



The Mauritius Chamber of Commerce and Industry

# **Economic & Trade Review**

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# The International Context

Policy transitions and stronger business and consumer confidence are supporting the recovery in the global economy. In 2017, with notable pickups in investment, trade and industrial production, the IMF expects a global upswing in economic activity, with global growth projected to rise to 3.7 percent, a marked improvement from the 3.2 percent growth in 2016.

With some 120 economies, accounting for over three quarters of world GDP showing a pickup in growth, global economic output in 2017 has been higher than expected. This shows that the recovery from the Global Financial Crisis (GFC) has been broad-based. Faced with more favourable global conditions and stronger economic sentiment, advanced economies have shown an upside growth from 1.7 percent in 2016 to 2.3 percent in 2017. With stronger private investment, and external demand, the U.S. economy is estimated to grow by 2.3 percent in 2017, a marked improvement from the 1.5 growth rate in 2016. In the United Kingdom, growth was at a mere 1.5 percent, on the back of low business investment performance linked to Brexit.

In emerging markets, growth continued to firm up at a rate of 4.7 percent in 2017. In the Eurozone Area, stronger momentum in domestic and external demand especially in Germany, Italy and the Netherlands have contributed to a growth rate of 2.4 percent in 2017, higher than the 1.8 percent achieved in 2016. Whilst growth in China is expected to continue to moderate, pick-up in economic growth in India and higher growth forecasts for Poland and Turkey are contributing to the firming up of economic activity in the developing countries.

Elsewhere in the world, Brazil and Russia are starting to show signs of stabilisation as stronger commodity prices start to have favourable effects on those commodity-exporting countries. Both economies show positive growth at 1.1 and 1.8 percent respectively, after a number of years in recession. Activity in the Sub-Saharan Region showed a slight pickup to reach 2.7 percent with more stable commodity prices and domestic conditions.

Average global inflation remained moderate in 2017, below central bank targets in most countries. In advanced economies, the increase in fuel prices has raised headline inflation to 1.7 percent but wage and core-price inflation remain weak. Among emerging market economies, headline and core inflation have picked up slightly in 2017 after declining earlier in the year.



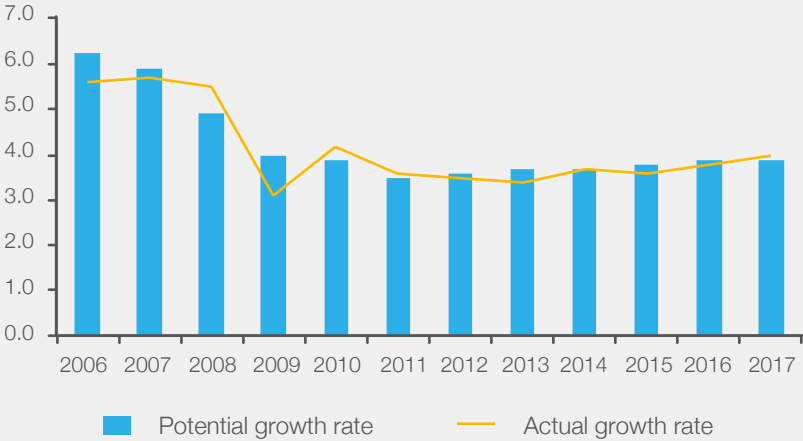
# Local Context 2017

After a moderate growth cycle between 2009 and 2015, the Mauritian economy showed signs of renewed dynamism, with economic growth rate at market price of around 3.9 percent in 2017 according to latest figures from Statistics Mauritius, higher than the 3.8 percent achieved in 2016.

Economic activity in the country continues to be driven by internal demand. On the one hand, consumption expenditure grew by 3.1 percent, higher than the 2.9 percent rate in 2016. Consumption expenditure was largely balanced between a 3.0 percent increase in household expenditure and a 3.6 percent increase in government expenditure.

On the other hand, investment grew by 5 percent, the second consecutive year of positive growth after 5 years of contraction. Public sector investment expanded by 1.4 percent compared to a contraction of 2.8 percent in 2016. With a recovery of 6.2 percent in 2017, private sector investment remained the largest driver of investment in the country at 75.3 percent of total investment.

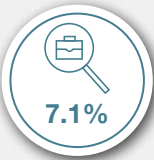
On the external front, faced with uncertainties, low exchange rates and the introduction of new international norms, our exports of goods and services increased by a mere 0.1 percent, after two years of contraction. With the pickup in commodity prices, most especially petroleum products, and an increase in domestic demand, inflation started to bounce back, reaching 3.7 percent in 2017.



