to a descendant or the latter's spouse or surviving spouse; (b) between the heirs of a deceased person, when that property was acquired by inheritance from that person; (c) to a charitable trust under the Trusts Act 1989; or (d) to a religious body under the Registration Duty Act.

20 percent on the value of leasehold rights being transferred

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
3. Taxes on domestic goods and services			
3.1 Value-added tax (VAT)	VAT was introduced in Mauritius on September 7, 1998, in replacement of the sales tax on goods. A broadly based ad valorem tax is chargeable on the supply of goods and services in Mauritius, including the island of Rodrigues, and on the importation of goods and services into Mauritius. Exports are zero rated.	<p>VAT borne on inputs is generally allowed to be set off against VAT on outputs, but there are some exceptions, like tax on motor cars, gas oil and fuel oil, and entertainment expenses. No input tax is allowed as credit in respect of goods or services used to make an exempt supply. Goods and services exempted from VAT include basic foodstuffs, unprocessed agricultural products, milk, journals and periodicals, medicines, medical and dental services, fishing vessels and aircrafts, fertilizers, animal feed, transport of passengers and goods by sea or air, educational and training services, the sale of land, and the sale or transfer of buildings for residential purposes, financial services except (a) services provided to merchants accepting a credit card or debit card as payment for the supply of goods or services (merchant discount), (b) services in respect of safe deposit lockers, issue and renewal of credit cards and debit cards; and (c) services for keeping and maintaining customers' accounts (other than transactions involving the primary dealer system): these banking services are subject to VAT as of January 1, 2003.</p> <p>Persons in business whose annual turnover of taxable goods and services is below MUR 3 million. As of October 1, 2002, the MUR 3 million registration to the Commissioner of VAT in case the annual turnover exceeds MUR 3 million is required. A person or business whose turnover does not exceed MUR 3 million a year but is engaged in the following professions has to register for the VAT: accountant and/or auditor, advertising agent, adviser, architect and or draughtsman, attorney and/or solicitor, barrister, clearing and forwarding agent, consultant, customs house broker, engineer, estate agent, land surveyor, marine surveyor, motor surveyor, notary, optician, project manager, property value, quality surveyor, sworn auctioneer, tour operator, and travel agent.</p> <p>A person dealing exclusively in zero-rated supplies may choose not to register even if his turnover exceeds MUR 3 million. Input VAT allowable is apportioned between taxable and exempt supplies. Since October 2000, electricity and water for household use, and for agricultural irrigation are zero rated.</p>	Single rate of 15 percent

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
3.2 Excise duties			
3.2.1 Tobacco and cigarettes			Rates as classified under the Tobacco Production and Marketing Regulations
		Category A	MUR 1,975 per thousand
		Category B	MUR 1,475 per thousand
		Category C	MUR 1,675 per thousand
		Category D	MUR 1,775 per thousand
3.2.2 Alcoholic beverages	Locally produced alcohol and alcoholic beverages are taxed at different rates on a specific duty basis. Coverage includes products blended and bottled from imported stocks.	Spirits, liqueurs, and other alcoholic drinks imported by distiller/bottler to be used as input in the production and processing of excisable goods.	Rate /litre MUR 58.00 MUR 5.25 MUR 145.00 MUR 40.00 MUR 240.00 MUR 14.00 MUR 2.80 MUR 5.50
3.2.3 Motor vehicles	The taxis charged on any car manufactured locally or imported depending on engine capacity.		10 percent to 185 percent
3.3 Taxes on betting and gambling	Betting in casinos and gambling houses and on horse races, association football matches, and sweepstakes is taxed.		
		Item	Rate
		Casinos and gambling houses	Up to 50 percent
		Horse racing sweepstakes	8 percent of amount collected
		Bookmaker	Fixed duty
		Per race meeting	MUR 16,000 - MUR 24,000
		Amount payable on bets	8 percent
		Totalisator	8 percent of amount collected
		on win and place bets	10 percent of amount collected
		on other bets	collected
		Pool betting	10 percent on stake money

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
3.4	Incorporation fee	Includes search duty for every file; incorporation of private and public companies; registration of commercial partnerships; issue of certificates by the registrar; certification of any copy or extract of any document, photocopy of documents pertaining to:	
	Incorporation fee		
	(a) small private company at time of incorporation	.....	Within the due date MUR 2,000
	(b) company holding a Category 2 GBL at time of incorporation	.....	US\$65
	(c) foreign company at time of registration	.....	MUR 9,000
	(d) dormant company	.....	MUR 2,000
	(e) public company at time of incorporation	.....	MUR 9,000
	(f) any other company at time of incorporation	.....	MUR 2,000
	(g) commercial partnerships at time of registration	.....	MUR 6,000
			After the due date MUR 3,000
3.5	Company and annual registration fee	Annual registration fees for	
	(h) small private company	.....	MUR 2,000
	(i) company holding a Category 2 GBL	.....	US\$ 65
	(j) foreign company	.....	MUR 9,000
	(k) dormant company	.....	MUR 2,000
	(l) public company	.....	MUR 9,000
	(m) any other company	.....	MUR 6,000
	(n) commercial partnerships	.....	MUR 6,000
			MUR 3,000
			US\$100
			MUR 13,000
			MUR 3,000
			MUR 13,000
			MUR 9,000
			MUR 9,000

