

INTERNATIONAL MONETARY FUND



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## **Mauritius: Selected Issues and Statistical Appendix**

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MAURITIUS

**Selected Issues and Statistical Appendix**

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Approved by the African Department

July 6, 1999

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**LIST OF ACRONYMS AND ABBREVIATIONS**

<b>ACS</b>	<b>Airtel Cellular Services</b>
<b>BBH</b>	<b>Belle Beach Holdings</b>
<b>BOM</b>	<b>Bank of Mauritius</b>
<b>CARAT</b>	<b>Consulting for Africa and Regional Air Transportation</b>
<b>CBI</b>	<b>Cross-Border Initiative</b>
<b>CMT</b>	<b>Compagnie Mauricienne de Textile</b>
<b>COMESA</b>	<b>Common Market for Eastern and Southern Africa</b>
<b>EPZ</b>	<b>Export processing zone</b>
<b>FAIL</b>	<b>Food and Allied Industries, Ltd.</b>
<b>FUEL</b>	<b>Flacq United Estates, Ltd.</b>
<b>GSM</b>	<b>Global System for Mobile Telecommunication</b>
<b>IMF</b>	<b>International Monetary Fund</b>
<b>IOC</b>	<b>Indian Ocean Commission</b>
<b>IOR-ARC</b>	<b>Indian Ocean Rim—Association for Regional Cooperation</b>
<b>LAM</b>	<b>Linhas Aeras De Moçambique</b>
<b>MAE</b>	<b>Monetary and Exchange Affairs Department of the International Monetary Fund</b>
<b>MRA</b>	<b>Mauritius Revenue Authority</b>
<b>MCB</b>	<b>Mauritius Commercial Bank</b>
<b>MT</b>	<b>Mauritius Telecom</b>
<b>OTC</b>	<b>Over-the-counter sales</b>
<b>PAYE</b>	<b>Pay as you earn</b>
<b>Repos</b>	<b>Repurchase operations</b>
<b>SADC</b>	<b>Southern African Development Community</b>
<b>SAFE</b>	<b>South Africa Far East Submarine Cable Project</b>
<b>SBM</b>	<b>State Bank of Mauritius</b>
<b>SSE</b>	<b>Sena Sugar Estates</b>
<b>UCB</b>	<b>Union Commerciale de Banque</b>
<b>VAT</b>	<b>Value-added tax</b>
<b>WTO</b>	<b>World Trade Organization</b>

## Mauritius: Social and Demographic Indicators 1/

<b>Population</b>		<b>Education</b>	
Population (millions; 1998)	1.16	Adult illiteracy rate (percent; 1995)	17
Annual rate of growth (percent; average 1993-98)	1.7	Female	21
Population under age 15 (percent; 1996)	27	Male	13
Density (per square km.; 1998)	569	Gross primary school enrollment (percent; 1997) 2/	107
Land area (square km.)	2,040	Gross secondary school enrollment (percent; 1997) 2/	55
<b>Population characteristics</b>		<b>Income</b>	
Life expectancy at birth (years; 1996)		GDP per capita (U.S. dollars; 1997/98) 3/	3,450
Male	66	Poverty	
Female	74	Head count index (percent of population; 1989-94)	5
Infant mortality (per thousand; 1997)	20		
Crude birth rate (per thousand; 1997)	17		
Crude death rate (per thousand; 1997)	7		
Fertility rate (births per woman; 1996)	2		
<b>Labor force</b>		<b>Health</b>	
Total (thousands; 1998)	517	Health care access (percent of population; 1991)	99
Of which: female (percent; 1998)	34	Immunization for measles (percent of population less than 12 months; 1995)	85
Annual growth rate (percent; average 1995-98)	1.9	Population per physician (1996)	1,133
Sugar workers (percent of total labor force; 1997)	8	Population per hospital bed (1996)	339
Export processing zone workers (percent of total labor force; 1997)	16	Safe water access (percent of population; 1993)	100
		Sanitation access (percent of population; 1993)	100

Sources: Central Statistical Office; IMF, *International Financial Statistics*; World Bank, *World Development Indicators*, 1998; and World Bank, "Country Assistance Strategy of the World Bank Group for the Republic of Mauritius, 1997."

1/ The Republic of Mauritius consists of the islands of Mauritius and Rodrigues, and two very small "outer" islands. Population density varies greatly among these.

2/ Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown.

3/ Fiscal year July to June.

## I. INTRODUCTION

1. In September 1998, the government of Mauritius introduced a value-added tax (VAT) as a major step in the reform of the country's indirect tax system. Section II discusses initial performance and other issues relating to the implementation of the VAT. As the Mauritian economy has continued to expand at a relatively rapid pace, the need for the monetary authorities to enhance their ability to influence domestic liquidity, as well as to ensure the integrity of the banking system, has become increasingly apparent; a presentation of the issues involved is contained in Section III. Although Mauritius has made strides in recent years in liberalizing its external trade regime, the present system remains short of the objectives established by the government, especially in the context of its multilateral commitments. A discussion of these objectives, as well as potential obstacles to achieving them, is presented in Section IV. Private industry in Mauritius has been quite successful in expanding its operations overseas in a wide range of production and service activities, and these endeavors are described in Section V.

2. The Statistical Appendix updates the comprehensive set of economic and financial tables as well as the summary of the tax system contained in Mauritius—Statistical Annex (SM/98/100; 5/18/98).

## II. IMPLEMENTATION OF THE VALUE-ADDED TAX<sup>1</sup>

### A. Introduction

3. As a key aspect of the reform of the indirect tax system, on September 7, 1998, Mauritius introduced a value-added tax (VAT). The reform of the indirect tax system was aimed at simplifying the system and eventually reducing effective protection and eliminating undue reliance by the government budget on revenue from import taxation. These objectives were to be achieved through the introduction of a broad-based domestic tax to replace the sales tax (whose base had been significantly eroded by exemptions); this measure would permit a subsequent reduction in the very high external tariffs, which involved substantial nominal and effective rate dispersion.<sup>2</sup> In line with the strategy of reform, the implementation of the VAT coincided with the abolition of the sales tax (8 percent) and the first step in the phased elimination of the hotel and restaurant tax (10 percent).

4. As designed, the VAT was intended to be a comprehensive tax on goods and services, with very few exemptions and a single threshold at or above which registration for enterprises would be required. Consequently, the VAT law allowed for limited exemptions, relating mainly to selected foodstuffs and goods and services used in education and health activities. More significantly, imports by export processing zone (EPZ) enterprises and other concession-granted enterprises were subject to the VAT, although a fast-track refund system was put in place to minimize potential cash-flow problems for these enterprises. The level of the VAT was fixed at a single rate of 10 percent, a

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<sup>1</sup> Prepared by Joseph Kakoza.

<sup>2</sup> For a detailed review of the Mauritian tariff structure, see Section IV.



compromise that was approved by the National Assembly instead of an originally proposed 12 percent rate, which was considered to be revenue neutral. In line with standard VAT practice, exports were zero rated. The annual threshold for compulsory registration for the VAT was fixed at Mau Rs 3 million (equivalent to about US\$120,000). The sales tax was abolished at the time the VAT became effective, and the hotel and restaurant tax was reduced to 4 percent; the latter is expected to be reduced to 2 percent effective July 1, 1999, and to be eliminated altogether on July 1, 2000.

5. After the VAT law was passed, however, revisions were introduced that significantly changed the character of the tax. As discussed below, the list of exemptions was substantially expanded to include imports of EPZ enterprises and other concession-granted enterprises, as well as services to these same entities. Significant exemptions were also provided to the sugar sector. Simply stated, similar goods imported by concessions-granted and other enterprises are not subject to the same VAT regime. Also, the changes allowed EPZ enterprises to pay the VAT on domestic sales at a rate of ½ percent.

#### **B. Performance During September 1998–April 1999**

6. Despite the lower-than-planned rate and wider-than-envisaged scope of exemptions, the performance of the VAT during the first eight months of its operation was much better than anticipated in terms of the level of compliance and revenue collected. The percentage of registered VAT taxpayers filing returns on time was, on average, more than 90 percent; in addition, close to 99 percent of returns were received within 20 days of the receipt of the first reminder notice (see Table 2.1). Wholesale and retail business accounted for about 44 percent of registered businesses; manufacturing activities accounted for another 27 percent; and professional services (accounting, real estate, legal, etc.) accounted for about 10 percent.

7. Over the period September 1998–April 1999, the total of sales tax, hotel tax, and VAT collected was 60 percent higher than during the comparable period of 1997/98 (see Table 2.2).<sup>3</sup> In relation to the budget projection, VAT collection for the period was 46 percent higher. About 65 percent of the total VAT receipts were collected on imports at customs, while the balance was collected from domestic goods and services.

8. While these results were very favorable by international standards, they could be eroded because of the following factors: (i) levels of compliance normally start high and then decline until audits and other administrative controls become fully effective; (ii) the rate of refunds, especially for capital goods and exports, may pick up significantly after starting at a slow pace; and (iii) a significant proportion of returns have been registering excess credit or zero turnover. Nevertheless, a significant offset to the positive momentum generated during the early implementation period is not expected. Consequently, VAT receipts in 1998/99 are expected to be about 30 percent higher than originally projected, and to amount to about 5 percent of GDP on an annualized basis.

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<sup>3</sup> Fiscal year from July 1 to June 30.

Table 2.1. Mauritius: Value-Added Tax (VAT) 1/ Registration and Return Compliance, July 1998-March 1999

(Numbers, unless otherwise indicated)

	1998						1999		
	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Companies registered at the beginning of the month	0	263	930	1,087	1,099	1,104	1,111	1,138	1,140
Companies registered during the month	263	667	164	12	5	7	11	2	6
Companies deregistered during the month	0	0	7	0	0	0	0	0	0
Companies changing tax period during the month	0	0	0	0	0	0	14	0	0
VAT returns due during the month	0	0	1,087	1,099	1,104	1,111	1,138	1,140	1,146
VAT returns received on time	...	...	1,010	1,010	1,066	1,075	1,090	1,111	1,115
In percent of total VAT returns due	...	...	92.9	91.9	96.6	96.8	95.8	97.5	97.3
Percentage of returns received within 20 days of first reminder notice	...	...	98.9	99.4	98.6	99.5	98.9	99.1	...

Source: Mauritian authorities.

1/ The VAT came into effect in September 1998.

Table 2.2. Mauritius: Comparison of Value-Added Tax (VAT) 1/ and Related Revenue Collection, 1997/98 and 1998/99 (July-April)

(In millions of Mauritian rupees, unless otherwise indicated)

	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	Cumulative Sep.-Apr.
Fiscal year 1997/98 2/											
VAT on imported goods	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VAT on domestic goods and services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross VAT collected (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VAT refunded	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net VAT collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hotel and restaurant tax (2)	227.1	185.3	239.0	228.3	226.0	285.5	216.7	194.7	226.8	237.8	1,854.8
Sales tax (3)	54.0	24.1	48.2	36.5	25.2	80.0	28.5	58.0	87.7	66.2	430.3
Total gross tax collected (1)+(2)+(3)	281.1	209.4	287.2	264.8	251.2	365.5	245.2	252.7	314.5	304.0	2,285.1
Fiscal year 1998/99 2/											
VAT on imported goods	0.0	0.0	191.8	253.9	327.4	314.8	192.1	170.7	256.1	235.2	1,942.0
VAT on domestic goods and services	0.0	0.0	0.0	50.6	260.4	167.8	149.5	257.2	239.8	176.9	1,302.2
Gross VAT collected (4)	0.0	0.0	191.8	304.5	587.8	482.6	341.6	427.9	495.9	412.1	3,244.2
VAT refunded	0.0	0.0	0.0	-1.1	-7.0	-16.5	-21.6	-47.6	-62.3	-106.3	-262.4
Net VAT collected	0.0	0.0	191.8	303.4	580.8	466.1	320.0	380.3	433.6	305.8	2,981.8
Hotel and restaurant tax (5)	48.0	43.7	39.4	20.0	28.6	24.3	10.1	29.0	43.8	30.2	225.4
Sales tax (6)	248.0	214.8	167.1	22.6	2.3	3.0	0.8	1.0	1.1	1.0	198.9
Total gross tax collected (4)+(5)+(6)	296.0	258.5	398.3	347.1	618.7	509.9	352.5	457.9	540.8	443.3	3,668.5
Percentage increase over previous year	5.3	23.4	38.7	31.1	146.3	39.5	43.8	81.2	72.0	45.8	60.5

Source: Mauritian authorities.

1/ The VAT came into effect in September 1998.

2/ Fiscal year from July to June.

9. The experience with the VAT has highlighted the need to both review the list of exemptions under the tax and to examine several areas where improvements in administration could rationalize collection procedures and enhance revenue performance. Regarding exemptions, the restricted list of exemptions that was included in the VAT legislation was subsequently significantly expanded by ministerial decree. The most important exemptions relate to imports of EPZ enterprises.<sup>4</sup> These enterprises have operations spread throughout the country, rather than confined to an area strictly under customs administration control, making it difficult to monitor the end use of EPZ imports. The broad exemptions granted to EPZ enterprises, which account for about one-third of Mauritius's total imports, have the effect of rendering the VAT and the refund system for exporters less transparent and creating the potential for abuse. Not only are similar goods imported by EPZ and non-EPZ enterprises not subject to the same VAT regime, but even imports of the same goods by the same EPZ enterprise are treated differently depending on their declared end use. The second anomaly may be particularly pronounced in the case of textiles for final consumption, since these may also be subject to high custom tariff rates.

10. Exemptions granted to some other sectors have created a situation in which similar services are taxed or not depending on the VAT status of the recipient operator—something that is bound to complicate tax administration.<sup>5</sup> Many Mauritian enterprises may have to apply for refunds of the tax paid on their inputs.<sup>6</sup> Exemptions will certainly penalize all enterprises unable to claim credit for VAT paid on their inputs, thereby diluting the anticascading nature of the VAT.

### C. Strengthening of Tax Administration

11. While implementation of the VAT has proceeded relatively smoothly, experience has revealed the need to strengthen its administration, and the government is taking actions in the following fields:

- strengthening management of the registration, audit, return processing, intelligence, database, and enforcement functions; and

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<sup>4</sup> Although producing primarily for the export market, EPZ enterprises are allowed to sell a maximum of 20 percent of their output on the domestic market.

<sup>5</sup> For example, services provided to sugar planters, such as land preparation, transport, etc., are exempted, although similar services provided to other clients are subject to the VAT.

<sup>6</sup> The VAT system in Mauritius is what is described as a “credit” system. This requires that the amount of the VAT charged be explicitly stated on the invoice. Zero-rated enterprises charge no VAT on sales, but can claim a refund of the VAT paid on purchases. Exempted enterprises also charge no VAT on sales; however, since they are outside the VAT system, they can claim no refund of VAT on purchases. Some enterprises, however, such as sugar companies, are both zero rated (on exports) and exempted (on imports).

- fostering closer cooperation between the VAT administrative units, on the one hand, and the Customs and Income Tax Departments, on the other, through the assignment of counterpart officers, the sharing of information and intelligence, and the holding of regular meetings on issues of common concern.

12. In addition to the above measures, which are intended to improve the operational capability of the VAT administration, several key changes are planned with the aim of developing an effective and efficient overall tax administration over the medium term. Indeed, the introduction of the VAT was conceived as a vehicle for modernizing the entire revenue administration. The first and most important change is the proposed establishment of a unified revenue board, the Mauritius Revenue Authority (MRA), which would significantly alter the administration of internal taxes and customs duties by bringing all taxes under a single central administration. Significant savings are expected to result from the centralization of tax administration under the MRA. In addition, the MRA should facilitate closer cooperation among the administrators of various taxes. It should also make it possible to rationalize staff training for revenue officers in a proposed finance school. A decision to create the MRA was adopted in 1998 and incorporated in the 1998/99 budget law. A plan for the transition from the current system, which is based on five independent revenue departments, to the MRA has already been designed and approved. The government is elaborating the organizational structure of the MRA, and the institution is expected to be operational by the end of 2000.

13. A second key aspect of reform would be the phased introduction of a single-taxpayer master file for all taxes, which would be facilitated by the launching of the MRA. This master file would replace the current files (VAT, pay as you earn (PAYE), and INCOME TAX), now maintained separately by the various revenue departments with very few links among them. After creation of the single-taxpayer file, joint tax audits are expected to be introduced. A steering committee for the creation and monitoring of a large-taxpayers' office was formed in late 1998; subsequently, identification of VAT-registered enterprises within the Income Tax Department started in early 1999.

### III. ISSUES IN MONEY AND BANKING<sup>7</sup>

14. This section summarizes the findings and recommendations of the 1999 Article IV consultation mission with respect to the financial sector; it benefits from the report prepared by a technical assistance advisory mission from the IMF's Monetary and Exchange Affairs Department (MAE) that visited Mauritius in January 1999.<sup>8</sup>

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<sup>7</sup> Prepared by Gamal Z. El-Masry.

<sup>8</sup> The MAE mission consisted of Mr. Ugolini (head), Mr. Nagayasu (EP), Mr. Barewal, Mr. Carbonaro, Mr. McConnell (all consultants), and Ms. De Biasi-Campanella (assistant).

## A. Monetary Operations

### Background

15. In July and December 1998, two new maturities, namely of 2 years and 1 month, respectively, were added to the existing range of treasury bills of 3, 6, and 12 months. The treasury bills with one-month maturity were intended to provide offshore banks, which are currently holding substantial deposit balances of foreign currency, with attractive alternative short-term investment opportunities. By contrast, the two-year treasury bills were introduced to improve the time profile of the government's domestic debt portfolio.

16. Also in December 1998, the Bank of Mauritius (BOM) introduced over-the-counter (OTC) sales of treasury bills directly to individuals and nonfinancial corporations. The OTC sales are conducted weekly on Tuesdays at the headquarters of the BOM, with the maturities and amounts of treasury bills for sale published in advance in the local press. The prices of the treasury bills are linked to the results of the treasury bill auction of the previous Thursday, and purchases are made in multiples of Mau Rs 100,000 (about US\$4,000). The BOM introduced the OTC sales to the general public, with a view to familiarizing the nonfinancial sector with government securities as an attractive investment instrument. As the number of treasury bill holders grows, commercial banks could be expected to enter the market for the purchase and sale of government securities by offering ongoing buying and selling prices, thus providing investors liquidity and an effective secondary market for their treasury bills. The BOM also hopes that the OTC sales will put market pressure on commercial banks to narrow their interest rate margins by increasing their deposit rates, in line with the recently rising trend in treasury bill rates.<sup>9</sup>

17. The high level of concentration in the banking sector<sup>10</sup> and the seasonality of key sectors of the economy, particularly sugar and tourism, have resulted in a hitherto very inactive and thin domestic interbank money market. In general, the banking sector as a whole is either flush with or short on liquidity at the same time, and interbank transactions are limited to overnight call money. The Secondary Market Cell is currently not being used by the BOM to actively meet liquidity shortfalls in the market through outright purchases of treasury bills from commercial banks. In the absence of an effective interbank market for treasury bills, banks, when in need of short-term liquidity, are left with only the possibility of requesting an overnight overdraft facility from the BOM. This facility is by no means automatic, but is instead provided by the BOM in a discretionary manner, on a

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<sup>9</sup> The three-month treasury bill rate rose from 9½ percent in July 1998 to 12¾ percent in January 1999.

