



The Mauritius Chamber of Commerce and Industry

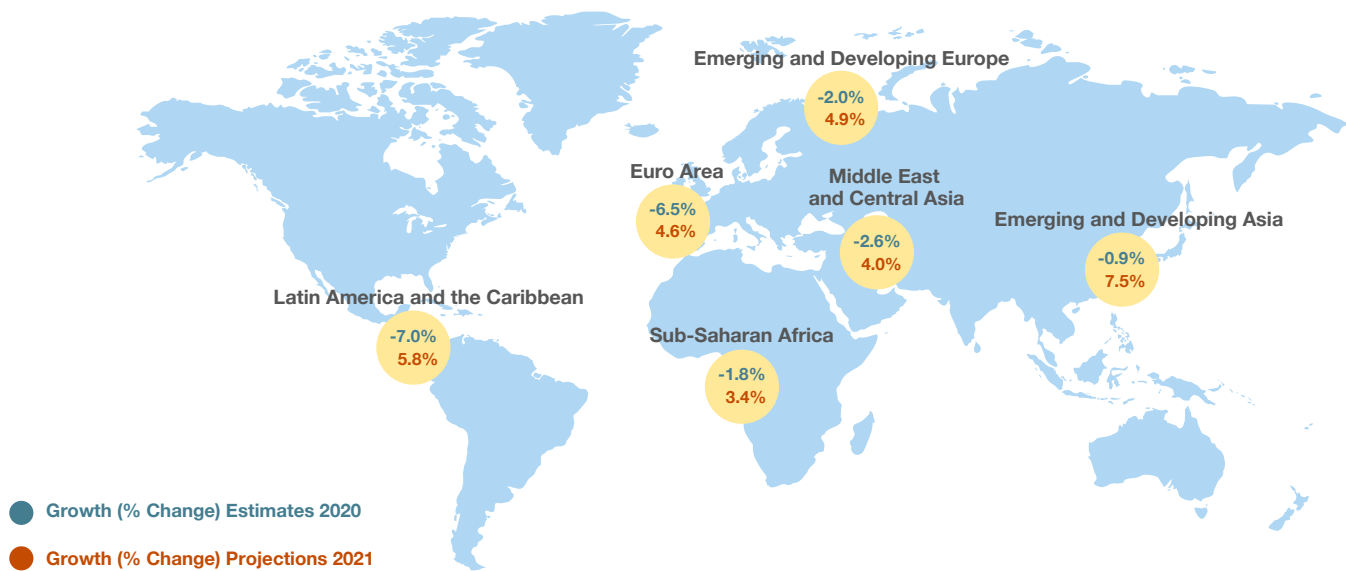
# **Economic & Trade Review**

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## The International Context

The year 2020 has been an inflection point in the economic history of the world with the worst crisis registered since the Great Depression of 1929. The pandemic has disrupted global supply chains, fragilised livelihoods and has accentuated structural weaknesses in businesses. The IMF, in its World Economic Outlook Report (July 2021) expects a rebound in the global economy with a projected growth of 6.0% in 2021 compared to an economic contraction of 3.2% in 2020.