Investment rate



Growth in investment



Unemployment rate



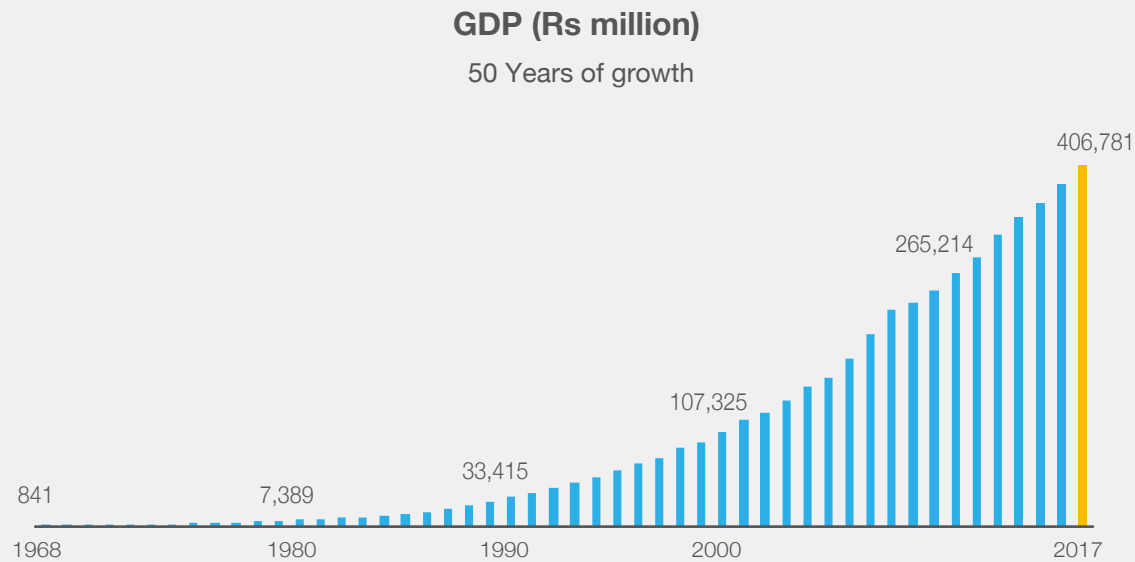
Inflation



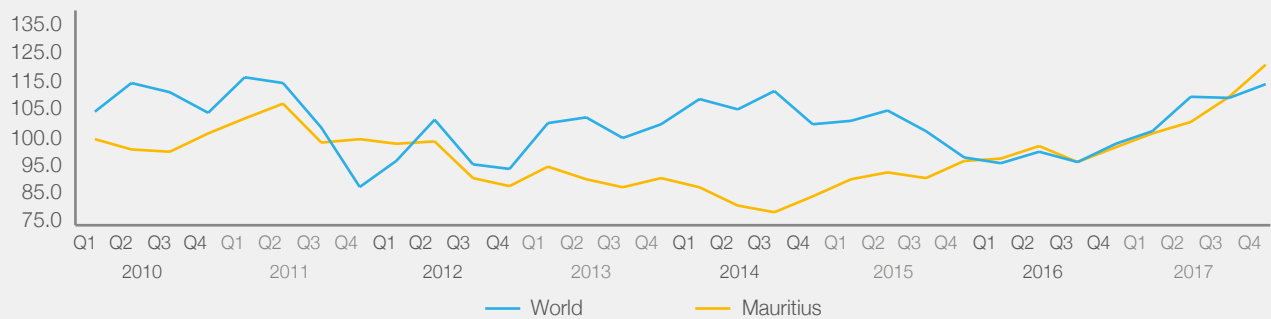
Per capita income

Over the past 50 years since Independence, the Mauritian economy has witnessed considered progress, moving from a GDP of Rs 841 Million to achieve over Rs 406 Billion in 2017. In fact, the country has been growing at an average rate of 5.4 percent since 1968, while undergoing a constant transformation in its econmic structure, from a mono-crop economy with a high reliance on sugar to a well diversified economic model based on services and innovation.

While growth rates have been moderate since the GFC, the country has demonstrated exceptional performance and dynamism, through a combination of forward-looking policies from the Government and the pro-activity of the private sector.