<sup>10</sup> The largest bank, the Mauritius Commercial Bank (MCB), accounts for about 45 percent of the banking market, while the second largest bank, the State Bank of Mauritius (SBM), accounts for about 28 percent. The other eight commercial banks share the remaining 27 percent of the market. The concentration in the banking sector results from the historical association of certain sectors with certain banks (e.g., sugar with MCB)—an association that has not been significantly altered by the entry of new banks in the financial sector (see Subsection B, "Banking Supervision").

case-by-case basis, and at a penalty rate. Indeed, banks are very reluctant to avail themselves of this facility, not only because its outcome is unpredictable, but also because approaching the central bank for short-term finance may be interpreted by the market as a sign of weakness in the banks' liquidity management.

18. Presently, the BOM does not have an active instrument through which to signal its monetary policy stance to market participants. The bank rate, which the BOM applies to advances it makes to the government, is calculated as the weighted average of the yields of treasury bills with maturities of up to one year that were sold at the previous auction. In the absence of an active secondary market or interbank market, there is hardly any "reality check" on the treasury bill rates, particularly between the weekly auctions. Moreover, since the BOM does not conduct open market operations using its own portfolio of securities, but merely manages the weekly treasury bill auctions as an agent of the government, it cannot directly influence market conditions by determining the volume of securities offered at these auctions in line with its desired monetary policy stance.

### **Findings and recommendations**

19. In view of this situation, the BOM has been advised to consider the introduction of two collateralized and indirect monetary instruments to improve its conduct of monetary policy, namely, the Lombard facility and repurchase operations (repos).<sup>11</sup> The Lombard facility would be designed as a lender of last resort for commercial banks that would assign specified amounts of eligible government securities to the BOM as collateral on a continuous basis. Commercial banks would then be able to draw overnight funds from the BOM at their own initiative up to the amounts assigned to meet unexpected liquidity shortfalls. The Lombard rate, which commercial banks would need to pay to use this facility, would be periodically set and made known to all market participants by the BOM, and would entail a certain penalty premium over the interbank overnight market rate. Such a premium would ensure that banks draw under this window only after exhausting all other facilities available to them in the interbank market.

20. By contrast, repo operations would be conducted at the initiative of the BOM to influence short-term liquidity in the domestic money market, that is, between the weekly auctions of treasury bills. A repo transaction is a form of collateralized lending in which the central bank injects liquidity into the market by buying eligible securities from commercial banks under a contract that provides for their resale at a specified date and price. Under a reverse transaction, known also as a reverse repo, the central bank would absorb liquidity by selling securities while making a contractual commitment to rebuy them at a specified date and price.

21. With the introduction of the Lombard and repo facilities, the BOM would expand its set of indirect monetary instruments. On the one hand, it would set the Lombard rate as an upper bound to short-term money market rates and change it only periodically to signal to the market the need to

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<sup>11</sup> The Bank of Mauritius Act was amended in 1998 to allow the central bank to engage in repurchase operations.

adjust the overall level of interest rates. On the other hand, the BOM would use repo operations to intervene directly in the domestic money market in order to fine-tune short-term liquidity between treasury bill auctions, in line with its desired policy stance and on the basis of its own short-term liquidity forecasts. The implied repo lending rate would ordinarily be below the Lombard rate but above the interbank market rate.<sup>12</sup> When the BOM deemed it necessary to tighten its monetary policy stance, it would conduct repo transactions at rates close to the Lombard rate. By contrast, if it chose to loosen monetary conditions, it would conduct repos at rates significantly below the Lombard rate and closer to the interbank money rate.

22. The Lombard and repo facilities should be seen as complementary instruments that would need to be introduced as a package and clearly explained to the commercial banking community, so that market participants not only understood the rules of operation, but could also correctly gauge the signals transmitted to them by the BOM in its choice of instruments, timing, interest rates, and quantities traded. Another precondition for the efficient application of these indirect instruments would be for the BOM to accumulate a portfolio of eligible securities that it could trade in open market operations at its own initiative, when and how it deemed appropriate.

23. Other recommendations by IMF staff include the following:

- Improve the BOM's liquidity forecasting techniques and foster closer cooperation with the Ministry of Finance to better anticipate sharp fluctuations in domestic liquidity.
- Terminate the tax-free status of all forms of company debentures, which are currently disrupting the treasury bill market and distorting the domestic interest rate structure.

## **B. Banking Supervision**

### **Background and structure of the banking system**

24. The evolution of Mauritius's banking system closely parallels that of the economy and of the country as a whole. Up until the mid-1970s, the most important economic activities related to sugar industry operations, and the MCB, which was founded in 1838 by sugar traders,<sup>13</sup> continued to cater to the needs of the sugar industry in the context of a virtual monopoly market.

25. With the explicit objective of countering the dominance of the MCB, the government of Mauritius established the SBM in 1970, that is, just two years after the country received its independence from the United Kingdom. Shielded by preferential prices and guaranteed, quota-based access to European and U.S. markets, the sugar industry generated large profits and substantial cash

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<sup>12</sup> The BOM would need to proceed with caution in using the interbank market rate as a floor for the repo rate, particularly since the former may be volatile in the context of a thin market with only infrequent transactions.

<sup>13</sup> Indeed, the MCB claims to be the oldest banking institution in sub-Saharan Africa.



flows, which were predominantly banked at the MCB. These surplus funds were reinvested by the sugar industry in a concerted effort to diversify the country's economic base into new sectors such as tourism and the EPZ. Consequently, the MCB grew to become the "house bank" for the fast-expanding tourism and EPZ sectors. Meanwhile, the SBM solidified its presence in the trade and services sectors, including, in particular, parastatal enterprises.

26. Over the years, the government has reduced its share in the SBM's capital to the current level of about 37 percent. Moreover, new banks have entered the market, including branches of renowned international institutions such as the Hong Kong and Shanghai Banking Corporation and the Banque Nationale de Paris, bringing to ten the number of deposit-taking domestic banks. However, the duopolistic character of the banking sector has remained largely unchanged: the MCB accounts for about 45 percent of the banking sector's assets and liabilities, and the SBM for 28 percent of assets and 27 percent of deposits, while the remaining eight banks compete for the remaining 27 percent of the sector's business.

### **Findings and recommendations**

27. Given the structure of the Mauritian economy in general and of the banking sector in particular, there are distortions in the banking sector arising from the high concentration of market power. For example, the relatively wide interest rate spreads (averaging some 5 percent), while contributing significantly to healthy profits for the banking sector, have been realized at the expense of the banks' customers. Moreover, closely associated with the relatively small size of Mauritius's economy and the historic evolution of the banks, there are relatively high levels of connected lending of larger banks and concentrated (i.e., single-customer) lending of smaller banks.

28. In addition to potential problems associated with the structural characteristics of the banking sector in Mauritius, the government needs to be mindful of the impact of monetary policies on the health of the sector. Experience has shown that weaknesses in the banking sector often have their roots in, and indeed are at times masked by, rapidly expanding bank lending and by a buoyant economy. This is because, during such periods, banks tend to be less rigorous in their evaluation of credit risk. Moreover, during boom cycles, most borrowers appear profitable, and their assets continue to appreciate in value. In such a context, it is only when the economic climate deteriorates that lax credit practices are exposed and doubtful loans emerge.

29. Credit to the private sector has expanded over the past two years by 25–30 percent annually (see Table 3.1), encouraged in part by the relaxation of cash reserve requirements and the elimination of the noncash liquid asset ratio in July 1997. The economy has also been growing at a brisk pace of 5–6 percent since the mid-1990s. Moreover, the extensive use of tax-exempt company debentures<sup>14</sup> since 1997/98 (July–June), which in essence reflected a reduction in effective borrowing and lending rates, has added further impetus to bank credit expansion. Inasmuch as commercial banks replaced

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<sup>14</sup> Company debentures are corporate debt securities. Certain enterprises and sectors are permitted by statute to issue tax-exempt debentures, while others have been permitted to do so with the discretionary authorization of the Minister of Finance.

some of their short-term credits to private sector companies with long-term corporate debenture-based lending, increased maturity mismatches between deposits and loans have also arisen in banks' balance sheets.

	1995	1996	1997	1998
Return on assets	2.9	2.6	2.8	3.2
Return on equity	27.7	26.0	26.8	29.6
Total loans/total deposits	67.8	67.8	72.3	81.3
Liquid assets/total assets	31.3	30.6	26.2	20.8
Liquid assets/total deposits	38.9	38.0	32.6	26.2
Nonperforming loans/total loans	...	5.1	8.7	10.1
Loan loss provision/nonperforming loans	...	46.8	39.8	31.9
	(Annual percentage growth)			
Credit to the private sector	14.2	4.9	25.7	29.2
Loans	15.5	4.9	24.1	21.1
Deposits	22.9	5.4	16.8	8.1

Sources: Bank of Mauritius; and IMF, MAE Department.

30. Stress tests have been conducted to assess the resilience of the banking system in the face of a sudden deterioration in macroeconomic conditions. More specifically, the simulations have attempted to determine the impact on banks' capital adequacy ratios of a shock that would entail a doubling of nonperforming loans in banks' portfolios. The tests suggested that up to seven of the ten banks could be undercapitalized, resulting in the need for recapitalization by their shareholders and/or from public funds.

31. Also, recently completed on-site examinations of banks suggested that the level of nonperforming loans as a percentage of total loans has been increasing in the past three years, and that, more important, certain banks have not been adequately following BOM guidelines on loan classification and loan loss provisioning.

32. Given the present strength of the Mauritian economy, the government is being encouraged to seize this opportunity to take corrective measures, including by strengthening the BOM's bank supervisory capacity. Recommendations include the following:

- reviewing the organizational structure of the BOM's Bank Supervision Department to enhance its efficiency and effectiveness;
- upgrading BOM staff skills through on-the-job and other training to improve the quality, scope, and frequency of on-site examinations and off-site monitoring of banks;

- reviewing several guidelines issued by the BOM, with the aim of ensuring consistency and coherence in the prudential regime;
- regularly monitoring banks to ensure compliance with BOM guidelines; and
- requiring exposed banks (in terms of high ratios of, and low provisioning for, nonperforming loans and significant maturity mismatches between loans and deposits) to submit realistic business plans with time targets to rectify their situations, including through more aggressive efforts to recover loans and strengthen their capital base.

33. To this end, however, the government will need to enact as soon as possible long overdue revisions to the Bank of Mauritius and Banking Acts that contain several critical amendments aimed at strengthening the supervisory regime.

#### IV. EXTERNAL TARIFF REFORM<sup>15</sup>

34. Mauritius has made significant progress in liberalizing its external trade regime over the past 15 years. Quantitative restrictions on imports have been abolished and import licensing limited to a small list of products where control has remained necessary for health, sanitary, or strategic reasons; at the same time, restrictions on other current payments have also been lifted. In addition, the export tax on sugar has been abolished. Furthermore, many trading monopolies have been eliminated. However, the State Trading Corporation still imports cement, subsidized, low-grade rice, flour, and petroleum products; the Agricultural Marketing Board regulates imports of agricultural products competing with domestic production; and Tea, Tobacco, and Meat Boards regulate imports in their respective jurisdictions. During this time, the government has committed itself under various regional and multilateral arrangements to reducing external tariffs. These arrangements include the Common Market for Eastern and Southern Africa (COMESA), the Cross-Border Initiative (CBI), the Southern African Development Community (SADC), and the World Trade Organization (WTO).

35. Under the COMESA and CBI arrangements, member countries are committed to the abolition of tariffs on intraregional trade, the adoption of common and harmonized external tariff systems, respectively, and a reduction in overall tariff levels. Under COMESA, the abolition of intraregional tariffs is to be achieved by end-2000 and the adoption of a common external tariff system, involving three nonzero rates and a maximum rate of 30 percent, by end-2004. However, the most ambitious tariff reduction objectives apply to the CBI, under which member countries have undertaken to eliminate intraregional tariffs and to adopt a harmonized external tariff regime, with no more than three nonzero rates ranging between 0 and 25 percent and an average import-weighted tariff rate of no more than 15 percent; all of these objectives are to be attained by end-2000. In the Uruguay Round, Mauritius made only a very limited number of tariff bindings in

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<sup>15</sup> Prepared by Joseph Kakoza.

industry,<sup>16</sup> on less than 2 percent of tariff lines, capping them at 65 percent. Agricultural tariff rates were bound at a ceiling of 122 percent, except for 17 major import items, for which tariff rates were capped at 37 percent, and 7 other agricultural items, for which tariff rates were capped at 82 percent. At the time of the tariff bindings, an additional 17 percent levy on imports was also bound, although it has subsequently been abolished. Mauritius also agreed to harmonize the excise taxation of imports and domestic production. In addition, Mauritius undertook to adapt its legislation to WTO provisions by January 1, 2000.

36. Thus, the government of Mauritius has committed itself to significantly reducing external tariffs. It is doing so within the context of a program of reform of the entire indirect tax system aimed, among other things, at rationalizing and reducing effective protection and simplifying the currently complex external tariff system. A major first step in this effort was taken in 1994, when the customs duty, fiscal duty, and import levy were consolidated into a single import duty. At the same time, the number of nonzero rates was reduced from 60 to 7, while the maximum rate was reduced from more than 600 percent to 80 percent.<sup>17</sup> In this restructuring of more than 4,000 items, the majority of commodities, amounting to about 60 percent of total imports (including foodstuffs, raw materials, and capital goods), were made subject to duty rates ranging between 0 and 20 percent. The highest rates apply to luxury goods, tobacco, cars, beverages, and other consumer goods (see Tables 4.1 and 4.2). These tariffs apply to imports from "scheduled countries," which include the United States, members of the European Union, and British Commonwealth countries. For imports from nonscheduled countries, an additional 20 percent rate is applied on top of the standard tariff rates for all imports taxed under the 55 percent and 80 percent rates. This major adjustment in external tariffs, which had contributed about 39 percent of government revenue, was, however, not accompanied by any compensating tax measures. Consequently, the tariff reductions resulted in a revenue loss amounting to the equivalent of almost 1½ percent of GDP.

37. Despite this tariff restructuring, the Mauritian external tariff regime remained far from optimal. There were still too many very high rates, which, in turn, generated a plethora of exemptions. Moreover, the large-scale exemptions for raw materials and semiprocessed inputs provided some industries with very high rates of effective protection. Furthermore, the complete exemption of imports by the EPZ, accounting for about one-third of Mauritius's total imports, remained, as did a comparable exemption granted to other entities under various investment incentives and concessions (see Table 4.3).

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<sup>16</sup> Bound tariffs refer to the maximum rates committed for specific categories of goods under the WTO; these rates are not expected to be raised thereafter. Bound tariffs are significantly higher than applied tariff rates.

<sup>17</sup> There is a 100 percent rate; it applies to imports from nonscheduled countries that would otherwise be taxable under the 80 percent rate.

Table 4.1. Mauritius: Nominal and Effective Taxation of Imports, 1998

(In millions of Mauritian rupees, unless otherwise indicated)

	Imports		Import Duty (ID)			Import Excise Duty (IED) 1/		Sales Tax (ST) Collected 2/	Value-Added Tax (VAT) Collected 3/	Effective Rate	
	Value (c.i.f.)	In percent of total	Duty collected	In percent of total duty collected	Effective rate (In percent)	Duty collected	Effective rate (In percent)			ID + IED (In percent)	ST + VAT (In percent)
	(1)	(2)	(3)	(4)	(5) = (3)/(1)	(6)	(7) = (6)/(1)			(10) = [(3)+(6)]/(1)	(11) = [(8)+(9)]/(1)
Import duty tariff rates											
0 percent	24,243.6	49.5	0.0	0.0	0.0	27.2	0.1	127.3	212.8	0.1	1.4
5 percent	2,656.3	5.4	94.5	1.8	3.6	0.0	0.0	63.5	48.8	3.6	4.2
10 percent	3,847.1	7.9	290.3	5.6	7.5	0.0	0.0	134.0	121.0	7.5	6.6
15 percent	4,230.0	8.6	259.3	5.0	6.1	0.0	0.0	109.8	100.0	6.1	5.0
20 percent	1,215.1	2.5	144.2	2.8	11.9	0.0	0.0	52.4	34.9	11.9	7.2
30 percent	2,108.8	4.3	342.5	6.6	16.2	0.0	0.0	89.7	69.0	16.2	7.5
40 percent	2,504.5	5.1	645.2	12.5	25.8	0.1	0.0	122.4	117.5	25.8	9.6
55 percent	3,717.5	7.6	1,411.0	27.3	38.0	0.5	0.0	226.5	179.0	38.0	10.9
80 percent	4,450.0	9.1	1,985.8	38.4	44.6	890.7	20.0	310.2	220.4	64.6	11.9
Total imports 4/	48,973.0	100.0	5,172.9	100.0	10.6	918.5	1.9	1,235.8	1,103.5	12.4	4.8

Source: Mauritian authorities.

1/ IED is levied on alcoholic beverages, tobacco, petroleum products, and motor cars. IED on furniture was abolished on July 1, 1998. The IED rates range between 15 percent and 400 percent.

2/ Applied at 8 percent on taxable goods.

3/ The VAT replaced the sales tax on September 7, 1998. The standard VAT rate is 10 percent on taxable goods.

4/ The import-weighted average tariff rate is 17.6 percent.

Table 4.2. Mauritius: Evolution of External Tariffs and Other Import Taxes, 1993/94-1998/99 1/

(In percent, unless otherwise indicated)

	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99
Customs duty 2/ 3/	0-50	...	...	...	...	...
Number of nonzero rates	9	...	...	...	...	...
Fiscal duty 2/ 3/	0-135	...	...	...	...	...
Number of nonzero rates	16	...	...	...	...	...
Import levy 2/ 3/	0-17	...	...	...	...	...
Number of nonzero rates	1	...	...	...	...	...
Import duty 2/ 3/ 4/ 5/	...	0-80	0-80	0-80	0-80	0-80
Number of nonzero rates	...	7	7	7	7	8
Import excise levy 6/	0-465	15-400	15-400	4.5-400	4.5-400	15-400
Sales tax 7/	5	5	5	8	8	8
Value-added tax (VAT) 7/	...	...	...	...	...	10

Source: Mauritian authorities.