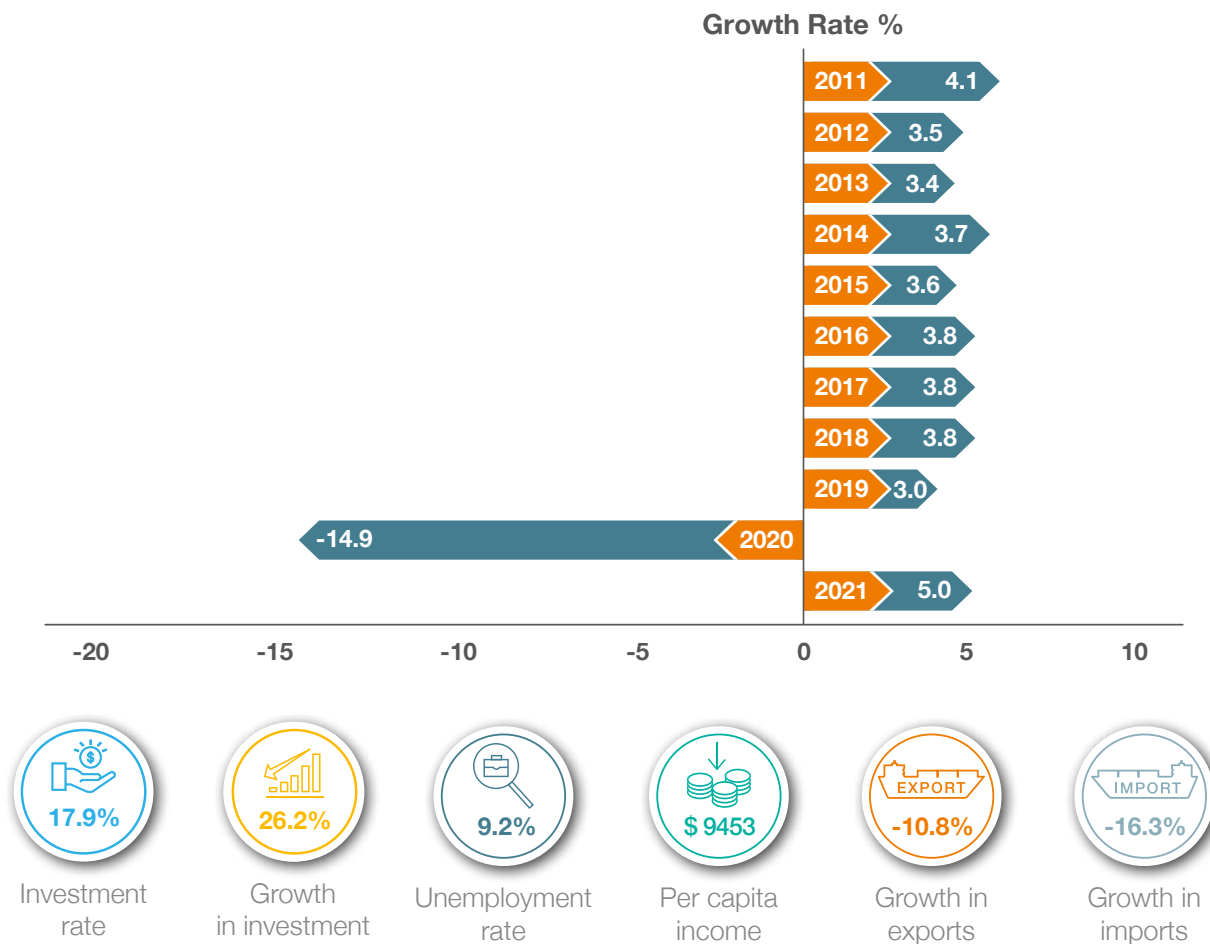
World Economy (July 2021)



Although all regions are expected to grow in 2021, the pace of recovery varies considerably, with greater weakness in countries that have had larger outbreaks and are heavily dependent on travel and tourism. The Emerging and Developing Asia is anticipated to show notable strength in 2021 with India and China expected to grow by 9.5% and 8.1% respectively. Recovery is projected to be lengthy in Emerging and Developing Europe at 4.9%, followed by Middle East and Central Asia by 4.0%, and sub-Saharan Africa by 3.4%.

## The Local Context of 2021

The Mauritian economy remains vulnerable to external shocks in 2021, coupled with expected downfall in tourism receipts and resurgence of border closure worldwide. The Mauritian economy is estimated to have faced a contraction of 14.9% in 2020. In the midst of the second lockdown in March 2021, the government elaborated relevant social and economic strategies to facilitate private sector and informal sector employees and businesses. The focus of the policies was to strengthen the resilience of the economy to the crisis and to ensure that its impact on various sectors of the economy in Mauritius is contained. Furthermore, the MCCI projects an economic rebound in the range of 5% in 2021.