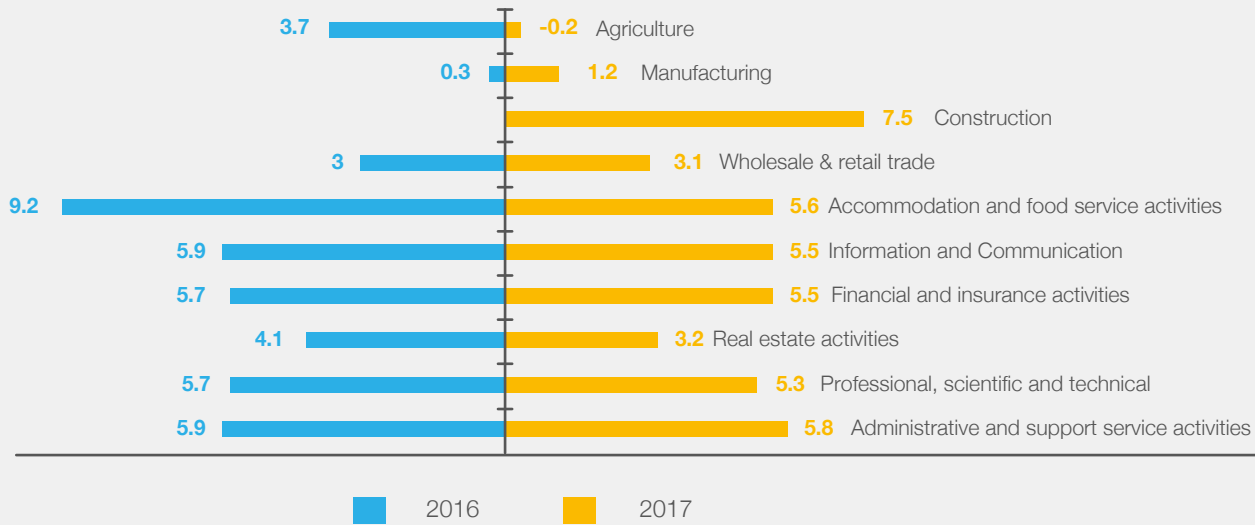
# Business Confidence Indicator



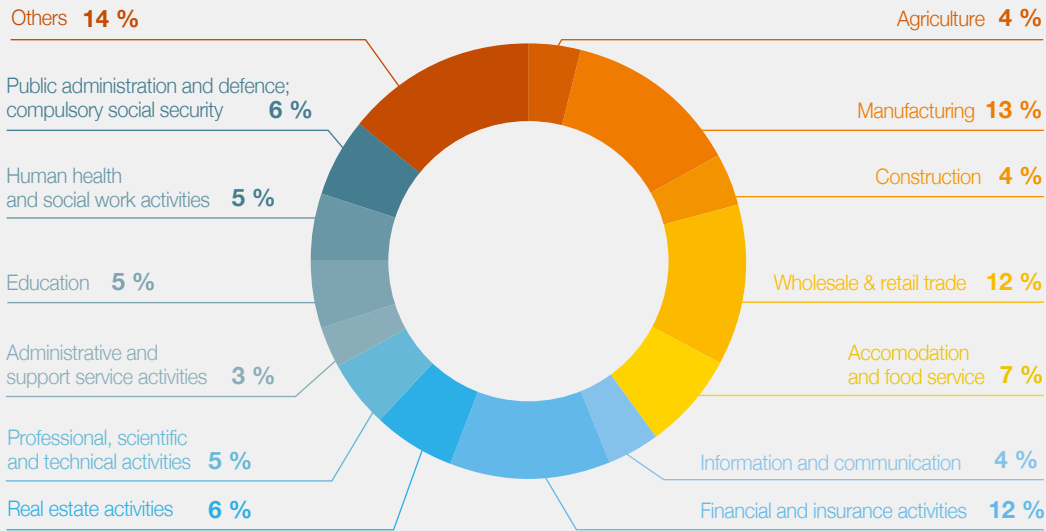
The MCCI Business Confidence Indicator summarises, in a single variable, the simultaneous changes of several variables and thus allows an instant estimate of the morale of entrepreneurs over a short time period.

For the first time since the launch of the economic tool, the MCCI Business Confidence Indicator witnessed a rise over all quarters to settle at 123.0 points in the fourth quarter of 2017, its highest level ever reached. The indicator is firmly in the dynamic territory, reflecting a situation of a better present and positive expectation of the future by entrepreneurs.

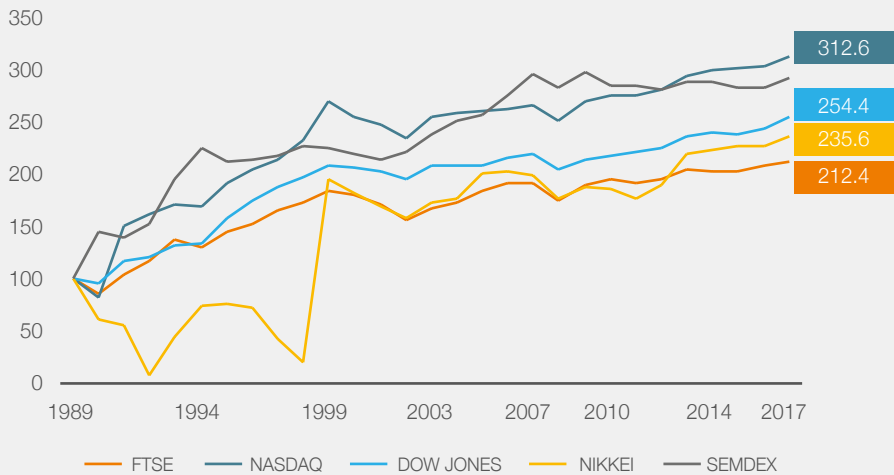
## Sectoral growth rates (%)



Contribution to GDP (%)



Stock Exchanges Worldwide



GROWTH (2017)

FTSE	9
NASDAQ	28.24
DOW JONES	25.08
NIKKEI	19.1
SEMDEX	21.77

# Trade Data

Total trade (Exports + Imports) has increased from Rs 185 billion in 2007 to reach Rs 252 billion in 2017 representing an increase of 36%. Over the same period, total exports (domestic exports and re-exports) registered a growth of 13% to reach Rs 72 billion in 2017. Over the period 2007 to 2017, domestic exports registered an increase of 12% till 2012 and remained stagnant for 3 years before experiencing a slight drop in the years 2016 and 2017.

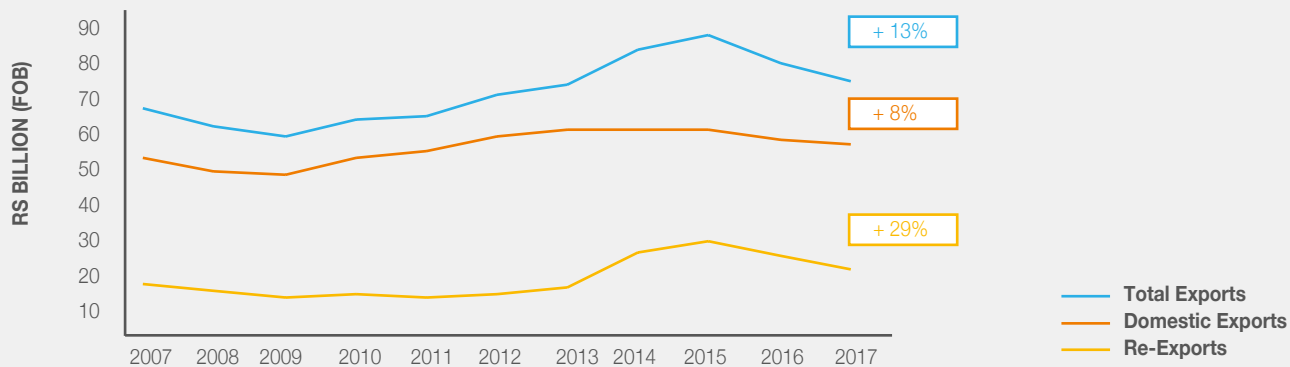
Our main exports over the same period were garments, sugar, preserved fish and jewellery. Preserved fish registered a growth of 64% while knitted T-Shirts experienced a decrease of 58% from 2007 to 2017. Other products such as medical devices, pasta, live animals, watch straps and fish meal have emerged as new exports over the period 2007-2017.