1/ Fiscal year from July to June.

2/ Custom tariffs and other taxes on imports were significantly reformed in July 1994 when the customs duty, fiscal duty, and import levy were consolidated into a single import duty.

3/ Levied on a c.i.f. basis.

4/ A maximum tariff rate of 100 percent for imports from nonscheduled countries is not being enforced.

5/ In June 1998, import duties on more than 1,000 items of raw materials and other inputs were lowered.

6/ Import excise duty is levied on alcoholic beverages, tobacco, petroleum products, and motor cars.

Import excise duty on furniture was abolished on July 1, 1998.

7/ The VAT replaced the sales tax on September 7, 1998.

Table 4.3. Mauritius: Import Taxes Collected and Exempted by Sector, 1998

(In millions of Mauritian rupees)

	Value of Imports (c.i.f.)	Revenue Collected			Value-added tax (VAT) on imports	Import Duty Exempted 1/
		Import duty	Import excise duty	Sales tax on imports		
Private households	23,596	4,838	851	1,002	818	2
Privileged industries 2/	16,816	0	0	4	54	1,473
Government	2,191	68	10	38	30	702
Hotels and resorts	201	33	1	7	19	34
Taxicabs	172	34	35	16	6	270
Diplomatic representations	108	1	0	0	2	70
Civil servants 3/	79	1	8	5	2	102
Unclassified	5,810	198	14	164	173	1,943
Total	48,973	5,173	919	1,236	1,104	4,596

Source: Mauritian authorities.

1/ No data are available on revenue forgone as a result of exemptions on import excise duty, sales tax, and VAT on imports.

2/ Includes the export processing zone, the export services zone, the pioneer status enterprises, and the small- and medium-scale enterprises.

3/ Mainly motor vehicles.

38. Recent adjustments to the external tariff structure have been relatively minor and have included the July 1998 introduction of a 10 percent rate. The import-weighted average tariff is about 17½ percent, reflecting zero-rated status of nearly one-half of total imports. Moreover, as a result of large-scale exemptions, the effective average rate of duty, defined as tariff revenue divided by total imports, is only about 10⅔ percent. The most important duty exemptions in terms of revenue forgone are accounted for by unclassified exemptions (42 percent), privileged industries (the EPZ and similar incentive schemes) (32 percent), and concessions to civil servants (15 percent). Mauritius has implemented an 80 percent reduction in tariffs for reciprocating COMESA and CBI countries, and it is envisaged that this reduction will be brought to 90 percent in the government budget for 1999/2000 (July–June). However, there has been little progress made in moving toward the common external tariff objectives envisaged under COMESA and the CBI.

39. A key obstacle to a further major scaling down of external tariff rates resides within the structure of current tariff revenue. Almost 90 percent of total revenue from the customs tariff is derived from imports taxed under the 30–80 percent tariff rates; indeed, the highest rates of 55 percent and 80 percent account for 66 percent of total tariff revenue. Moreover, revenue forgone in the form of import duty exemptions is equivalent to about 90 percent of actual customs duty receipts. Therefore, as receipts from the external customs tariff account for about one-third of total government revenue, a major reduction in tariff rates may well require a substantial restructuring of indirect taxes, especially an increase in the VAT rate (see Section II) and a significant curtailment of duty exemptions.

## V. REGIONAL INDUSTRY INITIATIVES<sup>18</sup>

### A. Background

40. In the mid-1990s, following the liberalization of Mauritius's capital account, a number of large private sector companies based in Mauritius started looking at neighboring countries in the Indian Ocean and southern Africa region for investment and growth opportunities. Their interest in these economies was supported by the active role that the government of Mauritius was playing in regional organizations such as the SADC, COMESA, the Indian Ocean Commission (IOC), the Indian Ocean Rim—Association for Regional Cooperation (IOR-ARC), and the CBI. Common to these associations is the objective of promoting regional economic integration by encouraging interregional trade and investment flows. These efforts include synchronizing trade regimes, payments systems, and legal frameworks; streamlining investment approval procedures; and removing visa and travel restrictions for bona fide investors.

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<sup>18</sup> Prepared by Gamal Z. El-Masry.



41. Having reached a certain level of saturation in the domestic market and given Mauritius's limited natural resource base, in particular agricultural land, private businesses saw promising opportunities for growth and diversification in neighboring countries. They could apply in those countries their comparative advantage, stemming from experience and know-how in a number of key sectors, including textile manufacturing, agro-industries (in particular sugar), tourism, airline services and management, telecommunications, and banking. Indeed, as political turmoil in these countries subsided and growth-oriented structural policies were implemented, interest in long-term engagement in these economies grew among Mauritian investors.

42. After Mauritian private entrepreneurs made initial contacts with counterparts in the partner countries, the government of Mauritius stepped in to provide logistical and administrative support. To this end, trade and investment missions comprising government and private sector officials were organized to several African countries, including Madagascar, Mozambique, Tanzania, and Zimbabwe. Moreover, in 1998 the government of Mauritius signed several agreements with Mozambique to, *inter alia*, relax visa requirements on a reciprocal basis, provide protection against expropriation, and allow for repatriation of profits. Similar intergovernmental accords were signed with Madagascar in early 1999, and others are currently being negotiated.

43. To further encourage such regional activities, the government of Mauritius introduced on July 1, 1998 a special incentive scheme, the so-called Regional Development Certificate, for companies that hold at least 35 percent equity in a regional development project (i.e., in a member country of the SADC, COMESA, the IOC, or the IOR-ARC). Such certificates provide the Mauritian holder with certain privileges, including a reduced corporate tax rate of 15 percent (rather than the standard 35 percent) on repatriated income and the possibility of claiming investment allowances for corporate tax purposes, both of which would treat regional investments on an equal footing with those made in similarly privileged sectors in Mauritius.

## **B. Sectoral Projects**

### **Agro-industry**

44. The most ambitious Mauritian foreign direct investment in recent years is being implemented in the sugar sector in Mozambique.<sup>19</sup> Three Mauritian sugar companies<sup>20</sup> have formed a joint-venture company with the government of Mozambique to rehabilitate the Sena Sugar Estates (SSEs), which lie along the Zambeze River about 60 kilometers upstream from the Indian Ocean coast. The government of Mozambique and its three Mauritian partners in this consortium have each assumed 25 percent of the shares of the joint-venture company. In addition

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<sup>19</sup> Earlier, the Mauritian Harel Group acquired a sugar estate in Côte d'Ivoire.

<sup>20</sup> These are (i) the Flacq United Estates, Ltd. (FUEL), the largest sugar-producing enterprise in Mauritius; (ii) Espitalier-Noël, Ltd.; and (iii) the Mon Loisier Group.

to about 88,000 hectares of land,<sup>21</sup> the SSEs includes two sugar milling factories that had fallen into total physical decay as a result of the prolonged civil war.<sup>22</sup> Indeed, at their peak in the early 1980s the SSEs produced 150,000 tons of sugar per year. By July 1998, when the joint-venture accords were signed, sugar production on the estates had long come to a halt, and the farmland around them was abandoned.

45. The project's plan envisages investments of some US\$85 million by end-2001 to rehabilitate the sugar cane plantations; renovate factory halls; bring in new milling machines and agricultural equipment; and build infrastructure on the estates, including housing for workers and supervisory staff, and facilities for power generation and transmission, water purification, and transport. Provided there are no delays in implementation, the operators expect that by 2002/03 (July–June) about 25,000 hectares of sugar cane farmland and at least one of the two factories will have been rehabilitated to produce about 100,000 tons of sugar annually. Of this amount, about 70,000 tons would be sold on the local market and the remaining 30,000 tons exported. In addition to producing sugar, it is envisaged that the joint venture will make use of the vast land at its disposal for other agricultural projects, such as cattle breeding and cereal, vegetable, and fruit production.

46. The consortium has been guaranteed a number of concessions by the government of Mozambique, including tax exemptions until 2025 and duty-free entry for all imported goods. The government of Mozambique has also put in place import barriers to protect local sugar production from foreign competition. About 35 percent of the investment costs (some US\$30 million) is being financed through equity from Mauritius and the remaining 65 percent (about US\$55 million) through loans. Of the latter, Mauritian banks are providing about 30 percent, with the balance being financed by foreign banks, including the European Investment Bank.

47. Another major foreign investment in agriculture is being studied by a Mauritian firm, Food and Allied Industries, Ltd. (FAIL), in Madagascar. FAIL already has a presence in Madagascar, where it established Avitech, Ltd. and Panagora Madagascar in the mid-1990s. Avitech, Ltd. raises some 25,000 chicks per week and produces chicken and cattle feed, all of which is either sold to local farmers or exported to neighboring countries. Panagora operates two large storage facilities for flour in Antananarivo and Mahajunga. FAIL's new project in Madagascar envisages the leasing of 30,000 hectares of land on a long-term basis in the Ambadira region, close to the port city of Morondava on Madagascar's west coast. At an initial stage, annual production of 50,000 tons of sugar is envisaged, which could gradually be increased to about 70,000 tons. In

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<sup>21</sup> This is equivalent to more than all the agricultural land in Mauritius under sugar cane cultivation.

<sup>22</sup> The SSEs lie within a larger area along the Zambeze River that the government of Mozambique has designated as a special economic development zone, thereby entitling it to a range of fiscal concessions.

addition, FAIL plans to produce about 70,000 tons of maize per year and increase its weekly yield of chicks to about 130,000.

### **Textile manufacturing**

48. Already, the Mauritian Floreal Group is the largest textile company in Madagascar's export processing zone, where it has been steadily expanding its production while benefiting from tax exemptions and concessions and taking advantage of Madagascar's unused quota margin for access to European and U.S. markets.<sup>23</sup> In March 1999, one of the largest Mauritian textile manufacturers, the Compagnie Mauricienne de Textile (CMT), announced that it would be starting production of T-shirts in a new factory in Madagascar. The factory was set up by CMT at a cost of about US\$2.8 million and is expected to provide employment for 700–800 workers. CMT's management stressed that the company's medium- to long-term strategy was to move its production of low-value-added goods to Madagascar, where the labor is abundant and available at much lower costs than in Mauritius. A number of other Mauritian textile manufacturers have also shown interest in setting up operations in Madagascar, as well as in Mozambique's special economic development zone.

### **Air transport**

49. Mauritius's success in the tourism industry has been attributable to a large extent to the well-managed and profitable national air carrier, Air Mauritius. Air Mauritius has been playing a leading role in efforts to increase cooperation among airlines in the Indian Ocean region to provide direct routes that will accommodate the growing volume of business and leisure travel between the islands. To this end, following British Airways' discontinuation of direct flights between Seychelles and Mauritius, Air Mauritius and Air Seychelles signed a cooperation agreement in September 1997 to provide joint service on a code-sharing basis between both countries. Thus, starting in October 1997, up to three flights per week are operated between Seychelles and Mauritius. Air Mauritius has also signed a cooperation agreement with Air Austral, a regional airline that is affiliated with the Air France Group and is based in the neighboring French overseas territory of Réunion. Under the agreement, the two airlines jointly offer up to ten flights a day on the busy Mauritius–St. Denis (Réunion) segment. Recently, two flights a week, jointly operated by Air Mauritius and Air Austral, were introduced between Mauritius and St. Pierre, a second airport on Réunion. Through the block purchase of seats on Air Austral, Air Mauritius also provides air services via Réunion to Moroni (the Comoros). Moreover,

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<sup>23</sup> Mauritian banks have also established a presence in Madagascar, in part to provide funding and financial services to Mauritian companies investing there. Thus, the MCB set up a subsidiary—Union Commerciale de Banque (UCB)—in 1994, while the SBM entered the Malagasy market in 1998. Currently, UCB holds about 7 percent of total commercial banks' assets in Madagascar and SBM about 3 percent.

Air Mauritius has a joint-venture and code-sharing arrangement with Air Madagascar that enables it to provide three weekly flights between the two countries.

50. Air Mauritius has entered these strategic alliances not only to benefit from higher capacity utilization, but also as a prelude to much closer relationships between the regional carriers. Air Mauritius would like to see these steps culminate in the creation of a new joint-venture regional carrier for the Indian Ocean region. Air Mauritius is taking the lead in the discussions to establish such an airline and hopes to bring to the joint venture its know-how in passenger and cargo services, as well as in maintenance and management operations.

51. Air Mauritius is also considered to be a strong contender to acquire equity in Air Madagascar. Air Mauritius's bid for the expected privatization of Air Madagascar is likely to be a part of a larger offer that would include at least one major European air carrier. Air Mauritius has already made a bid for the privatization of Mozambique's national carrier, Linhas Aeras De Moçambique (LAM). However, the government of Mozambique has since suspended that airline's privatization plans until further notice. In addition, Air Mauritius has shown interest in, and has already prequalified to bid for, the privatization of Uganda Airlines.

52. Finally, in 1997/98, Air Mauritius joined De Chazal du Mee Company, Ltd., a Mauritian accounting and management consulting firm, to establish Consulting for Africa and Regional Air Transportation (CARAT). Backed by Air Mauritius's experience and know-how in the airline industry, CARAT is providing management and operational consulting services to African air carriers, with a view to improving their quality of service, management of resources, image, and profitability.

### **Hotels and resorts**

53. Mauritius prides itself on its number of internationally recognized hotels and resorts that have successfully attracted the high end of the tourism market. The majority of these hotels are not only Mauritian owned, but also operated by highly profitable Mauritian hotel management companies, the most prominent of which are the Beachcomber Group and Sun Resorts, Ltd. As in the other industries, these tourism-based Mauritian companies have been looking to neighboring countries for new growth and investment opportunities.

54. One of the most ambitious tourism-related investment operations is being undertaken by the Belle Beach Holdings (BBH), a joint venture between Mauritian (61 percent) and Mozambican (39 percent) entrepreneurs. Total costs are currently estimated at about US\$50-60 million, one-third of which will be provided in the form of equity. Two Mauritian banks, the MCB and the SBM, are part of the consortium providing the remaining two-thirds in loans.

55. BBH has already purchased an existing Maputo-based travel agency, Expresso Tours, LDA., for US\$1.3 million. In addition to a car rental business, the travel agency operates travel and excursion services, including luxury air-conditioned coach services to game reserves in South Africa. Through Expresso Tours, the BBH group has acquired holiday accommodations in the

Bilene area north of Maputo. BBH plans not only to upgrade these facilities by adding a restaurant and a swimming pool, but also to build 40 additional bungalows, which could be leased on a time-share basis. The first 15 of these bungalows are expected to be completed by October 1999.

56. In the Maputo area, BBH has acquired land to construct a convention center, including a hotel aimed at business travelers, offices, a shopping mall, a cinema complex, and a food court. The convention center is expected to be completed by early 2001. Also, in a suburb of Maputo, BBH has acquired six hectares of land overlooking the Maputo Bay, which it plans to develop to accommodate 40 luxury apartments for sale as condominiums.<sup>24</sup>

57. Moreover, BBH is constructing a large seaside resort in Vilanculos, about 200 kilometers south of Beira. In addition to 250 rooms and 80 bungalows of luxury accommodation, the resort, spanning about 200 hectares, will offer a full array of outdoor sports facilities, including water sports and a golf course. This resort is scheduled to be operational in 2002.

58. Finally, BBH is negotiating to acquire an appropriate site in Ponta do Oura, a coastal town just north of the South African border. There it plans to set up a luxury hotel that will be targeted mainly toward the South African tourist market.

59. In Seychelles, Mauritian Constance Hotels International, in a joint venture with Seychelles investors, is opening in November 1999 a US\$43 million resort on the island of Praslin, which will include an 18-hole golf course. The Sun Resorts Group is also negotiating with the Seychelles authorities on the construction of a hotel.

60. Following the signature in February 1999 of a protocol between the governments of Mauritius and Madagascar to facilitate tourism-related investments in the latter country, a delegation representing the Mauritian tourism industry visited Madagascar in early March to identify potential sites for investments in hotels, resorts, restaurants, etc. As stipulated in the accord, Mauritian entrepreneurs are interested in cooperating with their Malagasy counterparts in the development of seaside resorts and ecotourism, for which Madagascar is endowed with unique fauna and flora.

### **Telecommunications**

61. Mauritius Telecom (MT), whose modern tower has become a landmark on Port Louis's skyline, has evolved to assume a major role in the telecommunications business in the Indian Ocean region. MT is involved in the proposed South Africa Far East (SAFE) submarine cable project. In this context, it is contributing US\$25 million to the US\$600 million joint venture with

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<sup>24</sup> BBH is also setting up a paper-processing factory in Maputo. It will supply toilet paper, kitchen rolls, and other tissue paper initially to the Mozambican market and, at a later stage, to neighboring countries.

Telekom South Africa, Telekom Malaysia, Cable and Wireless, and France Telecom to provide direct underwater fiberoptic cable connections between South Africa and Malaysia by way of Mauritius and Diego García. SAFE is expected to be operational in early 2001. Eventually, the cable system is expected to be extended north along Africa's west coast to Europe. MT expects that involvement in SAFE will not only put Mauritius on the information superhighway, but also provide Mauritius with additional revenues as it grows to become a regional information and telecommunications hub.

62. MT is already active in Madagascar, providing mobile phone services through the Global System for Mobile (GSM) telecommunication technology as part of a joint venture with France Telecom and other private Mauritian investors. After only nine months of operation, it currently holds about 30 percent of the mobile telephone market in Madagascar. Through high-quality service and aggressive marketing, it hopes to double its market share by the end of 1999. In Mozambique, MT, has bought 50 percent of a company providing corporate telephone network and audiotext services. In May 1999, MT, together with France Telecom and other private Mauritian investors, won a bid to provide mobile telephone services in Cameroon, using the GSM technology. The consortium plans to invest US\$32.5 million to set up a mobile telephone system in a joint venture that is seen as a stepping stone to penetrating the central and western African markets.

63. Finally, another mobile telecommunications joint venture, Airtel Cellular Services (ACS), has put up a successful challenge to Cable and Wireless's dominance of Seychelles's telephone market. After only six months of operation, ACS—which is jointly owned by a prominent Mauritian entrepreneur and Indian and Seychelles investors, and has invested about US\$25 million—has acquired a market share of about 60 percent of Seychelles's mobile telephone business.