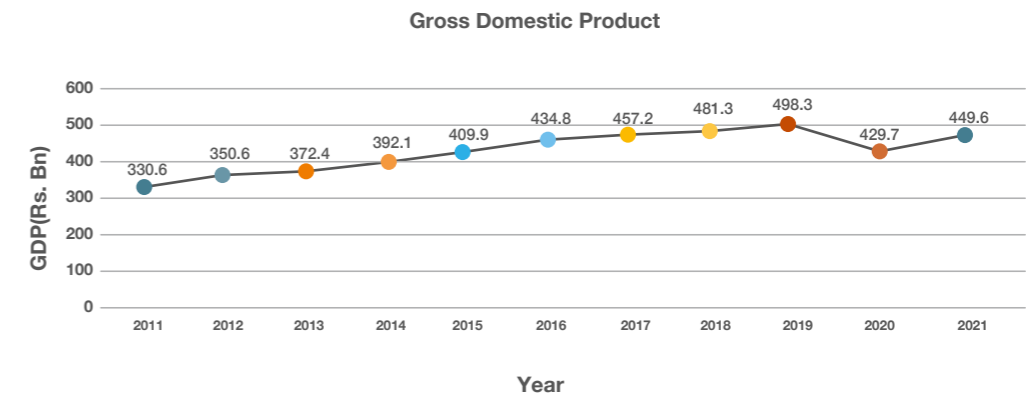
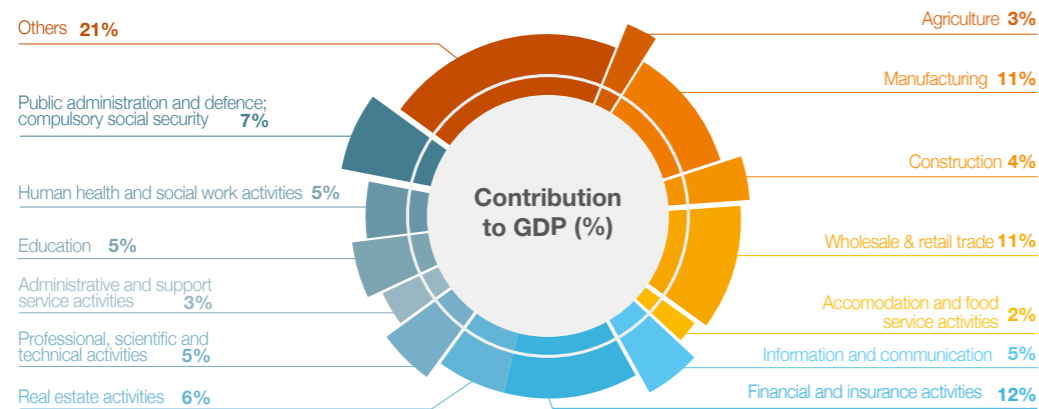
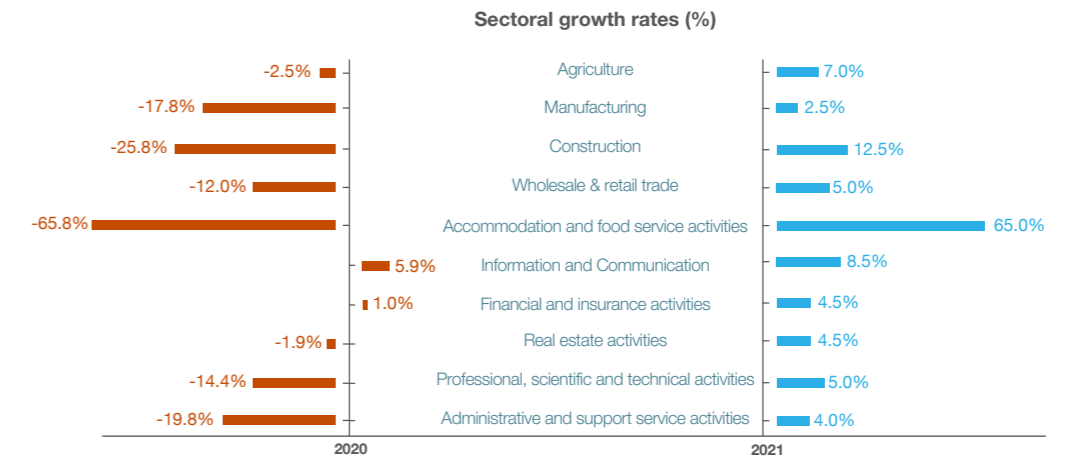
In 2021, per capita income is expected to increase to USD 10,295, representing an increase of 9% from around USD 9,453 in 2020. A significant 9.2% spike in unemployment is also mooted which is driven by the consequent business cycle unemployment risk.