Table 41. Mauritius: Summary of Tax System, September 2005
 (All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Type of Vehicle	Tax Rate
3.6 Road motor vehicle Licenses	Motor vehicles are subject to annual road license fees, and special trading license fees are applied to contractors and buses	The use of motor vehicles within the owner's premises and by embassies is exempt. Local authorities, parastatal bodies, and other institutions, by virtue of the Act constituting them, are exempt.	Private Automobiles Taxis Contract Cars Contract Buses Lorries Motorcycles Autocycles Any motor car belonging to a person on a temporary visit of less than one week (per month)	MUR 3,500 – MUR 8,000 MUR 900 – MUR 2,000 MUR 4,500 – MUR 10,000 MUR 3,000 – MUR 5,000 MUR 1,800 – MUR 13,200 MUR 600 – MUR 1,000 MUR 1,000 (one off) MUR 500

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
4. Taxes on international trade 4.1 Taxes on imports 4.1.2 Customs tariff	<p>Mauritius maintains a one-column tariff schedule based on the Harmonized System (HS) Nomenclature. Since July 1994, import customs duties, which account for the bulk of customs duty revenue, vary by HS classification. Import customs duties are in general ad valorem on c.i.f. values. Goods covered by a proper certificate of origin and originating from the following COMESA member states are allowed duty free: Djibouti, Egypt, Kenya, Madagascar, Malawi, Sudan, Zambia, and Zimbabwe. However, goods originating from the other Common Market for Eastern and Southern Africa (COMESA) member states attract duty at the rate of 10 percent of the national tariff schedule, wherever applicable. Goods originating in Madagascar are allowed 100 percent remissions of import duties under the <i>Protocole sur les règles d'Origine des Produits Echangés Entre les Etats Membres de la Commission de l'Océan Indien</i>.</p>	<p>Exemptions include most food items; agricultural capital goods and specialized spare parts; fertilizers; sporting goods; machinery for the textile, leather, furniture, jewelry, and printing industries; most primary and crude products used as raw materials (such as sheets, sections, and profiles of plastics, rubber, or metal); essential oils; plywood and particle boards; medical and laboratory equipment; energy-saving equipment; protective masks, burglar alarm and surveillance systems, fire fighting equipment, lifts and escalators, vending machines, generators, electric drills, automatic data processing machines, and their peripheral units, etc. Imports by factories operating under the Export Processing Zone (EPZ), ESZ, or Industrial Expansion Acts are exempt. For non-EPZ firms, duty drawbacks are permitted on raw materials and intermediate goods used to produce goods for export.</p>	<p>Import customs duties consist of eight tax rates: 0, 10, 15, 20, 30, 40, 55 and 65 percent</p>
4.1.2 Import excise duty	<p>Excise duty is levied on alcoholic beverages, spirits, tobacco products, petroleum products, and motor cars and is payable on customs clearance</p>	<p>Exemptions are granted for returning residents and manufacturers of motor cars; exemptions or concessions are also granted for taxis, tour operators, and civil servants, as well as vegetable growers and religious bodies.</p>	<p>Alcoholic products MUR 25 – MUR 300/L Cigarettes MUR 1475 – MUR 1975 per 1,000 Motor cars 65 percent – 185 percent on c.i.f. value Petroleum products MUR 3.00 – MUR 9.80/L</p>

Table 41. Mauritius: Summary of Tax System, September 2005
(All amounts in Mauritian rupees, unless otherwise stated)

Tax	Nature of Tax	Main Deductions and Exemptions	Tax Rate
5. Other taxes			
5.1 Stamp duty	Documents for registration with Registrar General or deposited with the Conservatoire of Mortgages for transcription, or erasure of inscription, are taxed.		MUR 15 per sheet
5.2 Environment protection fee	Tax is levied on the monthly turnover of hotels and boarding houses. The tax is also levied on monthly turnover of enterprises engaged in stone crushing and in the manufacture or processing of aggregates, concrete, blocks, precast units, coral sand, rock sand, and basalt sand.	0.75 percent of monthly turnover	
5.3 Passenger fee	Fee levied on every passenger leaving Mauritius by air, excluding a passenger whose journey originates in Mauritius.	Heads of state, passengers in transit, and airline crew members are exempted.	Passengers whose journey originates in Reunion Island, Madagascar, Seychelles, or Comoros <ul style="list-style-type: none"> • Children under 2 years 0 • Children at least 2 years old but younger than 12 MUR 150 • Passengers aged 12 years and over MUR 300 Any other passenger <ul style="list-style-type: none"> • Children under 2 years 0 • Children aged 2 and above but below 12 year MUR 350 • Passengers aged 12 years and over MUR 700