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Table 1. Mauritius: GDP at Constant 1992 Prices by Industrial Origin, 1994-98

(In millions of Mauritian rupees)

	1994	1995	1996	1997	1998 Rev. Est.
Agriculture, forestry, hunting, and fishing	3,961	4,294	4,471	4,634	4,662
Sugarcane growing	2,175	2,392	2,607	2,751	2,779
Other agriculture	1,786	1,902	1,864	1,883	1,883
Mining and quarrying	80	85	90	95	99
Manufacturing	10,908	11,547	12,263	12,964	13,738
Sugar milling	616	681	742	783	799
Export processing zone	5,537	5,814	6,221	6,595	7,024
Other manufacturing	4,755	5,052	5,300	5,586	5,916
Electricity, gas, and water	1,131	1,229	1,321	1,419	1,517
Construction	3,444	3,375	3,527	3,492	3,649
Wholesale and retail trade, and restaurants and hotels	8,121	8,574	9,250	9,830	10,383
Trade	6,336	6,628	6,993	7,342	7,746
Restaurants and hotels	1,785	1,946	2,257	2,488	2,637
Transport, storage, and communications	5,754	6,088	6,516	7,002	7,492
Finance, insurance, real estate, and business services	7,537	8,194	8,724	9,270	9,856
Ownership of dwellings	2,758	2,855	2,955	3,044	3,135
Banking	2,592	2,825	3,051	3,295	3,559
Other finance	2,187	2,514	2,718	2,931	3,163
Producers of government services	4,569	4,733	4,898	5,067	5,270
Other services	2,842	3,004	3,139	3,287	3,451
Imputed bank service charges	-1,531	-1,669	-1,752	-1,840	-1,931
GDP at factor cost	46,816	49,454	52,447	55,220	58,186
Sugar	2,791	3,073	3,349	3,534	3,577
Nonsugar	44,025	46,381	49,098	51,686	54,609
Net indirect taxes	7,644	7,568	7,812	8,359	8,860
GDP at market prices	54,460	57,022	60,259	63,579	67,046

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



Table 2. Mauritius: GDP at Current Prices by Industrial Origin, 1994-98

(In millions of Mauritian rupees)

	1994	1995	1996	1997	1998 Rev. Est.
Agriculture, forestry, hunting, and fishing	4,960	5,860	6,495	6,687	7,150
Sugarcane growing	2,855	3,573	4,120	4,216	4,530
Other agriculture	2,105	2,287	2,375	2,471	2,620
Mining and quarrying	90	100	110	120	135
Manufacturing	12,686	14,383	16,413	18,250	20,560
Sugar milling	810	1,010	1,165	1,192	1,290
Export processing zone	6,373	7,096	8,163	9,172	10,260
Other manufacturing	5,503	6,277	7,085	7,886	9,010
Electricity, gas, and water	1,297	1,514	1,637	1,758	1,900
Construction	4,019	4,060	4,433	4,564	4,940
Wholesale and retail trade, and restaurants and hotels	9,067	10,052	11,756	13,163	14,795
Trade	6,935	7,567	8,702	9,740	10,995
Restaurants and hotels	2,132	2,485	3,054	3,423	3,800
Transport, storage, and communications	6,265	7,182	7,418	8,617	9,315
Finance, insurance, real estate, and business services	8,545	9,823	10,924	12,163	13,585
Ownership of dwellings	3,069	3,302	3,555	3,805	4,080
Banking	3,020	3,502	3,941	4,428	5,000
Other finance	2,456	3,019	3,428	3,930	4,505
Producers of government services	6,023	6,425	7,207	7,829	8,900
Other services	3,286	3,548	3,949	4,386	4,860
Imputed bank service charges	-1,873	-2,253	-2,460	-2,675	-2,900
GDP at factor cost	54,365	60,694	67,882	74,862	83,240
Sugar	3,665	4,583	5,285	5,408	5,820
Nonsugar	50,700	56,111	62,597	69,454	77,420
Net indirect taxes	8,557	8,388	9,305	11,030	12,510
GDP at market prices	62,922	69,082	77,187	85,892	95,750

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

Table 3. Mauritius: Expenditure on GDP at Constant 1992 Prices, 1994-98

(In millions of Mauritian rupees)

	1994	1995	1996	1997	1998 Rev. Est.
Consumption	40,549	42,304	44,079	46,018	48,053
Private	34,322	35,871	37,292	38,994	40,775
Government	6,227	6,433	6,787	7,024	7,278
Gross fixed capital formation	16,285	13,890	15,980	17,705	16,225
Private 1/	11,545	9,325	10,260	13,480	11,285
Government	4,740	4,565	5,720	4,225	4,940
Increase in stocks	14	-114	-1,572	-369	-82
Net exports	-2,388	942	1,772	225	2,950
Exports	33,100	35,339	39,637	41,571	45,780
Goods, f.o.b.	22,521	23,808	25,688	26,647	29,811
Nonfactor services	10,579	11,531	13,949	14,924	15,969
Imports	35,488	34,397	37,865	41,346	42,830
Goods, f.o.b.	26,863	25,332	28,737	31,707	32,290
Nonfactor services	8,625	9,065	9,128	9,639	10,540
GDP at market prices	54,460	57,022	60,259	63,579	67,146
Memorandum items:					
Domestic savings	13,911	14,718	16,180	17,561	19,093
Domestic investment	16,299	13,776	14,408	17,336	16,143
Resource gap	2,388	-942	-1,772	-225	-2,950

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

1/ Includes purchases of ships and/or aircraft in 1994 and 1997.

Table 4. Mauritius: Expenditure on GDP at Current Prices, 1994-98

(In millions of Mauritian rupees)

	1994	1995	1996	1997	1998 Rev. Est.
Consumption	48,223	52,974	58,778	65,119	72,735
Private	40,361	44,631	49,325	54,865	61,240
Government	7,862	8,343	9,453	10,254	11,495
Gross fixed capital formation	19,350	16,750	20,125	23,430	22,350
Private 1/	13,655	11,235	12,925	17,840	15,545
Government	5,695	5,515	7,200	5,590	6,805
Increase in stocks	948	1,061	-1,038	657	770
Net exports	-5,599	-1,703	-678	-3,314	-105
Exports	36,249	41,205	50,281	54,488	62,090
Goods, f.o.b.	24,885	27,684	33,037	35,301	41,200
Nonfactor services	11,364	13,521	17,244	19,187	20,890
Imports	41,848	42,908	50,959	57,802	62,195
Goods, f.o.b.	32,035	31,758	38,878	44,535	46,675
Nonfactor services	9,813	11,150	12,081	13,267	15,520
GDP at market prices	62,922	69,082	77,187	85,892	95,750
Memorandum items:					
Gross domestic expenditure	68,521	70,785	77,865	89,206	95,855
Domestic savings	14,699	16,108	18,409	20,773	23,015
Domestic investment	20,298	17,811	19,087	24,087	23,120
Resource gap	5,599	1,703	678	3,314	105

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

1/ Includes purchases of ships and/or aircraft in 1994 and 1997.

Table 5. Mauritius: Composition of Gross Domestic Fixed Capital Formation  
at Constant 1992 Prices, 1994-98

(In millions of Mauritian rupees)

	1994	1995	1996	1997	1998 Rev. Est.
By type of capital goods	16,285	13,890	15,980	17,705	16,225
Residential building	4,140	3,875	3,935	3,580	3,700
Nonresidential building	2,835	2,850	3,010	2,765	2,875
Other construction and works	1,870	1,720	1,825	2,050	2,140
Transport equipment	2,925	1,155	1,470	3,895	1,750
Passenger cars	720	665	685	825	860
Other equipment 1/	2,205	490	785	3,070	890
Machinery and other equipment	4,515	4,290	5,740	5,415	5,760
By industrial sector	16,285	13,890	15,980	17,705	16,225
Agriculture, forestry, hunting, and fishing	510	540	480	490	565
Manufacturing	2,100	1,910	2,195	2,555	2,755
Of which: export processing zone	740	665	720	925	1,020
Electricity, gas, and water	930	1,000	1,510	750	1,120
Construction	355	315	335	370	350
Wholesale and retail trade, and restaurants and hotels	1,910	1,990	2,270	2,155	2,060
Transport, storage, and communications 1/	3,775	2,160	2,500	4,865	2,710
Finance, insurance, real estate, and business services	5,215	4,510	4,850	4,370	4,780
Of which: ownership of dwellings	4,140	3,875	3,935	3,580	3,700
Producers of government services	1,065	1,020	1,390	1,635	1,460
Other services	425	445	450	515	425

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

1/ Includes purchases of ships and/or aircraft in 1994 and 1997.

Table 6. Mauritius: Composition of Gross Domestic Fixed Capital Formation  
at Current Prices, 1994-98

	1994	1995	1996	1997	1998 Rev. Est.
(In millions of Mauritian rupees)					
By type of capital goods	19,350	16,750	20,125	23,430	22,350
Residential building	4,825	4,650	4,915	4,650	5,000
Nonresidential building	3,370	3,510	3,875	3,700	4,000
Other construction and works	2,180	2,065	2,270	2,650	2,875
Transport equipment	3,610	1,495	1,965	5,470	2,550
Passenger cars	890	860	915	1,155	1,250
Other equipment A441/	2,720	635	1,050	4,315	1,300
Machinery and other equipment	5,365	5,030	7,100	6,960	7,925
By industrial sector	19,350	16,750	20,125	23,430	22,350
Agriculture, forestry, hunting, and fishing	610	660	630	675	820
Manufacturing	2,475	2,245	2,745	3,345	3,815
<i>Of which: export processing zone</i>	900	815	930	1,245	1,480
Electricity, gas, and water	1,115	1,210	1,935	1,000	1,575
Construction	425	375	425	495	490
Wholesale and retail trade, and restaurants and hotels	2,290	2,430	2,925	2,895	2,885
Transport, storage, and communications 1/	4,535	2,635	3,215	6,575	3,845
Finance, insurance, real estate, and business services	6,120	5,425	5,880	5,525	6,260
<i>Of which: ownership of dwellings</i>	4,825	4,650	4,915	4,650	5,000
Producers of government services	1,275	1,235	1,760	2,170	2,015
Other services	505	535	610	750	645
(In percent of total)					
By type of capital goods	100.0	100.0	100.0	100.0	100.0
Residential building	24.9	27.8	24.4	19.8	22.4
Nonresidential building	17.4	21.0	19.3	15.8	17.9
Other construction and works	11.3	12.3	11.3	11.3	12.9
Transport equipment	18.7	8.9	9.8	23.3	11.4
Passenger cars	4.6	5.1	4.5	4.9	5.6
Other equipment 1/	14.1	3.8	5.2	18.4	5.8
Machinery and other equipment	27.7	30.0	35.3	29.7	35.5
By industrial sector	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, hunting, and fishing	3.2	3.9	3.1	2.9	3.7
Manufacturing	12.8	13.4	13.6	14.3	17.1
<i>Of which: export processing zone</i>	4.7	4.9	4.6	5.3	6.6
Electricity, gas, and water	5.8	7.2	9.6	4.3	7.0
Construction	2.2	2.2	2.1	2.1	2.2
Wholesale and retail trade, and restaurants and hotels	11.8	14.5	14.5	12.4	12.9
Transport, storage, and communications 1/	23.4	15.7	16.0	28.1	17.2
Finance, insurance, real estate, and business services	31.6	32.4	29.2	23.6	28.0
<i>Of which: ownership of dwellings</i>	24.9	27.8	24.4	19.8	22.4
Producers of government services	6.6	7.4	8.7	9.3	9.0
Other services	2.6	3.2	3.0	3.2	2.9

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

1/ Includes purchases of ships and/or aircraft in 1994 and 1997.

Table 7. Mauritius: Sugar Cultivation, Yields, and Output, 1994-98

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

	1994	1995	1996	1997 Rev.	1998 Prov.
Area under cultivation	183.5	182.1	182.0	185.6	188.8
Miller-planters 2/	100.0	96.0	95.8	102.2	98.3
Planters	83.5	86.1	86.2	83.4	90.5
Area harvested 3/	173.0	170.6	170.1	172.4	175.4
Miller-planters 2/	90.9	86.1	86.2	91.9	88.5
Planters	82.1	84.5	83.9	80.5	86.9
Percent harvested	94.3	93.7	93.5	92.9	92.9
Miller-planters 2/	90.8	89.8	90.0	89.9	90.0
Planters	98.4	98.1	97.3	96.5	96.0
Cane yield	27.8	30.2	30.9	33.6	33.0
Miller-planters 2/	31.5	33.7	34.7	36.5	36.4
Planters	23.7	26.8	27.1	30.1	29.5
Cane production	4,813.0	5,159.0	5,260.0	5,787.0	5,781.0
Miller-planters 2/	2,866.0	2,900.0	2,988.0	3,354.0	3,221.0
Planters	1,947.0	2,259.0	2,272.0	2,433.0	2,560.0
Commercial sugar recovered (percent of cane)	10.39	10.47	11.18	10.73	10.88
Sugar yield	2.89	3.16	3.46	3.60	3.59
Sugar production	500.2	540.0	588.0	621.0	629.0
White	39.7	7.0	7.0	5.0	4.0
Raw	460.5	533.0	581.0	616.0	625.0
Sugar accruals 4/	500.1	539.5	588.5	621.0	629.0
Planters	150.7	165.7	176.8	194.0	195.0
Miller-planters 5/	231.1	246.6	272.4	280.0	284.0
Millers	118.3	127.2	139.3	147.0	150.0
Molasses production	144.5	150.4	151.5	165.8	168.9
Memorandum items:					
Sugar production by fiscal year 5/ 6/	565.0	505.0	530.0	590.0	620.0
Of which: local consumption 5/ 7/	36.5	37.0	3.0	3.0	4.0

Sources: Mauritius Chamber of Agriculture; and Central Statistical Office.

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 1995/96, 36,000 tons of sugar were imported for local consumption; similarly, during 1996/97, 38,000 tons of sugar were imported. Imports for the 1997/98 period are estimated at 33,000 tons.

Table 8. Mauritius: Sugar Exports, 1993/94-1997/98 1/

	1993/94	1994/95	1995/96	1996/97 Rev.	1997/98 Prov.
(In thousands of metric tons)					
Volume shipped	530.0	492.2	518.8	586.4	606.0
European Union	493.0	469.6	498.3	511.5	511.8
United States 2/	11.0	14.2	2.9	24.5	22.9
World market	26.0	8.4	4.1	5.2	5.4
Special Preferential Sugar Agreement	...	...	13.5	45.2	65.9
(Mauritian rupees per metric ton)					
Unit value	11,098	12,072	12,916	13,665	13,348
European Union	11,414	12,240	13,028	14,082	13,875
United States 2/	8,818	9,718	12,069	10,163	10,480
World market	6,077	6,667	7,561	7,885	8,704
Special Preferential Sugar Agreement	0	0	10,593	11,504	10,637
(In millions of Mauritian rupees)					
Value, f.o.b.	5,882	5,942	6,701	8,013	8,089
European Union	5,627	5,748	6,492	7,203	7,101
United States 2/	97	138	35	249	240
World market	158	56	31	41	47
Special Preferential Sugar Agreement	...	...	143	520	701
(U.S. dollars per metric ton)					
Unit value	602.2	678.3	690.4	669.3	589.7
European Community	619.4	687.7	696.4	689.7	613.0
United States 2/	478.5	546.0	645.1	497.8	463.0
World market	329.8	374.6	404.2	386.2	384.5
Special Preferential Sugar Agreement	...	...	566.2	563.5	470.0
(In millions of U.S. dollars)					
Value, f.o.b.	319.2	333.9	358.2	392.5	357.4
European Community	305.4	323.0	347.0	352.8	313.7
United States 2/	...	...	...	...	...
World market	8.6	3.1	1.7	2.0	2.1
Special Preferential Sugar Agreement	...	...	7.6	25.5	31.0
(Mauritian rupees per U.S. dollars)					
Conversion factor	18.428	17.798	18.708	20.417	22.635

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 a period of six years, to 2001. It provides Mauritius with the right to export a variable tonnage of approximately 80,000-90,000 tons.

Table 9. Mauritius: Ex-Syndicate Sugar Prices, 1993/94-1997/98 1/

(Mauritian rupees per ton)

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
After-tax prices by volume						
First 3,000 tons exported	8,472	9,551	10,413	11,463	12,319	11,907
Remainder exported	7,000	7,894	10,413	11,463	12,319	11,907
Millers, whole production 2/	7,736	8,723	10,413	11,463	12,319	11,907
Average prices						
Basic price, before taxes	8,472	9,551	10,413	11,463	12,319	11,907
Average price, after taxes	7,804	8,844	10,413	11,463	12,319	11,907
Average price, after taxes and crop insurance premiums	7,165	8,041	9,324	10,321	11,124	10,846
Memorandum items:						
Average insurance premiums	639	803	1,089	1,142	1,195	1,061
Bagasse proceeds 3/	43	40	47	48	59	64

Source: Mauritius Sugar Syndicate.

1/ Marketing years.

2/ Starting from the 1992/93 crop season, millers pay at a flat rate of 9.375 percent; export duty no longer applicable beginning with the 1994/95 crop season.

3/ Paid to planters but not to millers.



Table 10. Mauritius: Revenue and Expenditure of Sugar Estates with Factories, 1/ 1994-98 2/

(In millions of Mauritian rupees, unless otherwise indicated)

	1994	1995	1996 Rev.	1997 Prov.	1998 Est.
Production and prices 3/					
Sugar output (at 98.5 polarization)					
National total	500	540	588	621	629
Estates with factories	350	374	412	427	434
Sugar price, ex-syndicate 4/	10,435	11,489	12,352	11,944	13,050
Molasses output					
National total	144	152	152	167	170
Estates with factories	87	85	89	99	105
Molasses price	775	950	881	597	150
Revenue					
Sugar 4/	4,573	5,004	5,586	5,550	6,135
Molasses	3,647	4,295	5,084	5,096	5,664
Electricity, white sugar, and by-products	68	81	79	59	16
Crop insurance compensation	143	119	149	195	220
	715	509	274	200	235
Operating expenditure					
Wages and salaries	3,922	4,385	4,770	5,035	5,360
Agricultural workers	2,152	2,344	2,514	2,639	2,810
Nonagricultural workers	1,139	1,253	1,337	1,383	1,466
Administrative staff	642	687	702	744	792
Supplies and other charges	371	404	475	512	552
Supplies	1,412	1,637	1,788	1,958	2,050
Interest	705	750	810	864	950
Other charges	168	218	219	254	220
Crop insurance premium and levy	539	669	759	840	880
	358	404	468	438	500
Operating surplus/deficit (-)	651	619	816	515	775
Depreciation per accounts (-)	-263	-376	-405	-449	-460
Profit/loss (-) on sugar	388	243	411	66	315
Net nonsugar income 5/					
Receipts	329	506	466	587	400
Payments (-)	687	909	777	948	850
	-358	-403	-311	361	-450
Overall profit/loss (-)	717	749	877	653	715

Table 10. Mauritius: Revenue and Expenditure of Sugar Estates with Factories, 1/  
1994-98 2/ (concluded)

(In millions of Mauritian rupees, unless otherwise indicated)

	1994	1995	1996 Rev.	1997 Prov.	1998 Est.
Transfer to special funds 6/	-175	-173	0	0	0
Transfer to modernization and agricultural diversification reserve 7/	-175	31	-71	-3	-175
Special levy 8/	0	0	-150	0	0
Memorandum items:					
Income taxes	38	62	134	47	0
Depreciation 9/	622	652	688	709	712
Excess over accounts	359	276	283	260	252
Additions to fixed assets 10/	589	595	778	1,038	...