## COVID-19 Sectoral Impact Assessment of the Mauritian Economy

From a sectoral perspective only, ICT/BPO and financial and insurance sector have registered a positive growth of 5.9% and 1.0% respectively in 2020. Furthermore, significant vulnerability has been observed in the manufacturing, accommodation and food services, construction, and administrative and support services activities.

Owing to the economy's heavy dependence on tourism, the impact of the pandemic has been more onerous in the above-mentioned sectors. Based on the MCCI's projections, for 2021, the manufacturing sector is expected to register a sluggish growth of 2.5%, the accommodation and food services sector 65%. Moreover, the construction industry is estimated to experience an economic upturn of 12.5% and the administrative and support services is anticipated to record a positive growth of 4%.

The COVID-19 pandemic has prodded many businesses to leverage the digital universe and adopt videoconferencing tools such as Teams, Discord and Zoom to ensure business continuity throughout the lockdown and venture to higher echelons of the market. Thence, the information and communication sector is foreseen to engender a steady growth of 8.5% in 2021.

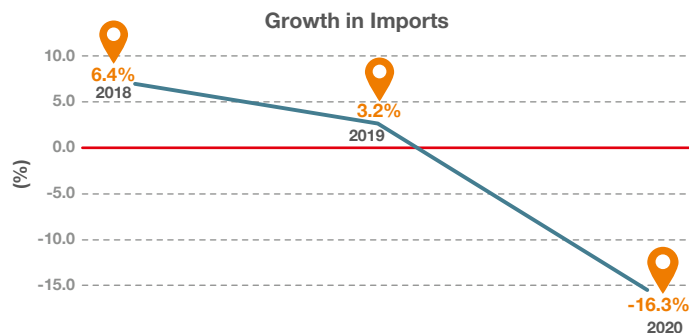
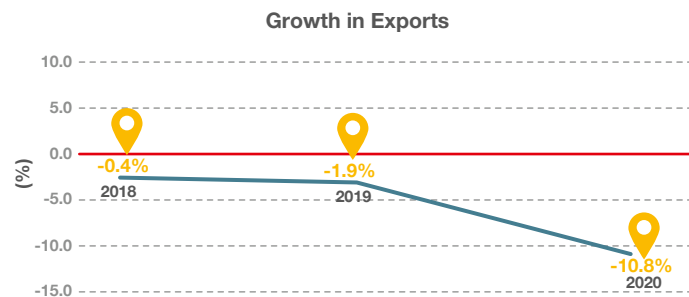


## Impact of COVID-19 on Trade

Amid the COVID-19 pandemic, external trading activities have undergone major changes both on the international and domestic landscape. With the introduction of travel controls to help mitigate the unprecedented negative effects of the pandemic, reduced air and maritime traffic on the Mauritian land has caused significant disruptions in both supply chains and trading patterns.

According to Statistics Mauritius, total exports (free on board) and total imports for the year 2020 were valued at MUR 70.3 billion and MUR 166.3 billion, respectively – representing a decline of 10.8% and 16.3%, respectively, compared to 2019. A quarterly analysis indicates that the impact of the pandemic on external trade was more pronounced in the second and third quarter of 2020 before recovering in the fourth quarter. The trade deficit for the year 2020 worked out to MUR 95.9 billion compared to MUR 119.8 billion in 2019.