As regards to re-exports, there has been an increase of 29% over the period 2007-2017. In 2017, re-exports accounted for 25% of total exports. 'Mobile phones' and 'medicaments' were the main products re-exported from the freeport over this period.

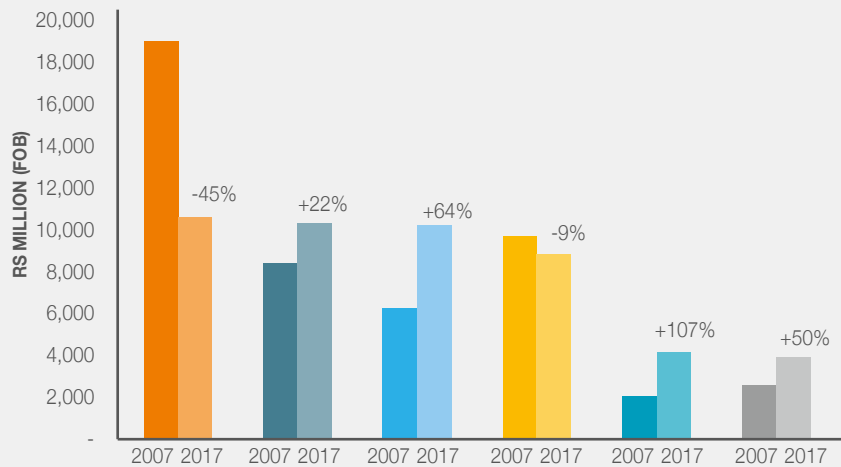
On the importation side, there has been a substantial increase in imports figures of nearly 50% from 2007 to 2017. Petroleum products remained our main imported item representing nearly 13% of total imports in 2017. The other main items imported included frozen fish, motor vehicles and cotton.

## Mauritius Exports

EVOLUTION OF EXPORTS FROM 2007 TO 2017

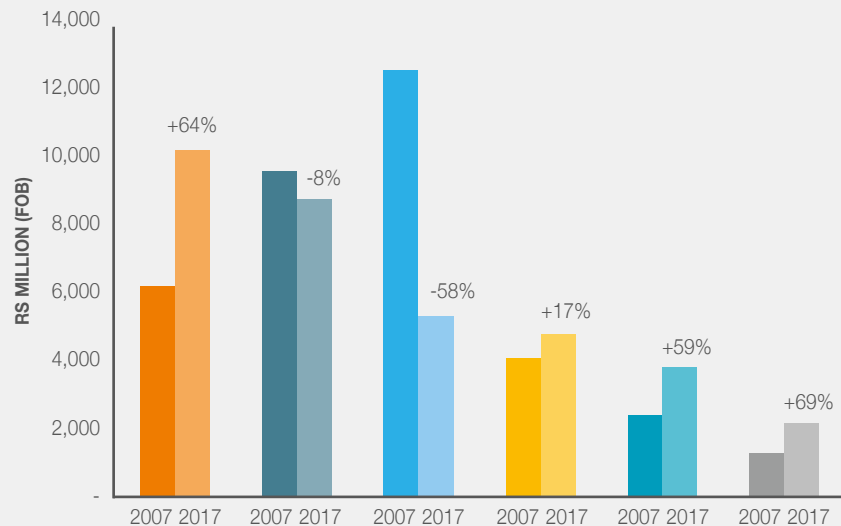


### MAIN EXPORTS - BY CHAPTER (2007-2017)



Rs million		
	2007	2017
Articles of apparel and clothing accessories, knitted or crocheted	18,964	10,511
Articles of apparel and clothing accessories, not knitted or crocheted	8,384	10,263
Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	6,197	10,183
Sugar and sugar confectionary	9,657	8,753
Fish and crustaceans, molluscs and other aquatic invertebrates	1,977	4,088
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles, thereof; imitation jewellery; coin	2,556	3,829