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) and St. Antoine (July -June). Revenues include receipts (partly estimated) from current year's crop through following June 30.

3/ Production in thousand metric tons; and prices in Mauritian rupees per metric ton.

4/ 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.

5/ Income on other crops and nonagricultural activities.

6/ For the 1994 and 1995 crop years, sugar producers were required to contribute a total of Mau Rs 160 million to two special funds, the Sugar Planters' Fund and the Sugar Employees' Fund, as well as Mau Rs 15 million to the Agricultural Reserve Fund.

7/ Producers are requested to credit an aggregate amount of Mau Rs 175 million to a modernization and agricultural diversification reserve for each of the years 1994-2003. Transfers from this reserve are allowed on approved investments.

8/ The Finance Act 1996 placed a special levy on the 1996 sugar companies' accounts. The Finance Act of 1997 replaced this by a special contribution.

9/ At estimated "full-replacement value"(estimated current cost of completely new factory of average capacity times the number of factories operating over life of 24 years).

10/ Excluding power station at the Flacq United Estates, Ltd. (FUEL) sugar mill.

Table 11. Mauritius: Nonsugar Agricultural Production, 1994-98

(In thousands of metric tons, unless otherwise indicated)

	1994	1995	1996	1997 Rev.	1998 Prov.
Tea					
Area harvested (in thousands of arpents) 1/	7.2	4.9	2.6	1.8	1.6
Production	31.2	23.3	15.4	10.7	8.8
Green leaf processed	26.1	19.5	12.9	8.9	7.3
Manufactured tea	5.1	3.8	2.5	1.8	1.5
Green leaf yields (tons per hectare)	9.0	10.3	11.2	11.8	10.8
Food crops					
Area harvested (in thousands of arpents) 1/	15.0	16.0	15.4	16.3	...
Production	81.5	97.5	89.6	100.7	...
Potatoes	18.1	16.1	11.4	18.1	...
Irish	17.8	15.7	10.6	17.6	...
Sweet	0.3	0.4	0.8	0.5	...
Tomatoes	9.2	13.5	10.9	12.2	...
Eggplant (Brinjal)	1.6	2.0	2.5	2.1	...
Bananas	6.7	9.4	9.4	9.0	...
Pineapples	3.9	4.2	3.0	1.6	...
Groundnuts	1.2	1.0	0.8	0.9	...
Maize 2/	0.9	0.3	0.4	0.2	...
Manioc	0.2	0.1	0.1	0.2	...
Ginger	0.5	0.6	0.8	0.3	...
Other 3/	39.2	50.3	50.3	56.1	...

Sources: Mauritius Chamber of Agriculture; and Ministry of Agriculture, Fisheries, 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, 1994-98

	1994	1995	1996	1997	1998 Prov.
	(Numbers)				
Total firms 1/	494	481	481	480	494
Textiles	289	275	267	269	274
Other	205	206	214	211	220
Total employees 1/	82,176	80,466	79,793	83,391	90,107
Textiles	72,579	70,141	69,710	73,364	79,631
Other	9,597	10,325	10,083	10,027	10,476
	(In millions of Mauritian rupees)				
EPZ investments	900	815	930	1,245	1,480
Plant and machinery	880	805	915	1,200	...
Buildings	20	10	15	45	...
EPZ value added					
Current factor cost	6,373	7,097	8,163	9,169	10,260
Factor cost at constant 1992 prices	5,537	5,815	6,222	6,595	7,023

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

1/ As at December.

Table 13. Mauritius: Electricity Production and Consumption, 1993-97

	1993	1994	1995	1996	1997
Plant effective capacity (in megawatts)	307.8	307.8	331.9	331.9	370.0
	(In percent of total)				
Hydroelectric effective capacity	17.7	17.7	16.4	16.4	14.7
<i>Of which: purchases 1/</i>	0.1	0.1	0.1	0.1	0.1
Thermal effective capacity	82.3	82.3	83.6	83.6	85.3
<i>Of which: purchases 1/</i>	14.1	14.1	12.9	12.9	14.3
	(In millions of kilowatt-hours)				
Energy generated	757.3	822.1	922.1	1,021.9	1,103.5
Hydroelectric	103.0	75.2	134.2	103.6	92.2
Thermal	654.3	746.9	787.9	918.3	1,011.3
Energy purchased from sugar and other factories	111.8	122.9	125.3	129.0	148.3
Energy sold	743.7	807.9	903.9	985.0	1,075.1
	(Annual growth in percent, unless otherwise indicated)				
Energy generated	11.4	8.6	12.2	10.8	8.0
Energy purchased from sugar and other factories	-13.3	9.9	2.0	3.0	15.0
Energy sold	8.1	8.6	11.9	9.0	9.1
Consumers at year's end (numbers)	246,815	253,066	266,767	276,178	284,576
<i>Of which: domestic (percent of total)</i>	89.3	89.1	88.9	89.0	89.1
Annual percentage increase of consumers	4.2	2.5	5.4	3.5	3.0
Average selling prices (Mauritian cents per kilowatt-hour)	219.0	219.0	217.0	217.0	220.0
	(In millions of Mauritian rupees, unless otherwise indicated)				
Central Electricity Board indicators					
Revenue	1,690.3	1,852.4	2,046.6	2,143.6	2,374.7
Current expenditure	1,610.9	1,863.2	2,021.6	2,301.7	...
Persons employed (number)	2,016	1,956	1,898	1,870	1,828

Sources: Central Statistical Office; and Central Electricity Board (CEB).

1/ From sugar mills and other factories generating electricity.

Table 14. Mauritius: Building Permits Issued, 1994-98 1/

	1994	1995	1996	1997 Rev.	1998 Prov.
<b>Permits issued</b>	(Numbers)				
Total	9,178	8,971	8,337	7,608	8,771
By building type					
Residential	8,496	8,350	7,802	7,097	8,302
New buildings	5,094	4,956	4,689	4,011	4,621
Additions	3,402	3,394	3,113	3,086	3,681
Nonresidential	682	621	535	511	469
By location					
Urban	4,991	4,959	4,365	4,071	4,516
Rural	4,187	4,012	3,972	3,537	4,255
<b>Floor area</b>	(Thousands of square meters)				
Total	1,478	1,309	1,447	1,217	1,480
By building type					
Residential	1,108	1,098	1,108	997	1,204
New buildings	797	786	804	714	769
Additions	311	312	304	283	435
Nonresidential	370	211	339	220	276
By location					
Urban	782	712	812	671	716
Rural	696	597	635	546	764

Source: Central Statistical Office.

1/ Includes new buildings and additions for which permits have been issued by municipalities and the Ministry of Works.

Table 15. Mauritius: Tourist Arrivals, Capacity, and Earnings, 1994-98

	1994	1995	1996	1997 Prov.	1998 Est.
<b>Arrivals by country of residence</b>					
	(Persons)				
Africa	134,450	139,651	158,322	158,930	157,287
Kenya	1,278	1,158	1,170	1,230	1,684
Madagascar	6,849	6,885	11,401	10,143	9,213
Reunion (France)	77,035	78,431	82,272	82,628	83,966
Seychelles	5,650	7,116	9,325	8,995	8,529
South Africa	39,762	42,653	50,361	51,249	49,676
Zambia	337	443	391	437	423
Zimbabwe	3,539	2,965	3,402	4,248	3,796
Europe	215,281	226,663	256,384	294,710	320,057
Belgium	4,292	5,802	8,060	8,162	8,365
France	106,268	116,701	130,292	145,173	162,775
Germany	41,824	41,637	45,221	43,993	43,826
Italy	18,149	17,384	21,848	35,255	36,614
Switzerland	11,453	13,815	15,692	16,105	16,178
United Kingdom	33,295	31,324	35,271	46,022	52,299
Other	50,795	56,149	72,161	82,485	80,851
Australia	4,162	5,558	7,762	9,460	8,913
India	10,449	11,225	13,075	13,220	12,629
Japan	3,221	3,176	3,192	3,140	2,505
Other	27,710	31,496	42,617	50,382	50,131
Singapore	3,247	2,601	3,153	3,404	3,515
United States	2,006	2,093	2,362	2,879	3,158
All countries	400,526	422,463	486,867	536,125	558,195
<b>Tourism capacity, activity, and earnings</b>					
	(Numbers, unless otherwise indicated)				
Hotels	90	95	90	87	90
Rooms	5,888	5,977	6,668	6,809	7,267
Beds	12,187	12,359	13,833	14,126	14,995
Nights spent (thousands)	4,359	4,435	5,356	5,897	5,800
Average stay (nights)	11	10	11	11	11
<b>Gross earnings</b>					
In millions of Mauritian rupees	6,415	7,472	9,048	10,070	11,890
In millions of U.S. dollars	364	421	499	480	541
<b>Average earnings per tourist</b>					
In Mauritian rupees	16,016	17,687	18,600	18,800	21,300
In U.S. dollars	909	997	1,026	896	970

Sources: Central Statistics Office; and the Mauritius Government Tourism Office.

Table 16. Mauritius: Estimated Labor Force and Employment, 1994-98 1/

	1994	1995	1996	1997	1998 Prov.
	(In thousands of persons)				
Population aged 12+ years	868	877	889	901	912
Female	436	440	446	452	458
Male	432	437	443	449	454
Labor force	468	475	485	496	507
Female	149	153	159	164	170
Male	319	322	326	332	337
Employment by gender	447	451	457	467	477
Female	140	142	144	148	153
Male	307	309	313	319	324
Employment by firm size	447	451	457	467	477
Larger establishments 2/	284	279	279	279	284
Other firms and self	163	172	178	188	193
Employment in large establishments					
by economic activity 3/ 4/	292.4	289.2	287.3	286.2	292.8
<i>Of which</i> : export processing zone (EPZ)	82.4	81.1	80.1	80.3	84.8
Agriculture and fishing	34.2	33.1	32.5	31.4	30.4
Sugar 5/	30.3	29.0	29.0	28.2	27.5
Tea 5/	0.6	0.5	0.4	0.3	0.3
Other	3.3	3.6	3.1	2.9	2.6
Mining and quarrying	0.2	0.2	0.2	0.2	0.2
Manufacturing 6/	112.2	110.4	107.4	105.8	111.2
<i>Of which</i> : EPZ 7/	81.7	80.4	79.5	79.6	84.0
Electricity and water	3.5	3.5	3.4	3.3	3.2
Construction	13.4	10.8	10.2	9.5	8.9
Wholesale and retail trade, restaurants, and hotels	23.3	24.5	25.0	26.3	27.8
Transport, storage, and communications	14.2	14.5	14.6	15.0	15.1
Financing, insurance, real estate, and business services	11.5	12.1	12.5	13.2	13.7
Government services	61.4	61.6	62.3	62.0	61.8
Central government	56.1	56.2	56.8	56.1	56.1
Local government	5.3	5.4	5.5	5.9	5.7
Other community, social, and personal services	15.4	15.5	16.1	17.1	17.9
Activities not elsewhere specified 8/	3.2	3.0	3.1	2.4	2.6
Unemployment	21	24	27	29	29
Female	9	11	14	16	17
Male	12	13	13	13	12



Table 16. Mauritius: Estimated Labor Force and Employment, 1994-98 1/ (concluded)

	1994	1995	1996	1997	1998 Prov.
	(In percent)				
Labor force participation rate	53.9	54.2	54.6	55.0	55.6
Female	34.2	34.8	35.7	36.3	37.1
Male	73.8	73.7	73.6	73.9	74.2
Unemployment rate	4.5	5.1	5.6	5.8	5.7
Female	6.0	7.2	8.8	9.8	10.0
Male	3.8	4.0	4.0	3.9	3.6
Employment growth rate	1.8	0.9	1.3	2.2	2.1
Female	2.9	1.4	1.4	2.8	3.4
Male	1.3	0.7	1.3	1.9	1.6

Source: Central Statistical Office, *Bi-Annual Surveys of Employment and Earnings*.

1/ Revised data based on the 1995 Labor Force Sample Survey; includes the islands of Mauritius and Rodrigues.

2/ Excludes foreigners working in these large establishments.

3/ Covers large establishments, i.e., nonagricultural establishments with ten or more employees, all government, sugar plantations of 25 arpents or more, tea plantations of 5 arpents or more, all flue-cured tobacco, and other agricultural units with ten or more employees; excludes self-employed, piece-rate employees working at home, and unpaid family workers. Includes Rodrigues. Because of variations in response rates and coverage, some short-term fluctuations are not significant.

4/ At March of each year.

5/ Covers plantations only.

6/ Includes sugar and tea factories.

7/ Excludes nonmanufacturing EPZ establishments.

8/ Mainly Development Works Corporation.

Table 17. Mauritius: Average Earnings by Sector -- Monthly Paid Employees, 1994-98 1/

(Mauritian rupees per employee per month)

	1994	1995	1996	1997	1998
	March				
Agriculture and fishing	3,187	3,981	4,396	5,116	5,289
Sugar 2/	3,075	3,379	4,294	5,004	5,147
Tea 2/	5,686	6,400	6,971	...	...
Other	5,032	5,486	6,180	...	...
Mining and quarrying	6,717	7,583	8,207	8,524	9,298
Manufacturing 3/	5,162	5,659	5,972	6,274	6,911
Of which : export processing zone (EPZ)	4,954	5,250	5,537	5,777	6,403
Electricity and water	10,044	8,988	9,707	10,112	12,448
Construction	6,614	8,355	9,096	10,038	11,479
Wholesale and retail trade, and restaurants and hotels	5,692	6,376	6,735	7,042	7,510
Transport, storage, and communications	6,752	7,339	8,122	8,766	10,647
Financing, insurance, real estate, and business services	7,980	9,248	10,096	11,010	11,550
Government services					
Central government	6,525	6,931	7,176	8,612	8,643
Local government 4/	5,175	5,409	5,612	...	...
Other community, social, and personal services	6,438	6,872	7,224	...	...
Activities not elsewhere specified	4,316	4,905	4,704	5,623	6,313
Total, large establishments	5,779	6,334	6,731	7,570	8,080
Of which : EPZ	4,955	5,257	5,497	5,787	6,422
Memorandum items:					
Daily paid employees 5/	3,406	3,692	3,926	4,316	4,628
Of which : EPZ	2,886	3,042	3,250	3,562	3,770

Source: Central Statistical Office, *Bi-Annual Surveys of Employment and Earnings*.

1/ Covers large establishments.

2/ Excludes factories.

3/ Includes sugar and tea factories.

4/ Municipalities and district councils.

5/ Average for all sectors. Daily earnings converted to a monthly basis by assuming 26 working days in a month. Daily rates appear to be more indicative of average than do monthly rates.

Table 18. Mauritius: Labor Costs and Productivity in Manufacturing, 1993-97 1/

	1993	1994	1995	1996	1997 Prov.
<b>Excluding sugar milling</b>					
	(In millions of Mauritian rupees)				
Labor costs	4,733	5,297	5,843	6,272	6,950
Value added (1982 prices)	3,464	3,657	3,792	4,024	4,254
	(Indices, 1982=100)				
Labor cost (1)	925.5	1,035.8	1,143.0	1,227.0	1,360.0
Manufacturing production (2)	311.5	328.9	341.0	361.9	382.6
Unit labor cost (3)=(1)/(2)	297.1	315.0	335.2	339.1	355.5
Employment (4) 2/	275.0	271.0	267.0	263.0	265.0
Average wage 3/ (5)=(1)/(4)	336.5	382.2	428.1	466.5	513.2
Labor productivity (6)=(2)/(4)	113.3	121.4	127.7	137.6	144.4
<b>Including sugar milling</b>					
	(In millions of Mauritian rupees)				
Labor costs	5,184	5,797	6,384	6,847	7,550
	(Indices, 1982=100)				
Labor cost (1)	750.9	839.7	924.7	991.7	1,093.6
Manufacturing production (2)	257.0	268.0	283.0	301.0	318.0
Unit labor cost (3)=(1)/(2)	292.2	313.3	326.7	329.5	343.9
Employment (4) 2/	254.0	249.0	243.0	238.0	239.0
Average wage 3/ (5)=(1)/(4)	295.6	337.2	380.5	416.7	457.6
Labor productivity (6)=(2)/(4)	101.2	107.6	116.5	126.5	133.1

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

1/ Excludes small establishments of less than ten employees.

2/ Includes foreign workers.

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, 1993/94-1997/98 1/

(In percent of the sales price, unless otherwise specified)

	1993/94	1994/95	1995/96	1996/97 Rev.	1997/98 Prov.
<b>Premium gasoline</b>					
Import cost, c.i.f.	28.2	28.9	32.8	31.3	27.6
Distribution costs and overheads	2.6	2.7	2.7	2.1	1.9
Taxes	61.2	62.9	68.8	67.4	58.7
Profits (loss -)	8.0	5.5	-4.2	-0.8	11.9
STC sales price (Mauritian rupees per liter)	8.4	8.3	8.3	10.6	11.8
Retail price (Mauritian rupees per liter)	9.50 2/	9.50 2/	11.30 3/	14.15 4/	14.15
Imports for inland trade (in metric tons)	74,827	82,004	87,165	88,899	87,024
<b>Diesel</b>					
Import cost, c.i.f.	57.6	54.2	63.5	68.5	53.0
Distribution costs and overheads	4.8	4.9	4.9	4.1	3.9
Taxes	37.9	39.4	41.6	46.0	34.9
Profits (loss -)	-0.2	1.5	-10.0	-18.6	8.2
STC sales price (Mauritian rupees per liter)	4.6	4.5	4.5	5.4	6.0
Retail price (Mauritian rupees per liter)	5.50 2/	5.50 2/	6.10 3/	7.65 4/	7.65
Imports for inland trade (in metric tons)	116,261	126,105	141,176	155,025	139,393
<b>Kerosene</b>					
Import cost, c.i.f.	95.6	90.9	115.7	92.2	68.1
Distribution costs and overheads	0.7	0.7	0.7	0.5	0.7
Taxes	0.0	0.0	0.0	0.0	0.0
Profits (loss -)	3.8	8.4	-16.4	7.3	31.3
STC sales price (Mauritian rupees per liter)	2.9	2.9	2.9	4.2	4.6
Retail price (Mauritian rupees per liter)	3.80 2/	3.80 2/	4.50 3/	5.65 4/	5.65
Imports for inland trade (in metric tons)	23,588	32,218	57,591	88,195	56,728
<b>Fuel oil</b>					
Import cost, c.i.f.	48.1	62.3	68.0	68.6	60.3
Distribution costs and overheads	0.7	0.7	0.7	0.9	0.8
Taxes	41.8	46.8	45.5	48.8	37.6
Profits (loss -)	9.4	-9.8	-14.1	-18.3	1.4
STC sales price (Mauritian rupees per liter)	3.0	3.0	3.0	3.3	3.7
Imports for inland trade (in metric tons)	100,222	126,498	107,528	123,949	125,410

Source: State Trading Corporation.

