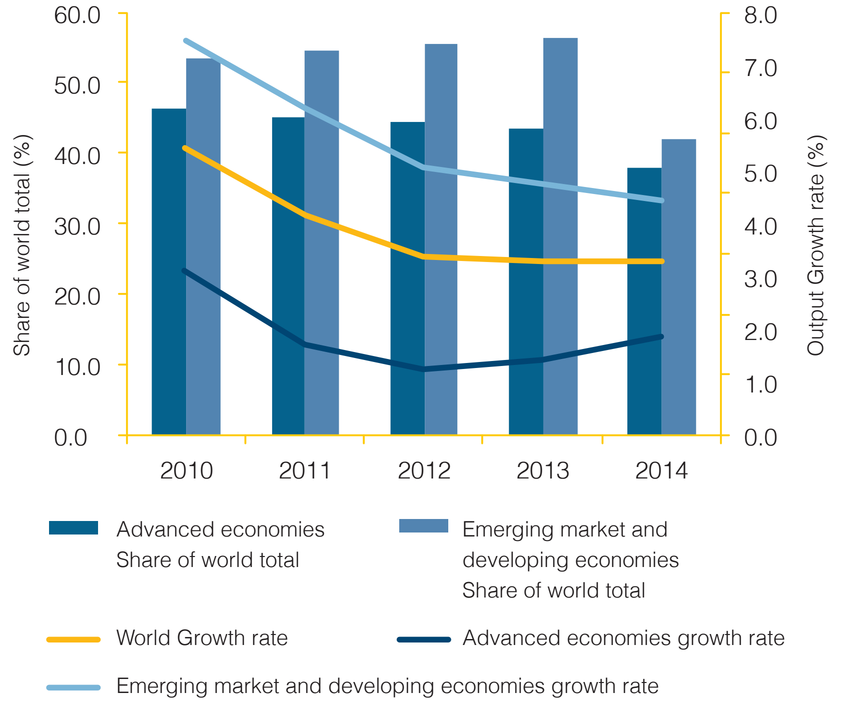


Inflation

World	3.8%
Advanced economies	1.6%
Emerging market and developing economies	5.5%

Trade

World trade volume growth	3.8%

Employment

World unemployment rate	5.9%

Major Stock Market Growth (%)

FTSE	-2.7	DOW JONES	7.5
NASDAQ	13.8	NIKKEI	8.1

1	European Union	Growth Share of world total	1.4% 16.9%
2	Emerging and Developing Europe	Growth Share of world total	2.7% 3.3%
3	Emerging and Developing Asia	Growth Share of world total	6.5% 29.6%
4	Latin America and the Caribbean	Growth Share of world total	1.3% 8.5%
5	Middle East and North Africa	Growth Share of world total	2.6% 6.8%
6	Sub-Saharan Africa	Growth Share of world total	5.1% 3.1%