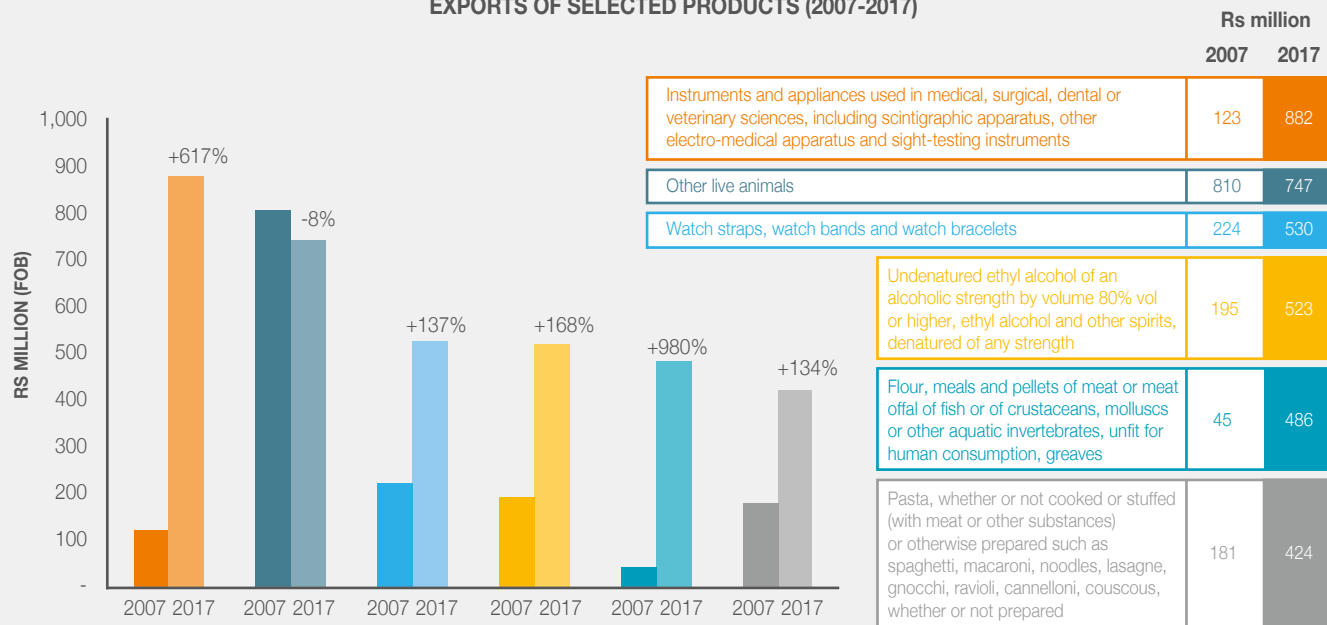
### EXPORTS OF MAIN PRODUCTS (2007-2017)



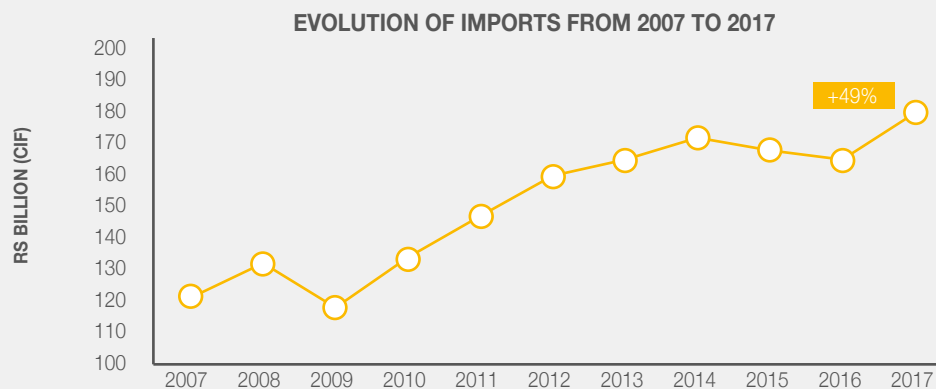
Rs million		
	2007	2017
Prepared or preserved fish, caviar and caviar substitutes prepared from fish eggs	6,194	10,182
Cane or beet sugar and chemically pure sucrose in solid form	9,577	8,734
T-shirts, singlets and other vests, knitted or crocheted	12,523	5,290
Men's or boys' shirts, woven	4,082	4,754
Men's or boy's shirts, ensembles, jacket, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear)	2,388	3,784
Diamonds, whether or not worked but not mounted or set	1,286	2,167



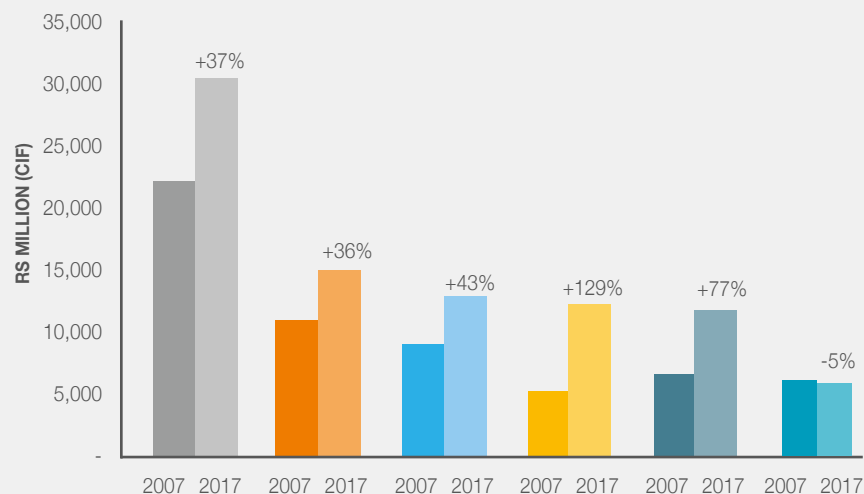
## EXPORTS OF SELECTED PRODUCTS (2007-2017)