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

2/ Effective April 1991.

3/ Effective June 8, 1996.

4/ Effective December 21, 1996.

Table 20. Mauritius: Consumer Price Indices by Major Commodity Group, January 1996-December 1998

(July 1996-June 1997=100)

	Weights	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year (Avg.)
<b>1996</b>														
Food and nonalcoholic beverages	36.4	93.4	94.4	94.0	94.6	95.6	97.8	98.4	98.6	98.2	98.9	99.3	99.9	96.9
Alcoholic beverages and tobacco	8.7	83.1	83.1	83.1	83.1	83.1	91.3	91.4	99.5	99.6	99.9	99.9	99.9	91.4
Clothing and footwear	7.9	95.6	95.6	95.8	96.0	96.1	99.3	100.0	99.8	99.8	99.8	99.8	99.8	98.1
Fuel and light	4.4	97.7	97.7	97.7	97.7	97.7	99.0	99.0	99.0	99.0	99.0	99.0	99.0	98.5
Housing and household operations	13.2	95.0	95.0	95.0	95.8	96.3	97.6	98.9	98.9	99.5	100.0	100.0	100.0	97.7
Medical care and health expenses	3.8	91.3	91.8	92.0	92.4	93.2	93.9	96.4	97.1	98.3	98.9	99.1	99.3	95.3
Transport and communication	14.2	89.9	89.9	89.9	89.9	89.9	93.8	93.8	94.0	93.9	93.7	93.7	93.7	92.2
Recreation, entertainment, education, and cultural services	6.0	96.2	96.3	96.4	96.4	96.5	97.2	97.0	97.0	97.4	97.5	97.6	97.6	96.9
Miscellaneous goods and services	5.4	92.4	92.6	93.6	94.0	94.4	98.8	99.0	99.2	99.4	99.6	99.6	99.9	96.9
<b>Total</b>	<b>100.0</b>	<b>92.7</b>	<b>93.2</b>	<b>93.1</b>	<b>93.5</b>	<b>94.0</b>	<b>96.8</b>	<b>97.4</b>	<b>98.3</b>	<b>98.3</b>	<b>98.7</b>	<b>98.8</b>	<b>99.1</b>	<b>96.2</b>
Average for calendar year														96.2
Average for fiscal year ended June 30							92.7							
<b>1997</b>														
Food and nonalcoholic beverages	36.4	101.4	100.8	101.1	100.8	101.4	101.2	101.7	102.5	103.0	102.6	102.8	103.0	101.9
Alcoholic beverages and tobacco	8.7	99.9	99.9	99.9	99.9	99.9	110.3	111.0	111.2	111.3	111.3	111.3	111.0	106.4
Clothing and footwear	7.9	100.0	100.0	100.0	100.3	100.3	100.3	100.5	100.5	101.1	101.0	101.0	101.3	100.5
Fuel and light	4.4	101.0	101.0	101.0	101.0	101.0	101.0	100.3	100.3	100.3	100.3	100.3	100.3	100.7
Housing and household operations	13.2	100.0	100.1	100.7	100.7	100.7	100.5	102.0	102.0	102.2	102.2	102.2	102.7	101.3
Medical care and health expenses	3.8	99.7	101.0	101.6	101.4	103.4	103.7	102.7	102.8	103.0	103.0	103.1	103.5	102.4
Transport and communication	14.2	104.8	106.0	105.9	106.7	106.9	107.0	105.1	105.1	105.0	105.1	105.2	105.3	105.7
Recreation, entertainment, education, and cultural services	6.0	101.7	102.7	102.7	102.7	102.9	102.9	103.6	103.6	104.4	104.5	104.6	105.2	103.5
Miscellaneous goods and services	5.4	100.4	100.7	100.7	100.3	100.5	100.5	101.1	101.4	101.4	102.1	102.2	103.1	101.2
<b>Total</b>	<b>100.0</b>	<b>101.2</b>	<b>101.2</b>	<b>101.4</b>	<b>101.4</b>	<b>101.7</b>	<b>102.6</b>	<b>103.0</b>	<b>103.3</b>	<b>103.6</b>	<b>103.5</b>	<b>103.6</b>	<b>103.9</b>	<b>102.5</b>
Average for calendar year														102.5
Average for fiscal year ended June 30							100.0							
<b>1998</b>														
Food and nonalcoholic beverages	36.4	104.8	105.5	107.4	109.1	110.1	110.6	110.1	110.9	112.2	112.9	113.3	113.7	110.1
Alcoholic beverages and tobacco	8.7	113.0	113.0	113.2	113.5	113.5	127.1	127.3	127.2	129.3	129.5	129.4	129.3	122.1
Clothing and footwear	7.9	101.9	103.2	103.3	103.1	104.0	104.0	103.8	104.0	107.2	108.6	109.5	109.6	105.2
Fuel and light	4.4	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3	100.3
Housing and household operations	13.2	103.1	103.3	103.4	103.7	103.8	104.0	105.1	105.4	106.5	107.3	107.6	108.3	105.1
Medical care and health expenses	3.8	103.4	103.7	104.3	104.6	105.1	105.2	105.9	106.2	112.6	113.8	113.9	113.8	107.7
Transport and communication	14.2	106.0	106.3	106.0	106.2	106.6	107.3	107.5	107.7	111.4	111.8	112.8	113.2	108.6
Recreation, entertainment, education, and cultural services	6.0	114.0	114.4	114.4	114.4	115.3	115.4	115.2	115.2	117.4	117.5	117.9	118.3	115.8
Miscellaneous goods and services	5.4	104.1	104.9	104.5	104.6	105.4	107.3	107.8	107.8	109.3	109.6	109.9	109.8	107.1
<b>Total</b>	<b>100.0</b>	<b>105.5</b>	<b>106.0</b>	<b>106.7</b>	<b>107.4</b>	<b>108.0</b>	<b>109.6</b>	<b>109.7</b>	<b>110.0</b>	<b>112.1</b>	<b>112.7</b>	<b>113.1</b>	<b>113.4</b>	<b>109.5</b>
Average for calendar year														109.5
Average for fiscal year ended June 30							105.4							

Source: Central Statistical Office.

Table 21. Mauritius: Summary of Government Finances, 1993/94 -1997/98 1/

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
(In millions of Mauritian rupees)					
Total revenue and grants	12,964	13,124	12,832	16,474	18,500
Tax revenue	11,412	11,068	11,488	14,001	15,686
Nontax revenue	1,422	1,795	1,124	2,410	2,598
External grants	130	262	220	63	216
Total expenditure and net lending	14,462	15,550	18,167	22,636	22,124
Current expenditure	11,824	13,078	14,586	17,208	19,316
Wages and salaries	4,590	5,003	5,262	5,791	6,389
Other goods and services	1,391	1,464	1,615	1,829	1,936
Interest payments	1,686	2,020	2,332	2,875	3,503
External interest	304	321	301	473	529
Domestic interest	1,382	1,699	2,031	2,402	2,974
Current transfers and subsidies	4,157	4,592	5,377	6,713	7,488
Capital expenditure and net lending 2/	2,638	2,472	3,581	5,428	2,808
Overall balance after grants	-1,498	-2,426	-5,335	-6,162	-3,624
Financing	1,498	2,426	5,335	6,162	3,624
External (net)	-114	-371	2,375	198	-274
Disbursements	502	255	3,041	916	531
Amortization	-616	-626	-666	-718	-805
Domestic	2,172	3,728	2,968	5,201	3,267
Banking system (net)	2,687	2,675	1,256	985	1,623
Nonbank	-516	1,053	1,712	4,216	1,644
Residual 3/	-560	-931	-8	763	631
(Annual change in percent)					
Total revenue and grants	13.7	1.2	-2.2	28.4	12.3
Total expenditure and net lending	16.3	7.5	16.8	24.6	-2.3
(In percent of GDP)					
Total revenue and grants	21.8	20.0	17.6	20.2	20.4
Of which: tax revenue	19.2	16.9	15.8	17.2	17.3
Total expenditure and net lending	24.3	23.7	25.0	27.8	24.4
Current expenditure	19.8	20.0	20.0	21.1	21.3
Capital expenditure and net lending 2/	4.4	3.8	4.9	6.7	3.1
Overall balance after grants	-2.5	-3.7	-7.3	-7.6	-4.0
Overall balance, excluding exceptional factors 4/	...	...	-6.2	-5.4	-3.9
External financing	-0.2	-0.6	3.3	0.2	-0.3
Domestic financing	3.6	5.7	4.1	6.4	3.6
Of which: banking system	4.5	4.1	1.7	1.2	1.8

Sources: Ministry of Finance; and Bank of Mauritius.

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

2/ From 1995/96 to 1997/98, net lending includes the on-lending of the proceeds from an international floating-rate note (FRN) issue of US\$150 million.

3/ Includes proceeds from the sale of government equity in state-owned enterprises.

4/ Exceptional factors include the on-lending of the proceeds from the FRN equivalent to 1.1 percent of GDP in 1995/96; to 2.2 percent of GDP in 1996/97; and to 0.1 percent of GDP in 1997/98.

Table 22. Mauritius: Revenue and Grants, Budgetary Central Government, 1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
Tax revenue	11,412	11,068	11,488	14,001	15,686
Taxes on net income and profits	1,497	1,804	1,973	2,287	2,409
Individuals	683	863	991	1,220	1,238
Corporate	814	941	982	1,067	1,171
Taxes on property	777	809	895	976	1,101
Land and real estate	124	151	237	190	182
Land development	4	8	8	4	...
Camping tax	7	16	9	9	...
Land transfer	101	117	211	177	...
Capital gains tax	12	10	9	0	...
Financial transactions	653	658	658	786	919
Registration fees	644	649	648	785	908
Incorporation and lodging fees	8	7	9	0	10
Mortgages	1	1	1	1	1
Taxes on domestic goods and services	3,356	3,464	3,710	5,157	6,007
Selective excises	1,126	1,101	1,162	1,276	1,530
Alcoholic beverages	642	615	628	645	682
Tobacco	470	472	520	617	832
Other	15	14	14	14	16
Taxes on services	724	773	848	1,062	1,325
Gambling and lottery profits	351	412	457	548	705
Tourism	373	361	391	514	620
Taxes on use of goods	297	327	343	377	427
Business licenses	78	92	104	107	135
Motor vehicles	219	235	239	270	292
Sales tax on goods	1,210	1,264	1,357	2,442	2,725
Taxes on international trade	5,764	4,979	4,899	5,570	6,157
Import duties	5,364	4,979	4,899	5,570	6,157
Customs duties	3,663	4,979	4,899	5,568	6,157
Stamp duties	1,701	0	0	2	0
Export duties	400	0	0	0	0
Other tax revenue (stamp duty)	18	12	11	11	12
Nontax revenue	1,422	1,795	1,124	2,410	2,598
Property income	1,023	1,371	646	1,954	2,073
Bank of Mauritius	350	750	100	1,200	800
Interest and royalties	175	222	209	518	536
Dividends 2/	402	260	242	181	441
Operating surpluses	61	105	53	14	252
Rent and other	35	34	42	41	44
Other nontax revenue	399	424	478	456	525
Fees, charges, and sales	292	293	287	318	369
Fines and forfeits	33	27	39	44	54
Government pension fund	53	78	81	92	101
Miscellaneous	21	26	71	2	1
Total revenue	12,834	12,862	12,612	16,411	18,284
Foreign grants	130	262	220	63	216
Total revenue and grants	12,964	13,124	12,832	16,474	18,500

Source: Ministry of Finance.

1/ Fiscal year from July to June.

2/ Includes profit transfers from State Trading Corporation on petroleum products.

Table 23. Mauritius: Functional Classification of Expenditure and Net Lending,  
Consolidated Central Government, 1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
Total expenditure	14,330	15,560	17,327	20,350	21,973
Public administration and security	2,980	3,287	3,611	3,953	4,115
General public services	1,505	1,619	1,800	2,032	2,260
Defense	200	225	242	224	189
Public order and safety	1,275	1,443	1,569	1,697	1,666
Social services	7,076	7,668	8,362	10,268	11,096
Education	2,265	2,639	2,724	3,378	3,507
Health and sanitation	1,303	1,321	1,431	1,567	1,768
Social security and welfare	2,302	2,590	2,984	3,787	4,237
Housing and community amenities 2/	986	855	921	1,208	1,251
Recreational, cultural, and religious	220	263	302	328	334
Economic services	2,076	2,060	2,391	2,560	2,591
Fuel and energy	7	7	7	9	11
Agriculture, forestry, and fishing	797	900	977	902	1,052
Mining, manufacturing, and construction	67	101	125	161	140
Transport and communications	925	784	621	596	366
Other economic services	280	268	661	893	1,023
Other purposes	2,198	2,545	2,963	3,569	4,170
Public debt interest	1,686	2,020	2,332	2,875	3,503
Transfers to local governments	509	525	631	694	666
Other	3	0	0	0	0
Lending minus repayments 3/	132	-10	840	2,286	152
Total expenditure and net lending	14,462	15,550	18,167	22,636	22,124

Sources: Ministry of Finance; and Central Statistical Office.

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

2/ Includes water supply.

3/ From 1995/96 to 1997/98, lending minus repayments includes the on-lending of the proceeds from an international floating-rate note issue of US\$150 million to the National Infrastructural Development Fund.



Table 24. Mauritius: Transfers and Subsidies by Budgetary Central Government,  
1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
<b>Subsidies and other current transfers</b>	<b>4,157</b>	<b>4,592</b>	<b>5,376</b>	<b>6,713</b>	<b>7,488</b>
Local governments	509	525	559	622	666
Education	1,006	1,156	1,251	1,409	1,500
Secondary schools	546	629	656	747	851
University of Mauritius	92	107	112	330	360
Education Institute	51	57	57	0	0
Gandhi Institute	69	73	75	0	0
College of the Air	21	24	30	0	0
Block grant	73	84	91	101	127
Examination Syndicate	37	41	43	48	54
Other	117	141	187	183	108
Public service pensions	748	836	924	1,066	1,304
National Pension Fund	1,191	1,370	1,612	2,235	2,508
Rice and wheat flour 2/	21	23	220	454	370
Domestic crops	58	38	59	78	55
Unemployment fund	0	0	0	0	0
Outdoor relief	60	68	91	88	0
Development Works Corporation (DWC) 3/	0	0	0	0	103
Other current transfers	564	576	660	761	982
<b>Capital transfers</b>	<b>595</b>	<b>476</b>	<b>585</b>	<b>645</b>	<b>781</b>
Local governments	0	0	72	72	1
Public financial institutions	147	100	70	120	72
Nonfinancial public enterprises	422	349	416	438	688
Aviation, PTT, 4/ and sewerage	33	11	41	46	277
Other	389	338	375	392	411
International organizations	26	27	27	15	13
Other	0	0	0	0	7
<b>Total subsidies and transfers</b>	<b>4,752</b>	<b>5,068</b>	<b>5,961</b>	<b>7,358</b>	<b>8,269</b>

Source: Ministry of Finance.

1/ Fiscal year from July to June.

2/ The 1996/97 amount includes the liquidation of Mau Rs 97 million in balances remaining from past subsidies.

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

4/ PTT is the postal and telecommunications enterprise.

Table 25. Mauritius: Income and Expenditure of the National Pension Fund,  
1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98
<b>Income</b>	<b>2,471</b>	<b>2,916</b>	<b>3,594</b>	<b>4,228</b>	<b>4,555</b>
Government grant	1,205	1,372	1,622	2,243	2,430
Contributions from employers and employees	598	683	723	757	810
Investment income	625	804	991	1,124	1,225
Other income	43	57	258	104	90
<b>Expenditure</b>	<b>1,373</b>	<b>1,575</b>	<b>1,856</b>	<b>2,511</b>	<b>2,730</b>
Noncontributory (basic) pensions	1,205	1,363	1,611	2,234	2,430
Food aid allowance	0	10	11	9	10
Contributory and industrial injury pensions	98	121	145	174	190
Administration and other costs	70	81	89	94	100
<b>Excess of income over expenditure</b>	<b>1,098</b>	<b>1,341</b>	<b>1,738</b>	<b>1,717</b>	<b>1,825</b>
<b>Balance in fund at end of year 2/</b>	<b>7,231</b>	<b>8,573</b>	<b>10,312</b>	<b>12,102</b>	<b>13,900</b>

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 26. Mauritius: State Trading Corporation --  
Ration Rice and Flour Transactions, 1993/94-1997/98 1/

	1993/94	1994/95	1995/96	1996/97	1997/98
(In millions of Mauritian rupees)					
Sales revenue	603.9	556.7	513.9	546.4	516.9
Ration rice 2/	261.3	215.5	200.5	222.5	189.2
Flour	342.6	341.2	313.4	323.9	327.7
Total cost	611.4	601.6	841.0	995.7	849.6
Ration rice	275.5	236.0	318.4	407.2	324.3
Flour	335.9	365.6	522.6	588.5	525.3
Purchasing cost	562.5	551.5	773.3	910.9	759.2
Ration rice	245.6	206.6	272.7	362.5	272.3
Flour	316.9	344.9	500.6	548.4	486.9
Other charges	48.9	50.1	67.7	84.8	90.4
Ration rice	29.9	29.4	45.7	44.7	52.0
Flour	19.0	20.7	22.0	40.1	38.4
Balance (deficit = -)	-7.5	-44.9	-327.1	-449.3	-332.7
Ration rice	-14.2	-20.5	-117.9	-184.7	-135.1
Flour	6.7	-24.4	-209.2	-264.6	-197.6
Financing	7.5	44.9	327.1	449.3	332.7
Budgetary transfers	0.0	0.0	197.0	432.4	350.0
Other financing 3/	7.5	44.9	130.1	16.9	-17.3
Memorandum items:	(In metric tons)				
Sales volume					
Ration rice	60,242	59,033	51,664	45,136	52,343
Flour	59,033	51,664	45,136	52,343	42,589
	(In Mauritian rupees per metric ton)				
Rice unit values					
Fixed price, initial	4,420.0	4,420.0	4,420.0	4,420.0	4,420.0
Fixed price, final	4,420.0	4,420.0	4,420.0	4,420.0	4,420.0
Revenue	4,426.3	4,171.2	4,442.1	4,250.8	4,442.5
Cost	4,666.9	4,568.0	7,054.2	7,779.5	7,614.6
Subsidy	240.5	396.8	2,612.1	3,528.6	3,172.2
Flour unit values					
Fixed price, initial	4,800.0	4,800.0	4,100.0	4,100.0	4,100.0
Fixed price, final	4,800.0	4,800.0	4,100.0	4,100.0	4,100.0
Revenue	4,810.0	4,810.2	4,104.0	4,114.8	4,110.8
Cost	4,715.9	5,154.2	6,843.4	7,476.3	6,589.6
Subsidy	-94.1	344.0	2,739.5	3,361.5	2,478.8
	(Annual change in percent)				
Sales volume					
Ration rice 2/	-2.0	-12.5	-12.6	16.0	-18.6
Flour	-0.6	-0.4	7.7	3.1	1.3
	(In percent)				
Revenue/total cost ratio	98.8	92.5	61.1	54.9	60.8
Ration rice 2/	94.8	91.3	63.0	54.6	58.3
Flour	102.0	93.3	60.0	55.0	62.4

Source: State Trading Corporation.