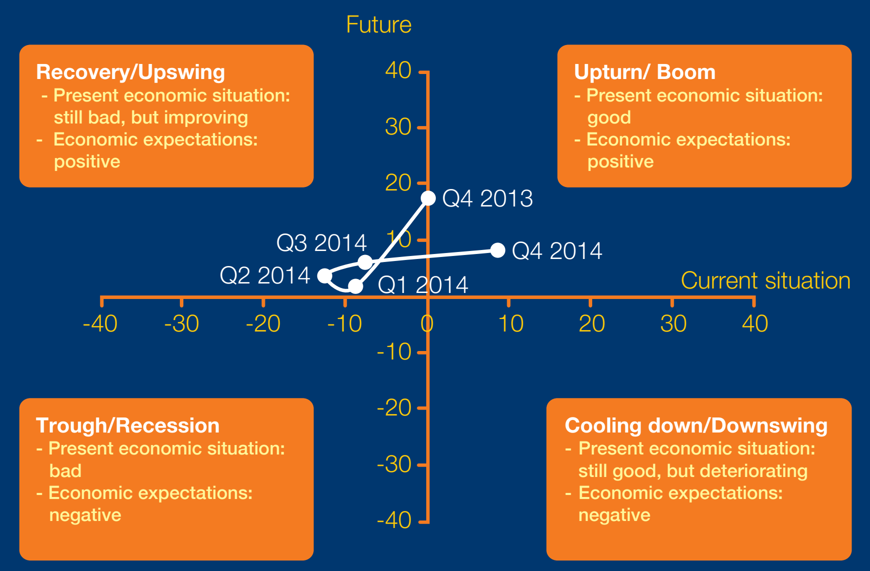
Outlook 2015

The economic situation seems to be improving, albeit at a moderate and uneven pace. On the international level, 2014 was a year marked by cross currents. A relatively positive start to the year was hampered by a series of geo-political and economic shocks, and the boost in the global economy could not be sustained. Continued moderate global growth rates are expected for 2015 due to persistent uncertainties and downside risks.

The IMF predicts a global GDP growth of 3.5% for 2015, up from the rate of 3.2 percent of 2014. The Mauritian economy is closely linked to the global conjecture and the economy is expected to grow by 3.9%, according to the IMF.

Amidst challenges and risks posed by unfinished post-crisis adjustments in the world economy, sustained growth in the Mauritian economy is likely to be achieved through increased public and private investment. Recent increases in salary and state pensions are also likely to help in creating a consumption-led growth in the country's economy.

Economic Barometer



The MCCI's latest Economic Barometer shows that the country is on an upward trajectory, with a sustained improvement in the current economic situation and entrepreneurs retaining a positive feeling in regards to the future prospects of the economy.

Downside risks remain nevertheless, given our openness and over-reliability on exports to traditional markets. Stable monetary, fiscal and, principally, exchange rates policies will help to overcome uncertainties.

MCCI
THE MAURITIUS CHAMBER OF COMMERCE AND INDUSTRY

The Mauritius Chamber of Commerce and Industry

Economic Review

2 0 1 4

International Context

Shades of 2013 pervaded over 2014 as economic aggregates, and their constant and predictable readjustments, followed similar trends with the aftermath of the woebegone crisis lingering stubbornly over both the advanced and emerging worlds.

The IMF has estimated a growth in global output of 3.3 percent in the year gone by, a repeat of the performance of the one before. This figure is underwhelming, as the vim and vigour displayed by economies in early 2014 could not be maintained throughout the year. Indeed, the economic performances of several economies have fallen well short of expectations.

This is explained by inadequacy of the engines pulling the wagons of growth to deliver, especially in the wake of the debris left by the crisis. The IMF pinpoints the falling potential of several economies, the effusions of debt overhangs, and high unemployment as the principal causes of anaemic growth rates.

These have resulted in a situation of low confidence, lethargic demand and limited investment, contributing towards tepid growth globally.

Growth has been hesitant in advanced economies, and emerging economies are running out of steam, with the heterogeneity in the pattern of recovery generating significant challenges in policy making to preserve stability.

The top performers of the advanced economies are the United States and the United Kingdom, with output expected to grow by 2.4 percent and 2.6 percent respectively in 2014, improving significantly from 2013. Others have improved too, but not as much as was hoped.

In the Euro Area, the recovery has been weak, and the take-off is expected to be gradual. Nevertheless, a reduction in fiscal drag, accommodative monetary policy and better lending conditions led to a 0.8 percent growth in 2014, providing some respite and some boost in confidence after negative growth in the previous two years.

The lacklustre growth rates are typified by the hesitant progress in the largest European economies, with Germany growing by 1.5 percent, France by 0.4 percent and Spain by 1.4 percent while Italy met with yet another contraction.

Emerging markets and developing economies grew robustly in 2014, at 4.4 percent, as capital inflows remained strong. However, the pace of development has been slowing down, with lower potential growth due to supply-side bottlenecks and lower domestic and external consumer demand undermining output growth.