## Mauritius Imports

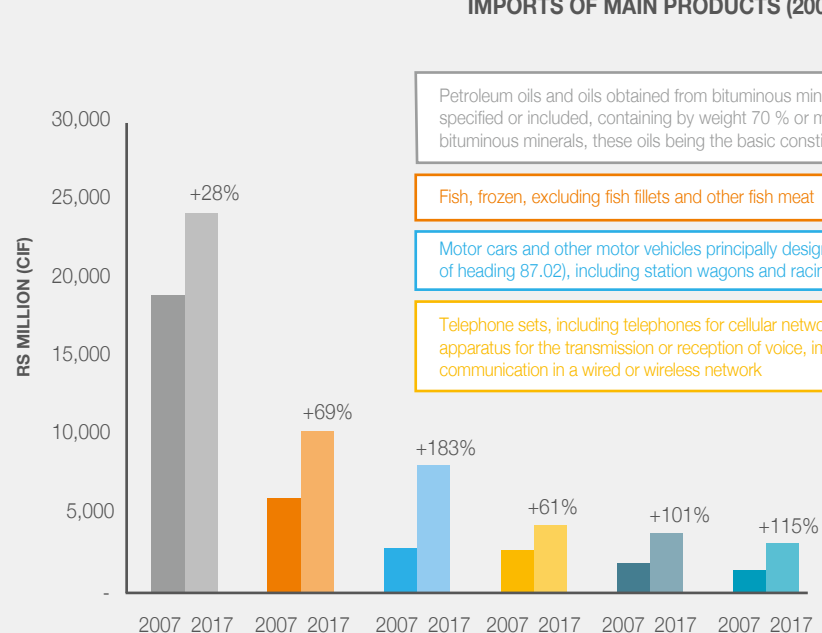


## MAIN IMPORTS - BY CHAPTER



Rs million		
	2007	2017
Minerals fuels, mineral oils and products of their distillation, bituminous substances, mineral waxes	22,281	30,573
Nuclear reactors, boilers, machinery and mechanical appliances	11,127	15,109
Electrical machinery and equipment and parts, sound recorders and reproducers, television image and sound recorders and reproducers and parts and accessories of such articles	9,084	12,953
Vehicles other than railway or tramway rolling-stock and parts and accessories	5,355	12,279
Fish and crustaceans, molluscs and other aquatic invertebrates	6,698	11,865
Cotton	6,176	5,878

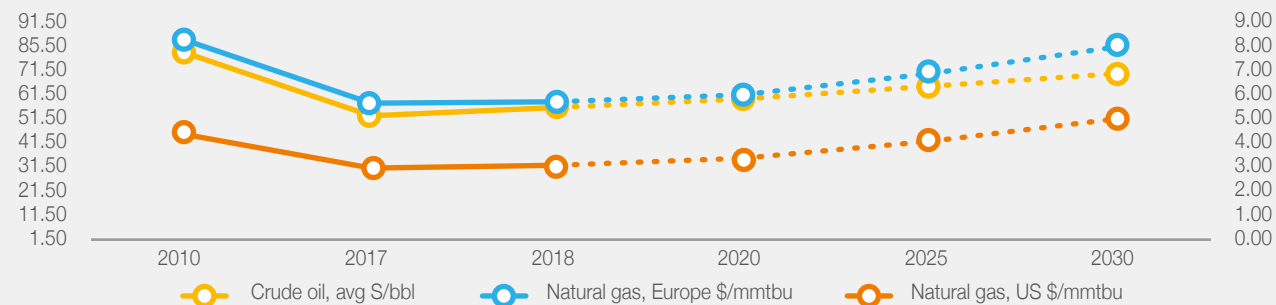
## IMPORTS OF MAIN PRODUCTS (2007-2017)



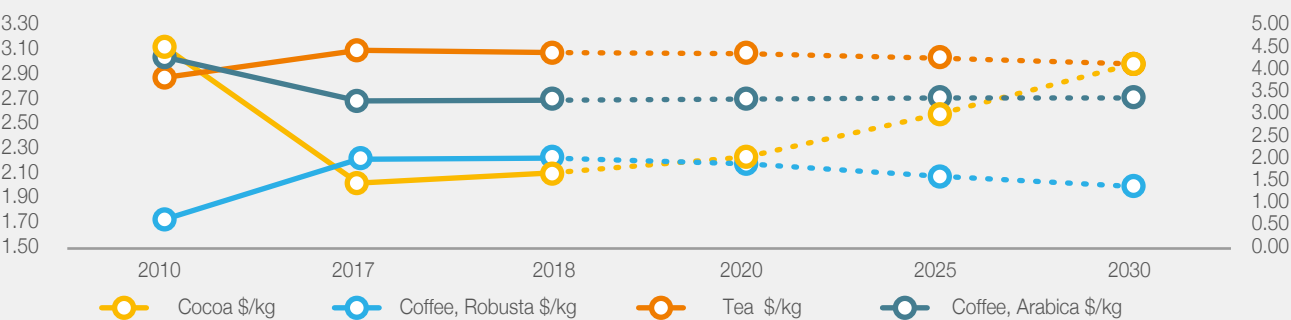
Rs million		
	2007	2017
Petroleum oils and oils obtained from bituminous minerals, other than crude preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.	18,969	24,237
Fish, frozen, excluding fish fillets and other fish meat	6,076	10,274
Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars	2,879	8,156
Telephone sets, including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network	2,678	4,315
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses or in forms or packings for retail sale.	1,902	3,829
Petroleum gases and other gaseous hydrocarbons	1,482	3,189