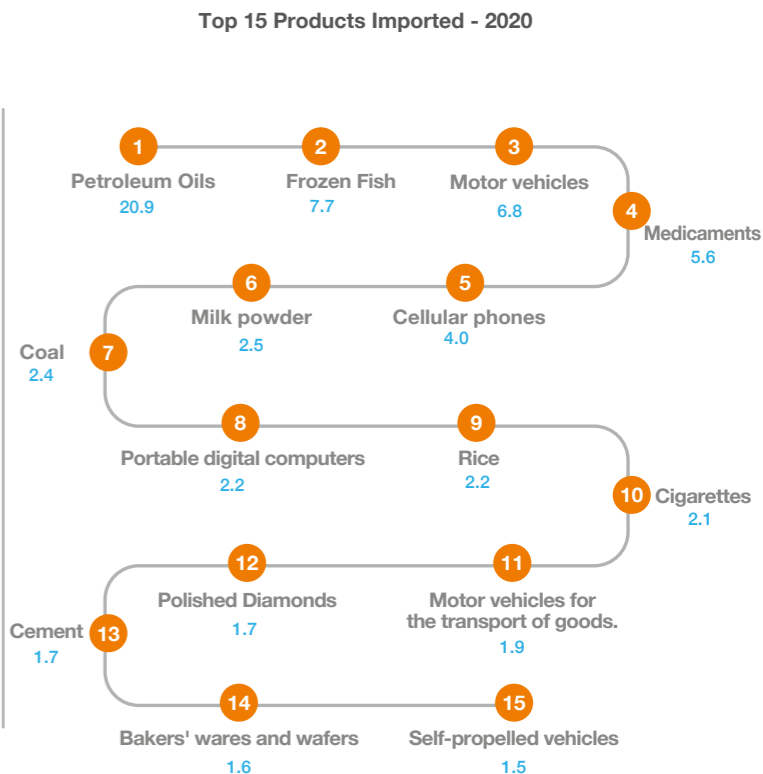
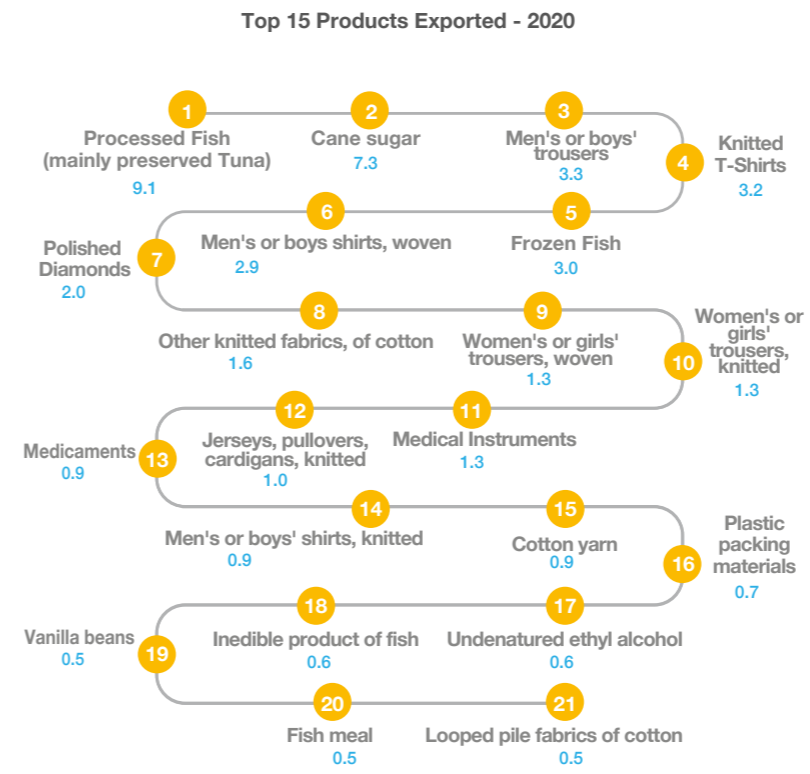
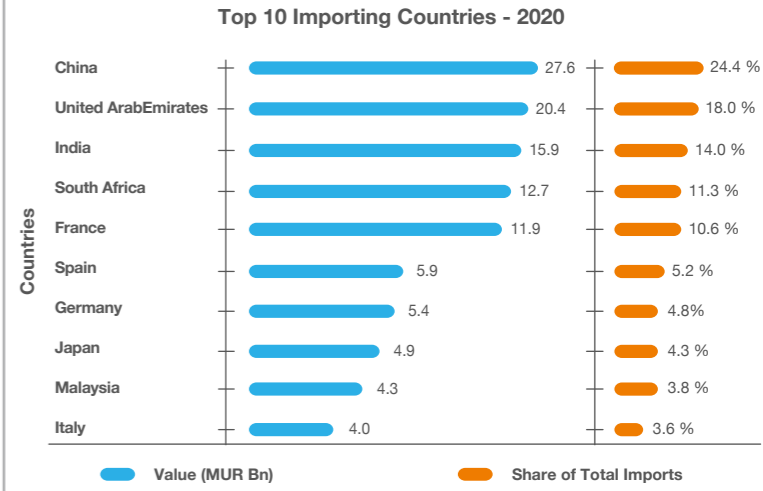
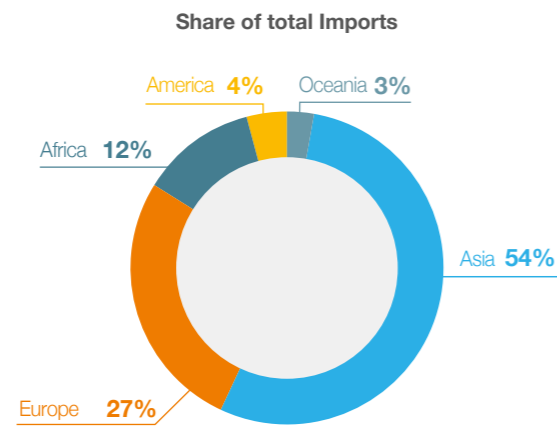
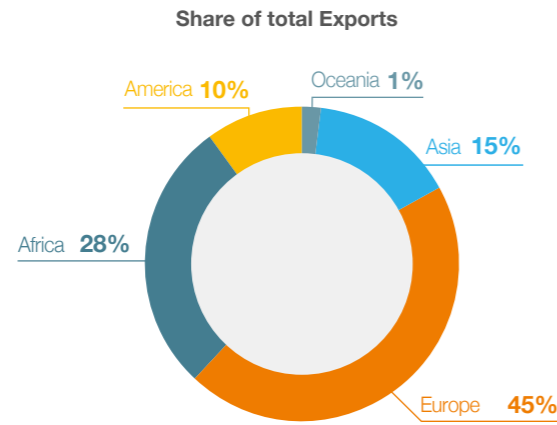
For 2021, Statistics Mauritius forecast total exports at approximately MUR 75 billion while total imports (including one off items such as marine vessels, machinery for metro terminals, cranes and tugs) is estimated at MUR 180 billion – resulting in an estimated trade deficit of MUR 105 billion.



# Trends 2020: Markets and Products

A breakdown of exports by region indicates that, in 2020, Europe remains the leading export destination for Mauritius, representing 45% of total exports, followed by Africa (28%). Our top ten exporting economies represented 69% of the total exports – South Africa (12%), the United Kingdom (10%), United States (10%), France (8%) and Madagascar (7%), among others.

Mauritius remains a net importer of goods with traditional markets being in Asia (54%) and Europe (27%). China (17%), United Arab Emirates (12%), India (10%), South Africa (8%) and France (7%) were our leading importing markets. Our major ten source markets accounted for 68% of our total imports. Based on available statistics, in the year 2020, our 15 main products of exports which include fish, cane sugar and garments accounted for 52.4% of our total exports. Our top 15 import products, on the other hand, accounted for 21.3% of total imports – with main products including petroleum oils, frozen fish and motor vehicles.



Value (MUR Bn)