Growth in China is still strong at 7.4 percent, and only marginally lower than the last few years, while India has recovered from its initial slump and raised growth to 5.8 percent in 2014 as policies put in place are renewing confidence in the economy.

However, geopolitical tensions and falling oil prices are affecting prospects in Russia, with the IMF expecting a near-zero growth rate for the country with massive capital outflows and sizeable drops in investment, while Brazil is once again failing to reach its potential, with the growth rate dwindling to 0.1 percent. Progress in Sub-Saharan Africa meanwhile has slowed down marginally, with a 4.8 percent growth in 2014.

Concerns about inflation remain on the downside, as the moderation in prices are triggering fears about deflation, especially in advanced economies. Falling oil prices are affecting prospects in advanced economies, dampening the pressure on prices. In emerging and developing economies the danger of deflation is lower, with consumer prices increasing by 5.4 percent on average in 2014, although this rate is gradually declining.

Local context

The Mauritian economy remained in a transitory phase during 2014 with a GDP growth rate of 3.5 percent, a slight improvement from its 2013 rate of 3.2 percent. While the performance is decent given the circumstances, it is still below our already low potential, which the MCCI estimated at 3.7 percent.

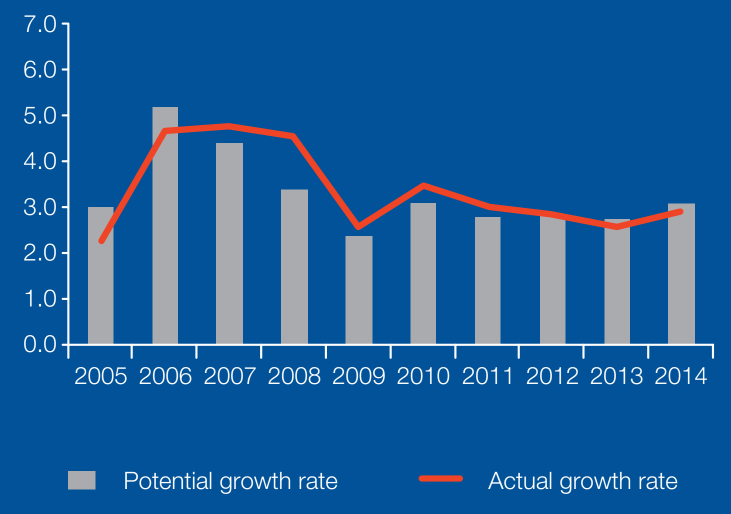
The relatively low actual and potential growth rates are largely reflective of a continuing fall in investment., with the investment rate falling below the 20 percent level and a continuous fall in investment in the last five years, with the exception of a pallid growth of 1.4 percent in 2011.

The share of private sector investment relative to GDP decreased to 15 percent during the year as a result of a drought in large-scale projects. Public sector investment has meanwhile been unable to compensate for the fall in private investment. Despite growing by 3.1 percent in 2014, it remained at 5.0 percent of GDP.