1/ Fiscal year from July to June.

2/ Ration rice is a variety of rice.

3/ Residual. Reflects extrabudgetary financing (overdrafts and acceptances, net of deposits) and timing discrepancies.

Table 27. Mauritius: Financing of Central Government Deficit,  
1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
Disbursements by purpose	502	255	3,041	916	531
Nonproject loans	0	0	0	0	0
Project loans	502	255	3,041	916	531
Mixed project and suppliers' credits	1	21	42	50	0
Electric power	0	25	118	382	2
Water and irrigation	47	14	13	40	100
Other agriculture	101	16	8	28	25
Roads, highways, and bridges	226	69	21	0	21
Telecommunications	0	0	0	0	0
Housing projects	52	0	3	8	31
Urban development	13	4	0	0	0
Education	2	82	68	183	100
Environment	22	23	41	177	183
Other projects 2/	39	1	2,727	47	68
Disbursements by source	503	255	3,041	916	531
Bilateral lenders	149	42	67	358	227
Multilateral agencies	355	213	297	558	304
Miscellaneous 2/	0	0	2,677	0	0
Repayments (-)	-616	-626	-666	-718	-805
Eurocurrency	0	0	0	0	0
Other loans	-616	-626	-666	-718	-805
External financing (net)	-114	-371	2,375	198	-274
Eurocurrency (net)	0	0	0	0	0
Other external (net)	-114	-371	2,375	198	-274
Domestic financing (net)	2,172	3,727	2,697	5,201	3,243
Banking system	2,687	2,674	985	985	1,599
Bank of Mauritius	1,305	755	-960	-960	1,641
Commercial banks	1,382	1,919	1,945	1,945	-42
Nonbank	-516	1,053	1,712	4,216	1,644
Short-term instruments	213	34	-96	3,467	128
Long-term instruments	-728	1,019	1,807	749	1,516
Residual 3/	-560	-931	-438	13	13
Total financing	1,498	2,426	5,335	6,162	3,624

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

1/ Fiscal year from July to June.

2/ The amount for 1995/96 includes the international floating-rate note issue of US\$150 million.

3/ Apparently reflects differences of coverage and valuation, as well as timing.

Table 28. Mauritius: Government Domestic Nonbank Debt Outstanding by Holder,  
1993/94-97/98 1/

(In millions of Mauritian rupees; end of period)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
National Pension Fund	3,155	3,207	3,155	4,508	5,896
Short term	0	192	213	693	1,421
Long term	3,155	3,014	2,942	3,814	4,474
Post Office Savings Bank	296	215	212	198	180
Short term	84	3	0	0	14
Long term	212	212	212	198	166
State Insurance Corporation of Mauritius (SICOM)	492	604	568	1,338	1,282
Short term	0	0	23	716	231
Long term	492	604	545	622	1,051
Insurance companies	166	294	211	810	904
Short term	0	88	8	615	626
Long term	166	206	203	195	278
Sugar Insurance Fund Board (SIFB) 2/	68	35	35	101	131
Short term	0	0	0	101	131
Long term	68	35	35	0	0
National Savings Fund (NSF) 3/	0	0	0	358	621
Short term	0	0	0	358	494
Long term	0	0	0	0	127
Employees' Welfare Fund (EWF) 3/	0	0	0	192	127
Short term	0	0	0	192	104
Long term	0	0	0	0	23
Other public enterprises	9	6	50	617	131
Short term	0	0	0	617	131
Long term	9	6	50	0	0
Independence and Republic bonds 4/	0	0	2,375	2,375	2,375
Short term	0	0	0	0	0
Long term	0	0	2,375	2,375	2,375
Consolidated Sinking Fund (CSF) 5/	0	1,264	1,157	1,214	1,441
Short term	0	206	19	0	0
Long term	0	1,059	1,139	1,214	1,441
Others	1,263	876	450	718	986
Short term	472	101	233	670	938
Long term	790	775	217	48	48
Total	5,448	6,501	8,212	12,428	14,072
Short term	556	590	494	3,961	4,089
Long term	4,892	5,911	7,718	8,467	9,983
Memorandum items:					
Changes during year (total)	-516	1,053	1,712	4,216	1,644
Short term	213	34	-96	3,467	128
Long term	-728	1,019	1,807	749	1,516

Sources: Bank of Mauritius; and Ministry of Finance.

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, subscribed to the Independence and Republic bonds.

5/ Fund for payment of government debt.

Table 29. Mauritius: External Debt of Central Government--Disbursements,  
1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
All bilateral lenders	148.8	41.8	67.1	357.5	226.9
Governments	124.0	32.5	67.1	123.2	221.9
People's Republic of China	76.4	0.0	16.9	8.0	50.5
Sports complex	0.0	0.0	0.0	0.0	0.0
Flacq hospital	18.9	0.0	14.3	0.2	0.0
Housing	51.6	0.0	2.6	7.8	30.8
Recreation center	0.0	0.0	0.0	0.0	19.8
Miscellaneous	5.9	0.0	0.0	0.0	0.0
France	45.6	31.7	30.4	54.9	69.4
Small-scale irrigation project	0.0	0.0	0.5	0.0	0.0
Goodlands district water supply	34.9	8.9	12.8	35.1	51.6
Hotel catering school	0.0	20.9	17.1	17.7	9.3
Lycee Polytechnique, Rose Hill	0.0	1.9	0.0	0.4	7.0
Northern Plain irrigation project	0.0	0.0	0.0	1.7	1.4
Miscellaneous development projects	10.7	0.0	0.0	0.0	0.0
India (lines of credit for development projects and supplies)	1.1	0.8	4.6	37.0	0.5
Japan	0.0	0.0	15.2	23.3	101.6
Telecommunications	0.0	0.0	0.0	0.0	0.0
La Butte drainage and soil consolidation project	0.0	0.0	15.2	23.3	101.6
United Kingdom (Loan No. 6)	0.9	0.0	0.0	0.0	0.0
Other bilateral agencies	24.8	9.3	0.0	234.3	4.9
Kuwait Fund	12.1	5.1	0.0	234.3	4.9
Water project	12.1	5.1	0.0	2.9	2.5
Fort George power station	0.0	0.0	0.0	231.4	2.4
Saudi Fund (urban sector development)	12.7	4.2	0.0	0.0	0.0

Table 29. Mauritius: External Debt of Central Government--Disbursements,  
1993/94-1997/98 1/ (concluded)

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Rev. Est.
Multilateral agencies	354.5	213.2	296.9	558.4	303.8
Arab Bank for Economic Development in Africa (industrial credit)	0.0	0.0	0.0	9.9	0.0
African Development Bank/Fund	20.0	48.3	13.4	23.1	34.0
Bridge project	4.5	12.2	8.3	0.0	0.0
Environmental program	2.8	0.2	0.0	0.0	0.0
Rose Belle rehabilitation	12.7	4.8	0.0	15.0	12.7
Third highway project	0.0	0.0	0.0	8.1	21.3
Education project	0.0	31.3	4.3	0.0	0.0
Mauritius and Rodrigues sewerage	0.0	0.0	0.8	0.0	0.0
European Development Fund	77.0	24.5	52.5	14.5	44.8
Prime Minister's rock removal scheme	6.5	4.5	2.5	0.0	0.0
Agricultural and industrial credits	70.5	20.0	37.1	3.2	0.0
Water projects	0.0	0.0	0.0	0.0	44.4
Regional meteorological project	0.0	0.0	12.9	11.3	0.5
International Bank for Reconstruction and Development	257.5	134.1	189.2	274.2	169.2
Second highway project	221.6	56.6	12.7	0.0	0.0
Environmental program	19.3	16.3	18.9	67.9	24.6
Sugar action program	9.1	0.0	0.0	0.0	0.0
Agricultural management services	2.5	7.1	6.0	13.2	12.4
Sugar (bagasse) energy development project	0.0	25.2	81.5	0.0	0.0
Third education project	1.8	14.6	31.2	113.3	50.8
Vocational training	3.2	13.4	12.0	19.5	10.4
Technology development project	0.0	1.0	23.3	35.9	27.0
Higher- and technical education project	0.0	0.0	3.6	24.5	22.1
Freeport project	0.0	0.0	0.0	0.0	21.2
Sewerage and sanitation	0.0	0.0	0.0	0.0	0.8
Nordic Investment Bank/Development Fund	0.0	6.3	41.8	236.7	55.9
Environmental program	0.0	6.3	5.7	85.7	55.9
Fort George power station	0.0	0.0	36.1	150.9	0.0
Miscellaneous sources (international floating-rate note)	0.0	0.0	2,676.6	0.0	0.0
Total disbursements	503.3	255.0	3,040.6	915.9	530.7

Source: Ministry of Finance.

1/ Fiscal year from July to June.

Table 30. Mauritius: Consolidated Monetary Survey, June 1994-December 1998

	1994	1995	1996	1997		1998	
		June		June	Dec.	June	Dec.
(In millions of Mauritian rupees; end of period)							
Foreign assets (net)	15,483	9,034	19,281	21,971	21,971	21,320	19,880
Monetary authorities	12,887	7,716	15,732	15,538	15,538	15,071	14,102
Commercial banks	2,595	1,318	3,548	6,434	6,434	6,249	5,778
Domestic credit	37,612	15,743	47,069	61,925	61,925	67,561	74,404
Claims on government (net)	10,945	4,240	14,876	18,404	18,404	17,484	18,158
Monetary authorities	2,009	-2,284	1,871	1,656	1,656	2,572	4,972
Commercial banks	8,936	6,524	13,005	16,749	16,749	14,912	13,187
Claims on private sector 1/	26,668	11,503	32,193	43,521	43,521	50,078	56,245
Broad money (M2)	42,786	21,138	55,450	67,812	67,812	54,740	55,963
Money (M1)	7,027	4,365	8,233	10,611	10,611	8,153	8,306
Quasi money	35,759	16,773	47,218	57,201	57,201	46,587	47,657
Money market instruments	186	0	0	240	240	0	0
Other items (net)	10,123	3,639	10,899	15,844	15,844	18,045	18,874
(Annual change in millions of Mauritian rupees)							
Net foreign assets	-1,167	-6,449	10,247	2,690	2,983	-651	-2,262
Monetary authorities	-1,296	-5,171	8,016	-195	42	-467	-1,407
Commercial banks	129	-1,278	2,231	2,885	2,940	-184	-855
Domestic credit	4,389	-21,869	31,326	14,856	14,116	5,636	10,605
Claims on government	1,884	-6,704	10,635	3,528	3,996	-921	-220
Claims on private sector 1/	2,506	-15,165	20,691	11,328	10,119	6,557	10,825
Broad money (M2)	2,164	-21,648	34,312	12,362	11,300	3,024	5,668
Money (M1)	-396	-2,662	3,868	2,378	1,903	-461	2,191
Quasi money	2,560	-18,986	30,444	9,984	9,398	3,485	3,477
(Annual change in percent)							
Domestic credit	30.1	18.1	6.4	25.9	25.9	26.9	20.2
Claims on government	32.5	15.0	9.2	26.4	26.4	10.2	-1.3
Claims on private sector 1/	29.1	19.3	5.2	25.7	25.7	34.0	29.2
Broad money (M2)	17.3	19.3	15.9	16.4	16.4	17.4	11.2
Money (M1)	3.7	20.3	1.2	7.9	7.9	14.4	9.2
Quasi money	20.4	19.1	18.9	18.2	18.2	17.9	11.6
(Annual change in percent of beginning-of-period broad money)							
Net foreign assets	-2.7	-15.1	48.5	4.9	5.3	-1.0	-3.3
Domestic credit	10.3	-51.1	148.2	26.8	25.2	8.3	15.6
Claims on government (net)	4.4	-15.7	50.3	6.4	7.1	-1.4	-0.3
Claims on private sector 1/	5.9	-35.4	97.9	20.4	18.1	9.7	16.0
Broad money (M2)	5.1	-50.6	162.3	22.3	20.2	4.5	8.4

Source: Bank of Mauritius.

1/ Includes claims on public enterprises.



Table 31. Mauritius: Summary Accounts of the Bank of Mauritius, June 1994-December 1998

(In millions of Mauritian rupees; end of period)

	1994	1995	1996	1997		1998	
		June		June	Dec.	June	Dec.
Net foreign assets	12,700	11,707	15,540	17,144	15,320	14,842	13,852
Foreign assets	12,731	11,723	15,562	17,160	15,340	14,868	13,867
Foreign liabilities	-30	-16	-22	-16	-21	-26	-15
Claims on government (net)	1,933	2,677	1,792	810	1,547	2,451	4,830
Treasury bills	0	513	16	0	292	745	1,301
Government securities	282	686	602	429	212	161	3
Advances	1,615	1,435	1,097	326	912	1,458	3,406
Other 1/	134	134	134	134	134	134	134
Government deposits	-98	-90	-57	-79	-3	-47	-14
Claims on commercial banks	245	0	0	250	250	250	475
Reserve money	8,872	8,002	11,723	11,208	9,114	8,580	9,760
Currency outside banks	3,570	3,767	4,162	4,307	5,410	4,651	5,833
Currency with banks	794	815	832	1,168	1,885	1,384	2,226
Bankers' deposits	3,365	3,414	5,574	4,243	1,622	2,536	1,674
<i>Of which: non-interest-bearing deposits</i>	0	0	0	0	0	0	0
Banks' holdings of Bank of Mauritius bills	1,118	0	1,142	1,487	190	0	0
Private sector demand deposits	24	6	14	4	6	9	27
Money market instruments	186	0	0	215	240	0	0
Other items (net)	5,820	6,382	5,609	6,781	7,763	8,963	9,397
Memorandum items:							
Monetary authorities							
Reserve position with the Fund	187	197	192	211	218	229	249
Claims on government (net) 2/	2,009	2,764	1,871	911	1,656	2,572	4,972

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 Fund (based on Fund records).

Table 32. Mauritius: Summary Accounts of Commercial Banks, June 1994 - December 1998

(In millions of Mauritian rupees; end of period)

	1994	1995	1996	1997		1998	
		June		June	Dec.	June	Dec.
Net foreign assets	2,595	3,090	3,548	4,068	6,434	6,249	5,778
Reserves	5,277	4,229	7,547	6,897	3,697	3,920	3,900
<i>Of which</i> : holdings of Bank of Mauritius bills	1,118	0	1,142	1,487	190	0	0
Claims on government (net)	8,936	10,856	13,005	14,950	16,749	14,912	13,187
Government securities	3,895	3,328	2,937	3,057	4,208	3,835	4,001
Treasury bills	5,369	8,239	10,685	12,495	12,566	11,368	9,085
Loans and advances	0	5	0	0	0	0	0
State Trading Corporation rice and flour credit	0	0	0	142	252	153	233
Government deposits	-328	-718	-617	-743	-277	-444	-132
Claims on private sector	26,463	30,474	32,055	37,208	43,360	49,234	55,821
Sugar industry	1,608	1,792	1,870	2,286	2,825	3,077	3,211
Export processing zone	4,505	4,666	4,792	5,422	5,166	5,527	5,961
Other industries	5,848	6,233	6,008	6,117	6,138	6,992	7,112
Personal, professional, and housing	4,981	6,217	7,008	7,973	9,474	10,686	12,065
Traders	3,881	5,289	5,812	6,636	7,651	8,468	9,431
Others	5,641	6,277	5,812	6,636	7,651	8,468	9,431
Claims on other banklike institutions	204	133	139	154	161	844	425
Demand deposits	3,433	4,358	4,057	4,562	5,195	5,490	5,730
Time and savings deposits	35,759	39,700	47,218	51,471	57,201	60,686	63,820
Credit from the Bank of Mauritius	245	0	0	250	250	250	475
Other items (net)	4,040	4,723	5,020	6,994	7,754	8,733	9,085

Source: Bank of Mauritius.

Table 33. Mauritius: Summary Accounts of Offshore Banks, 1994-98

(In thousands of U.S. dollars; end of period)

	1994	1995	1996	1997	1998
	December				
<b>Assets</b>	504,012	669,106	859,543	913,795	1,780,684
Amounts due from banks	354,185	492,814	676,387	654,231	1,249,667
Loans and advances	139,750	155,155	143,066	218,145	462,514
Fixed assets	414	387	543	818	1,035
Other assets	9,663	20,750	39,547	40,601	67,468
<b>Liabilities</b>	504,012	669,106	859,543	913,795	1,780,684
Capital/paid-up capital	25,810	26,207	27,723	32,021	98,539
Nonbank deposits	294,528	415,537	517,056	669,391	882,938
Deposits and balances of other banks	133,949	160,555	141,651	188,230	234,042
Other liabilities	49,725	66,807	173,113	24,153	565,165
<b>Contingent liabilities</b>	282,074	177,512	127,152	110,429	155,892

Source: Bank of Mauritius.