# World Bank **Commodities Price Forecast** (nominal US dollars)

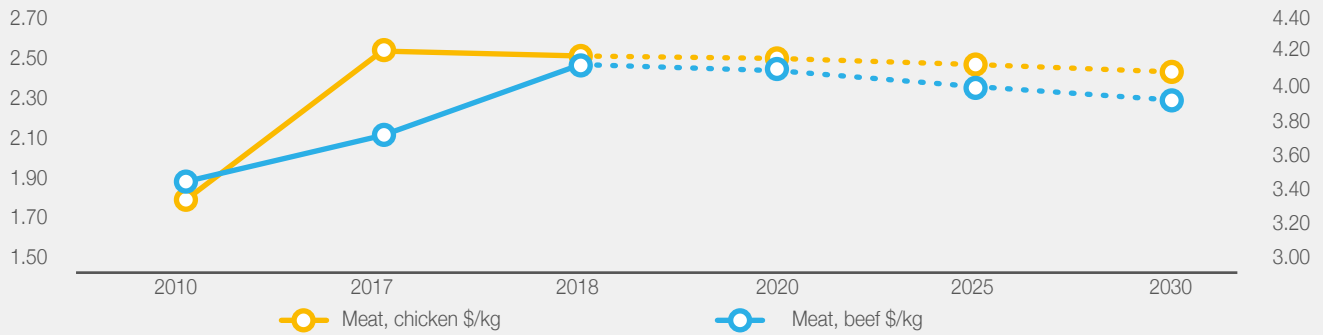
## Energy



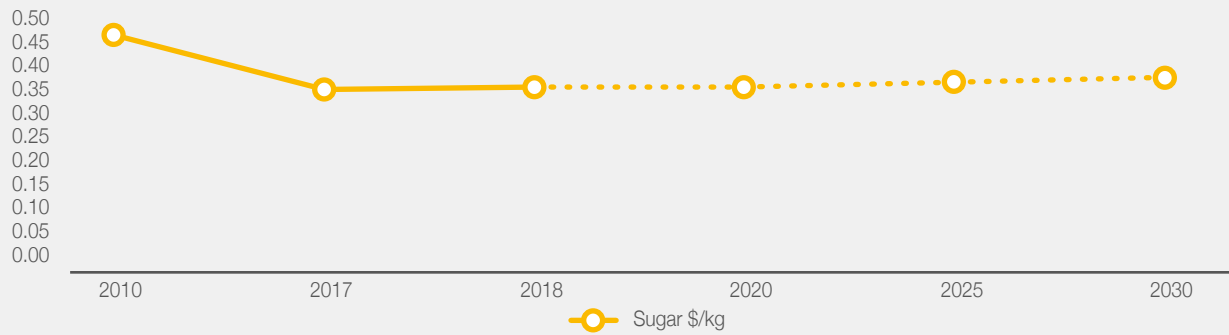
## Beverages



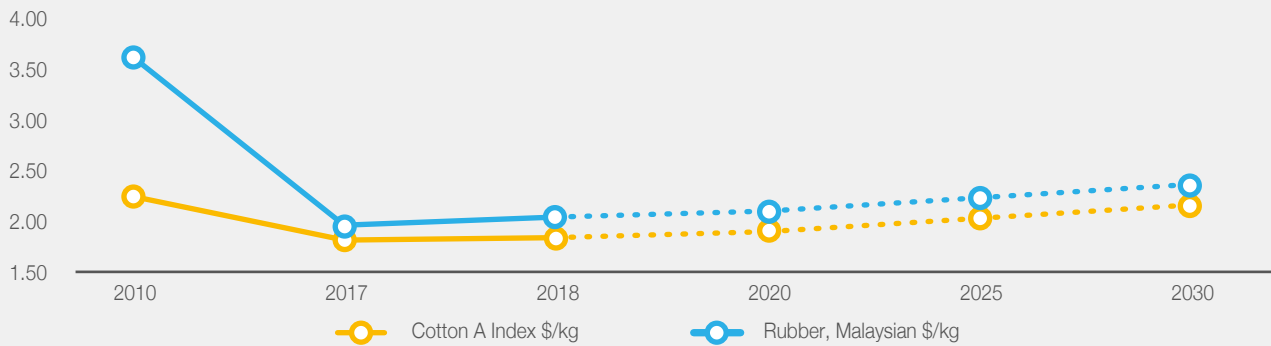
## Other Food



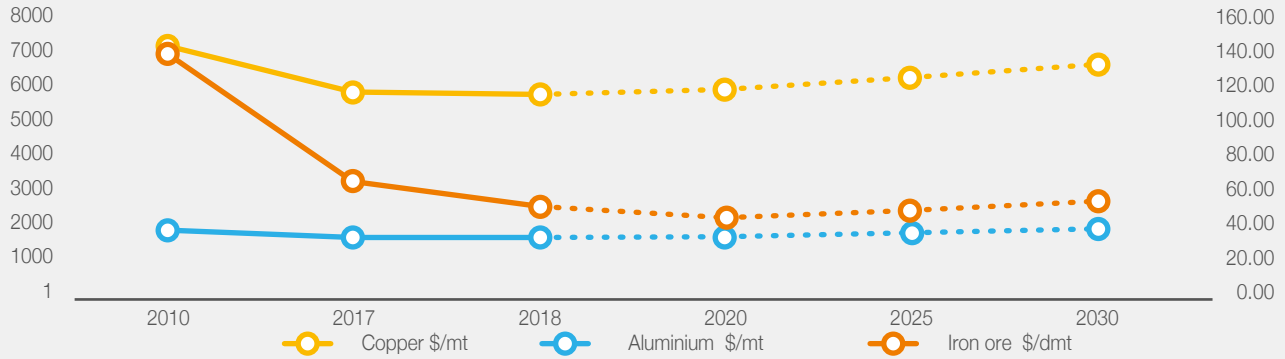
## Sugar



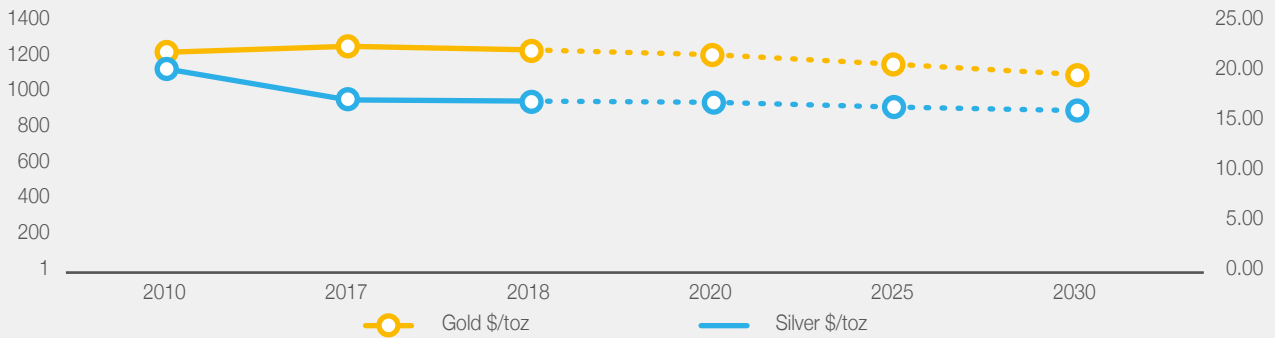
## Raw Materials



## Metals and Minerals



## Precious Metals

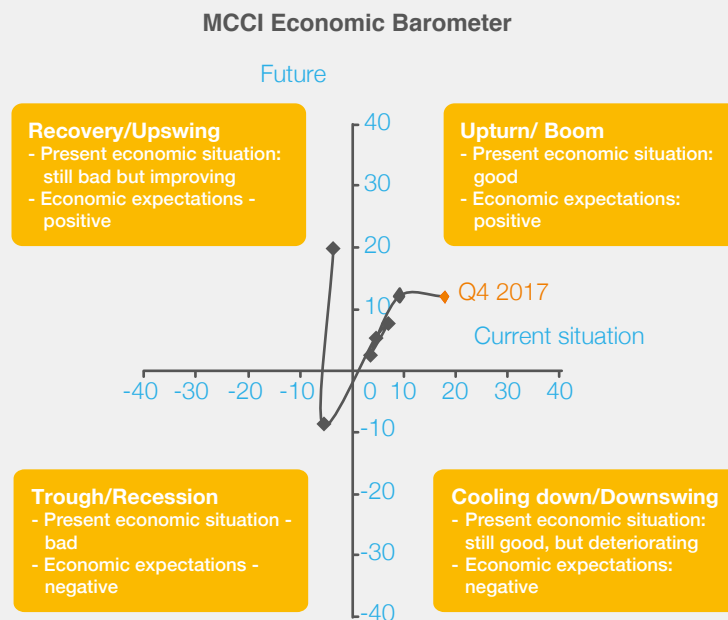


## Outlook 2018

On the international scene, the economic performance of advanced and developing economies in 2017 regained momentum. Looking ahead, the IMF predicts global economic activity to pick up pace in 2018 and 2019, with the expected impact of the recently approved U.S. tax policy changes. Nonetheless, there are a number of downside risks linked to a faster than expected increase in core inflation and interest rates in advanced economies as demand accelerates. Inward-looking policies in some main advanced economies, and continued political uncertainties in other economies also pose downside risks.

Amidst a rebound in the world economy, growth in Mauritius is expected to pick-up slightly with the latest figures from Statistics Mauritius and IMF forecasts for Mauritius both pointing towards a 4.0 percent growth rate in 2018.

Higher rates of economic growth in the Mauritian economy will largely depend on a renewal in public and private investment, driven by the kick-start of large-scale projects such as the Smart Cities, and the Metro Express as well as a number of fiscal incentives given to entrepreneurs to invest in high-value added activities. Moreover, demand-side measures such as the introduction of the Negative Income Tax, the National Minimum wage, and the reduction of the Key Repo Rate are expected to further boost consumption, which is one of the most critical determinants of economic growth in the country.



The MCCI's latest Economic Barometer shows that the country is in an Upturn, with a sustained improvement in the current economic situation over 2017. Entrepreneurs in general remain positive in regards to the future economic prospects for the economy in 2018.

Nevertheless, both internal and external risks remain as the country is faced with the combination of negative externalities with the effect of climate change and weather disruptions, delays in the implementation of public infrastructure projects as well as persistent uncertainties in the global economy and rising commodity prices. Mauritius needs to make full use of its monetary, fiscal and structural policy levers to sustain its economic development agenda.



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