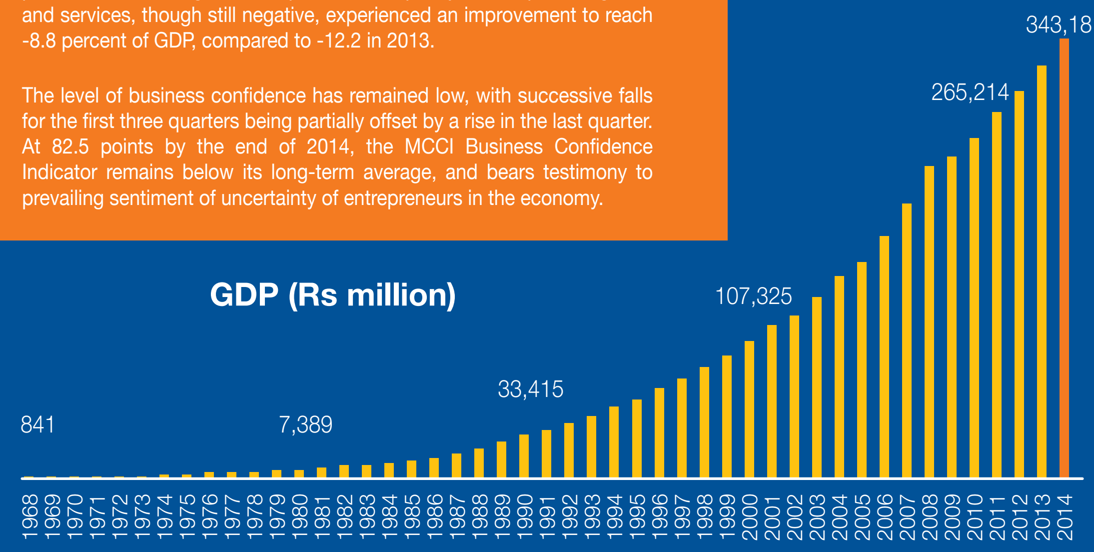
Other indicators fared comparatively better, albeit falling short of our capabilities. Final consumption expenditure experienced a growth of 3.0 percent in 2014 as compared to 2.3 percent in 2013. The overall growth is principally the result of a significant growth of 4.6 percent in general government expenditure rather than households spending, which increased by 2.7 percent only. The latter is reflective of the situation of weak consumer confidence and, more importantly, limited purchasing power on the part of income earners.

Meanwhile, Gross Domestic Saving as a percentage of GDP fell again, reaching 11.6 percent. This raises several concerns for the economy, in particular concerning its future productive capacity. Net exports of goods and services, though still negative, experienced an improvement to reach -8.8 percent of GDP, compared to -12.2 in 2013.

The level of business confidence has remained low, with successive falls for the first three quarters being partially offset by a rise in the last quarter. At 82.5 points by the end of 2014, the MCCI Business Confidence Indicator remains below its long-term average, and bears testimony to prevailing sentiment of uncertainty of entrepreneurs in the economy.



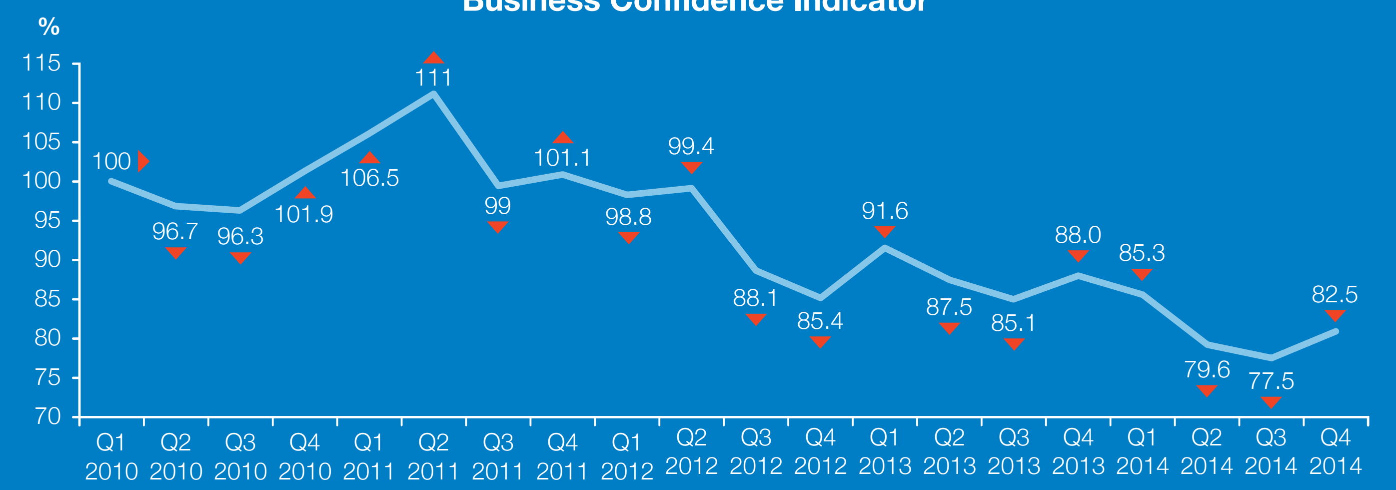
GDP (Rs million)



What the Mauritian economy has achieved over its 47 years of independence is indeed nothing short of a miracle. Successively, sugarcane, manufacturing and EPZ, tourism, financial services and ICT have each written a decisive chapter in this success story.

While the growth rates have moderated during the last few years, the economy's performance still exceeds those of major advanced economies, with a resilient productive sector and a dynamic services sector. The GDP today is over Rs 343 billion, a long way from the Rs 841 million of 1968 when we achieved independence.

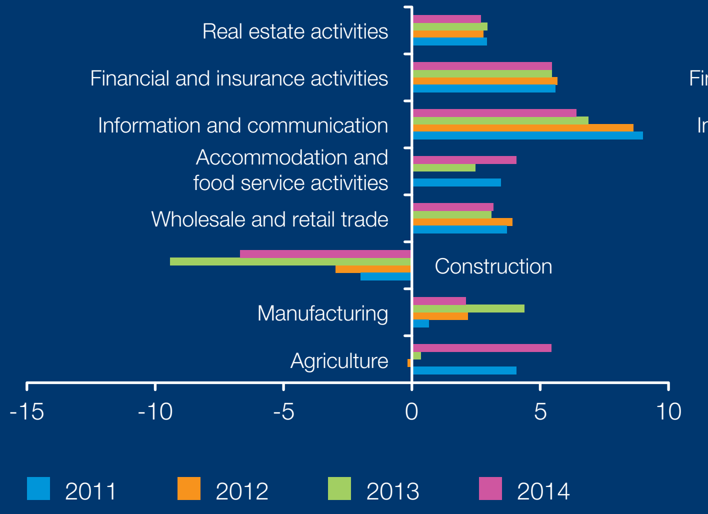
Business Confidence Indicator



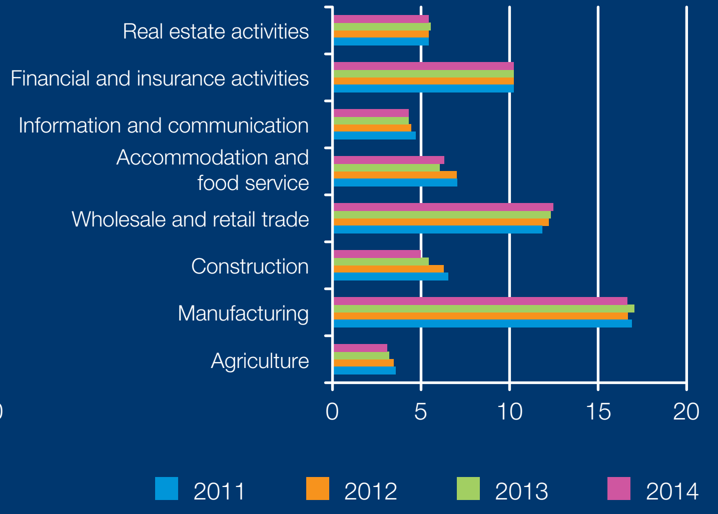
The MCCI Business Confidence Indicator summarises, in a single variable, the simultaneous changes of several variables and thus allows the transcription of the state of mind and morale of business leaders in Mauritius.

The lowest figure recorded for the BCI since its inception was reached in the third quarter of 2014 at 77.7 points. However, the index increased once again in the last quarter of the year to 82.5 points. This figure remains nonetheless below the long term average of 100.

Sectoral growth rates (%)



Contribution to GDP (%)



Investment rate (%) 19.4 Growth in investment (%) -4.9 Unemployment rate (%) 7.8 Inflation (%) 3.2 Per capita income ($) 9,714.60 Growth in exports (%) 9.0 Growth in imports (%) 5.9