Table 34. Mauritius: Principal Interest Rates, 1994-98

(In percent per annum)

	June 1994		June 1995		June 1996		June 1997		June 1998	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
<b>Lending rates</b>										
<b>Bank of Mauritius</b>										
Bank rate	8.00	9.33	10.08	10.11	9.07	9.33	8.34	9.93	9.02	9.18
Rediscount facilities	8.25	9.58	11.58	11.61	10.57	10.83	9.84	11.43	...	...
<b>Commercial banks</b>										
Mauritius Sugar Syndicate	10.50	11.00	11.00	16.75	11.00	16.75	11.00	13.00	11.00	13.00
Sugar industry	9.00	16.00	10.00	19.50	11.25	19.50	11.25	19.00	11.25	18.00
Other agriculture	10.00	16.00	10.75	19.50	11.00	19.50	11.50	19.50	11.50	19.50
Export processing zone	10.50	16.00	10.00	18.00	10.00	19.50	10.00	19.50	11.50	18.50
Development certificates	10.50	16.00	10.50	18.50	11.00	18.50	11.50	18.50	11.50	17.50
Small-scale industries	10.50	16.00	11.00	20.00	11.00	20.00	11.50	20.00	11.50	19.50
Transport	14.00	19.00	12.50	21.50	14.00	21.50	13.50	21.50	12.25	19.50
Hotels	14.00	19.00	13.50	20.50	14.00	20.50	14.00	18.50	12.50	18.00
Other industries and manufacturers	13.00	17.50	11.50	21.00	11.50	20.50	13.00	20.00	12.50	19.50
Statutory and parastatal bodies	15.00	19.00	15.00	20.50	15.00	20.50	15.00	18.50	13.00	16.50
Housing	13.50	18.00	14.00	20.50	14.00	20.50	13.50	20.50	11.50	19.50
Traders	16.00	19.50	15.00	22.75	14.00	22.75	10.00	21.00	14.00	21.00
Stockbrokers	16.50	19.00	17.00	22.00	17.00	22.00	17.50	19.00	16.00	17.50
Financial institutions	16.50	19.00	16.00	22.00	16.00	22.00	17.50	19.00	16.00	17.50
Personal and professional	16.00	19.50	15.33	22.00	12.00	24.50	13.50	21.75	13.50	19.50
Other customers	16.50	19.00	15.00	22.00	14.50	22.00	12.00	19.50	14.50	19.50
<b>Deposit rates</b>										
Savings	8.00		8.00		8.00	8.00	8.00	8.00	8.00	8.00
Seven days' notice	7.00	9.50	8.00	10.00	8.00	10.00	8.00	10.00	8.00	9.00
<b>Fixed deposits</b>										
Up to 3 months	8.00	9.50	8.00	11.17	8.00	9.50	8.00	9.50	8.00	10.00
Exceeding 3 and up to 6 months	8.25	10.50	8.13	12.63	8.13	11.25	8.13	11.25	8.00	10.00
Exceeding 6 and up to 12 months	8.25	11.67	8.25	11.33	8.25	11.33	8.25	12.50	8.25	10.00
Exceeding 12 and up to 18 months	8.38	12.42	8.38	12.75	8.37	12.50	8.25	12.50	8.37	10.00
Exceeding 18 and up to 24 months	8.50	12.17	8.50	12.33	8.50	12.50	8.25	12.00	8.50	10.00
Exceeding 24 and up to 36 months	8.50	12.17	8.50	13.00	8.50	12.50	8.25	12.00	8.25	10.00
Exceeding 36 and up to 48 months	8.50	12.67	8.50	13.17	8.50	13.00	8.25	13.00	9.00	11.00
Over 48 months	8.50	12.17	8.50	14.39	8.50	14.50	8.25	14.50	9.00	14.00
<b>Treasury bill rate 1/</b>										
3 month	8.35		9.74		8.97		8.74		9.15	
6 month	8.37		9.87		8.98		8.85		9.04	
12 month	8.56		9.91		8.92		9.02		9.02	

Source: Bank of Mauritius.

1/ Rates quoted are the monthly weighted-average yields on treasury and/or Bank of Mauritius bills auctioned.

Table 35. Mauritius: Balance of Payments, 1993/94-1997/98 1/

(In millions of Mauritian rupees)

	1993/94	1994/95	1995/96	1996/97	1997/98 Est.
Current account	-1,373	-3,492	-428	349	-2,601
Goods	-4,065	-6,866	-5,653	-5,419	-9,258
Exports, f.o.b.	24,340	25,846	29,253	33,131	36,293
Sugar	5,882	5,942	6,701	8,013	8,089
Export processing zone (EPZ)	16,184	17,528	19,581	21,992	24,121
Other	2,274	2,376	2,971	3,126	4,083
Imports, f.o.b.	-28,405	-32,712	-34,906	-38,550	-45,551
Imports, c.i.f.	-31,041	-35,598	-37,704	-41,597	-47,063
Rice and flour	-673	-790	-975	-1,163	-1,187
Petroleum	-1,683	-1,897	-2,373	-3,039	-3,158
EPZ	-9,661	-10,497	-11,552	-12,648	-13,549
Other	-19,024	-22,414	-22,804	-24,747	-29,169
Of which: aircraft and ships	-313	-2,148	-789	-600	-2,473
Services (net)	1,179	1,915	3,804	3,912	4,364
Transportation	-1,349	-1,234	-1,148	-1,533	-1,893
Credit	2,896	3,300	3,630	4,021	4,688
Debit	-4,245	-4,534	-4,778	-5,554	-6,581
Travel	3,458	4,286	5,345	5,892	6,956
Credit	5,826	7,038	8,094	9,408	11,026
Debit	-2,368	-2,752	-2,749	-3,516	-4,070
Other services	-930	-1,137	-393	-447	-699
Credit	1,930	2,128	3,202	3,605	4,682
Debit	-2,860	-3,265	-3,595	-4,052	-5,381
Income	-318	-333	-611	-398	-416
Credit	847	739	644	921	1,127
Debit	-1,165	-1,072	-1,255	-1,319	-1,543
Current transfers (net)	1,831	1,792	2,032	2,254	2,709
Capital and financial account	571	1,122	-1,368	-817	1,704
Capital account	-34	-20	-11	-11	-15
Financial account	605	1,142	-1,357	-806	1,719
Direct investment	-22	378	557	87	1,012
Abroad	-490	-14	-70	-41	-221
In Mauritius	468	392	627	128	1,233
Portfolio investment (net)	-44	263	3,195	-5	-636
Other investment	-291	-508	-1,268	712	-950
Assets	-408	-2,106	-67	228	-2,530
Liabilities	117	1,598	-1,201	484	1,580
Long-term liabilities	177	1,027	-1,018	746	1,314
Government (net)	-113	-371	-303	198	-275
Other public sector (net)	47	1,330	-417	785	1,851
Other long-term liabilities	243	68	-298	-237	-262
Short-term liabilities	-60	571	-183	-262	266
Reserve assets (increase -)	962	1,009	-3,841	-1,600	2,293
Net errors and omissions	802	2,370	1,796	468	897

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, 1993-97

	1993	1994	1995	1996	1997 Prov.
(In millions of Mauritian rupees)					
Total exports, f.o.b.	22,992	24,097	26,756	31,676	33,018
Sugar	5,770	5,742	6,326	8,347	7,495
Molasses	93	115	136	109	102
Tea	103	83	50	28	13
Export processing zone (EPZ)	15,821	16,533	18,267	21,000	23,049
Cut flowers (non-EPZ)	96	105	130	127	123
Chemicals (non-EPZ)	136	106	139	146	157
Wheat flour (non-EPZ)	51	65	42	167	160
Other	373	447	696	852	789
Reexports	549	901	970	900	1,130
Total imports, c.i.f.	30,319	34,548	34,363	41,082	46,093
Food and live animals	3,744	4,241	4,673	5,845	6,091
Beverages and tobacco	152	201	221	212	262
Crude materials, except fuels	951	1,004	1,209	1,598	1,567
Mineral fuels, lubricants, etc.	2,109	2,133	2,401	3,211	3,471
Animal and vegetable oils and fats	290	415	441	464	484
Chemicals	2,216	2,442	2,688	3,164	3,340
Manufactured goods	11,039	11,828	12,587	13,708	14,947
Machinery and transport equipment	6,787	8,887	6,658	9,195	11,702
Miscellaneous manufactures	2,871	3,101	3,245	3,271	3,804
Other	160	296	240	414	425
(Index, 1992=100; in Mauritian rupees)					
Price indices					
Unit value of exports	109	113	121	134	140
Unit value of imports	111	120	126	135	138
Terms of trade	98	94	96	99	101
(In millions of Mauritian rupees)					
Memorandum items:					
Ships' stores and bunkers					
Exports, f.o.b.	530	600	570	636	600
Imports, c.i.f.	307	259	0	0	0

Source: Central Statistical Office.

Table 37. Mauritius: Pattern of Trade and Direction of Exports of the  
Export Processing Zone (EPZ), 1993-97

(In millions of Mauritian rupees)

	1993	1994	1995	1996	1997
<b>Total EPZ exports by commodities, f.o.b.</b>	<b>15,821</b>	<b>16,533</b>	<b>18,267</b>	<b>21,000</b>	<b>23,049</b>
Clothing	12,719	12,876	13,780	16,187	18,142
Other textiles	574	702	1,035	1,447	1,310
Pearls and precious stones	409	452	464	509	476
Watches and clocks	612	512	452	405	409
Optical goods	176	188	235	211	213
Toys, games, and sporting goods	166	162	207	194	104
Jewelry, gold, and silver goods	171	173	229	286	291
Fish and fish preparations	384	514	640	719	894
Other	610	954	1,225	1,042	1,210
<b>Total EPZ exports by direction of exports, f.o.</b>	<b>15,821</b>	<b>16,533</b>	<b>18,267</b>	<b>21,000</b>	<b>23,049</b>
<b>European Union (EU) countries</b>	<b>10,659</b>	<b>11,060</b>	<b>12,729</b>	<b>15,114</b>	<b>16,304</b>
Belgium	430	452	435	651	599
France	4,390	4,652	5,208	5,762	5,669
Germany	1,564	1,342	1,445	1,607	1,630
Netherlands	401	435	491	685	644
Sweden	12	32	66	117	146
United Kingdom	2,268	2,541	3,412	4,233	5,341
Other	1,594	1,606	1,672	2,059	2,275
<b>Non-EU countries</b>	<b>5,162</b>	<b>5,473</b>	<b>5,538</b>	<b>5,886</b>	<b>6,745</b>
Hong Kong S.A.R.	89	165	152	160	98
United States	3,972	4,198	3,860	3,787	4,354
Other	1,101	1,110	1,526	1,939	2,293
<b>Total EPZ imports by commodities, c.i.f.</b>	<b>9,326</b>	<b>10,125</b>	<b>10,856</b>	<b>12,077</b>	<b>13,880</b>
<b>Materials</b>	<b>8,221</b>	<b>9,016</b>	<b>9,869</b>	<b>10,960</b>	<b>12,442</b>
Yarn and fabrics	5,214	5,754	5,984	6,643	7,520
Other	3,007	3,262	3,885	4,317	4,922
<b>Machinery</b>	<b>1,105</b>	<b>1,109</b>	<b>987</b>	<b>1,117</b>	<b>1,438</b>

Source: Central Statistical Office.

Table 38. Mauritius: Medium- and Long-Term External Debt, June 1994-December 1998 1/

(In millions of Mauritian rupees; end of period)

	1994	1995	1996	1997		1998	
		June		June	Dec.	June	Dec. Prov.
Total	17,280	19,790	23,856	25,503	28,489	29,694	29,545
Public sector	13,554	15,357	19,411	21,295	24,339	25,748	25,786
Central government	5,766	5,778	9,207	9,666	10,019	10,751	10,206
International agencies	3,397	3,407	3,775	3,981	4,101	4,332	4,341
IMF credit	0	0	0	0	0	0	0
Other	3,397	3,407	3,775	3,981	4,101	4,332	4,341
Governments	2,271	2,298	2,323	2,461	2,479	2,673	2,865
Other lenders	98	73	3,109	3,224	3,439	3,746	3,000
Parastatal bodies	7,788	9,579	10,204	11,629	14,320	14,997	15,580
International agencies	982	841	897	1,267	1,493	1,629	2,026
Governments	4,588	5,026	5,538	5,393	5,602	5,889	6,181
Other lenders	2,218	3,712	3,769	4,969	7,225	7,479	7,373
Private sector	3,726	4,433	4,445	4,208	4,150	3,946	3,759

Source: Ministry of Finance.

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



Table 39. External-Debt-Service Payments, 1993/94-1997/98 1/

	1993/94	1994/95	1995/96	1996/97	1997/98 Prov.
(In millions of Mauritian rupees)					
Government loans (1)	939	948	1,088	1,213	1,334
Principal	616	626	666	718	805
Interest and other charges	323	322	422	495	529
Parastatal bodies (2)	1,098	1,352	1,711	1,509	2,169
Principal	668	846	1,122	937	1,452
Interest and other charges	430	506	589	572	717
Total public debt (1+2)	2,037	2,300	2,799	2,722	3,503
Principal	1,284	1,472	1,788	1,655	2,257
Interest and other charges	753	828	1,011	1,067	1,246
Private sector debt (3)	502	854	1,162	670	470
Principal	366	785	1,030	580	422
Interest and other charges	136	69	132	90	48
Debt service, excluding IMF (1+2+3)	2,539	3,154	3,961	3,392	3,973
Principal	1,650	2,257	2,818	2,235	2,679
Interest and other charges	889	897	1,143	1,157	1,294
International Monetary Fund (4)	0	0	0	0	0
Principal	0	0	0	0	0
Interest and other charges	0	0	0	0	0
Total debt service (1+2+3+4)	2,539	3,154	3,961	3,392	3,973
Principal	1,650	2,257	2,818	2,235	2,679
Interest and other charges	889	897	1,143	1,157	1,294
(In percent of exports of goods and services)					
Debt-service ratios					
Total debt service (including IMF)	7.3	8.2	9.0	6.8	7.0
Principal	4.7	5.9	6.4	4.5	4.7
Interest and other charges	2.5	2.3	2.6	2.3	2.3
(In millions of Mauritian rupees)					
Memorandum item:					
Exports of goods and services	34,992	38,312	44,179	50,165	56,689

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, 1990-98

(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	150.0	120.3
1997	80.2	100.6	160.3	125.4
1998	76.4	100.4	171.2	131.5
1997 I	80.8	101.0	158.3	124.9
1997 II	81.2	101.7	159.5	125.2
1997 III	79.6	100.0	161.0	125.5
1997 IV	79.1	99.7	162.5	126.1
1997 June	80.2	100.3	159.8	125.2
1997 July	79.4	99.8	160.6	125.6
1997 August	79.6	99.8	160.7	125.3
1997 September	79.8	100.4	161.5	125.7
1997 October	78.9	99.2	161.8	125.8
1997 November	79.0	99.6	162.5	126.1
1997 December	79.4	100.3	163.2	126.4
1998 January	79.7	101.6	164.7	127.5
1998 February	79.1	101.2	165.5	128.0
1998 March	78.4	101.2	166.9	129.0
1998 April	77.5	100.7	168.7	129.9
1998 May	77.0	100.3	169.4	130.2
1998 June	76.8	100.7	170.7	131.1
1998 July	76.4	100.3	171.1	131.2
1998 August	76.4	100.3	171.1	131.1
1998 September	75.9	101.5	174.8	133.6
1998 October	74.8	100.7	176.2	134.6
1998 November	73.4	99.4	177.5	135.4
1998 December	71.5	97.3	178.2	136.0

Source: IMF, Information Notice System.

Table 41. Mauritius: Summary of the Tax System, 1998/99 1/

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions		Tax Rate
1. Taxes on income and profits (The Income Tax Act)	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.	Income accruing to charitable institutions, various sugar industry funds, local authorities, trade unions, and benevolent associations is exempted.		
1.1 Companies	Chargeable income includes distributed dividends that are not subject to income tax in the hands of the recipient.	For companies, capital expenditure for agricultural improvement is deductible in full. Companies are also entitled to generous capital allowances: 5-100 percent annual allowance on straight-line method. In addition, there is an investment allowance of 25 percent. Previous year's losses, expenditure on repair of premises or plant, donations to approved charitable institutions up to a certain maximum, and contributions to the National Pension Fund are all deductible.	<u>Item</u>	<u>Rate</u>
	Nonresident <i>sociétés</i> are liable to income tax as if they were companies.		General rate	35 percent
	Resident <i>sociétés</i> are not liable to income tax, but the associates are taxable on their share of income from the <i>société</i> , whether the income is distributed or not.		Incentive rate (under the Development Incentives Act, the Industrial Expansion Act 93, etc.)	15 percent
			Stock Exchange Companies	25 percent
			Unit Trusts	15 percent
			Offshore companies (incorporated prior to 1 July 1998)	0-35 percent (at taxpayer's option)
			Offshore companies incorporated on or after 1 July 1998	15 percent
			Less: Investment tax credit at 10 percent of the amount subscribed to share capital of tax incentive or Stock Exchange companies for three years (maximum credit of 300,000 per annum). 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 the Tax System, 1998/99 (continued)  
(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions		Tax Rate
1.2 Individuals	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 resident in Mauritius is liable to tax in Mauritius in respect of his foreign income, but will be entitled to credit for foreign tax.	Exempt income includes death gratuities; gains from sale of units or securities quoted on the stock exchange; the first 75,000 of bank interest; dividends paid by resident companies; and income from the first 60 tons of sugar produced (i.e., by small planters).  Deductions from income include interest paid on mortgage or secured loans; previous year's losses; pension contributions; life insurance premiums; premiums on personal pension schemes; and investment relief, which is a deduction of 40 per cent (maximum 75,000) of the amount subscribed to share capital of tax incentive or stock exchange companies.  Personal and family deductions are the following: for personal, 50,000; for dependent spouse, 40,000; for children (maximum of three), 17,000 per child under 18 or at school, 40,000 per child at university (local),	<u>Chargeable income</u> First 15,000 Next 20,000 Next 20,000 Remainder	<u>Rate</u> 5 percent 15 percent 25 percent 30 percent

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
2. Taxes on property		and 50,000 per child at university (abroad), plus an additional 42,000 per dependent handicapped child.	
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 Sector Package Deal Act—Act 2 of 1985 as amended by Act 6 of 1990 and Act 23 of 1992, certain conditions are specified:</p> <p>(a) where land under cane cultivation is transferred, registration duty at 6 percent and no surcharge is payable;</p> <p>(b) Where land transferred is within or will be included in a land area management unit, registration duty at 2 percent and no surcharge is payable; and</p> <p>(c) where land is transferred by a planter to a tenant, registration duty at 2 percent and no surcharge is payable.</p> <p>Under Act 25 of 1993 as amended by Act 10 of 1998, certain conditions are specified:</p> <p>(a) 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 80,000;</p>	<p>Where value of immovable property transferred does not exceed 100,000, 10 percent plus 10 percent surcharge on value of immovable property transferred is charged.</p> <p>Where value of immovable property transferred exceeds 100,000, 12 percent plus 10 percent surcharge on value of immovable property transferred is charged.</p>

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		<p>(b) where a right to construct a building on top on an existing building (<i>droit de surelevation</i>) together with a fraction of the ownership of the ground, is acquired by an individual not already owner residential property, registration duty is reduced by 80,000;</p> <p>(c) where a residential lot in a building that has been subject to a duly registered and transcribed deed witnessing a "<i>réglement de copropriété</i>" in accordance with Article 664 and 664-1 to 664-94 of the Code Napoleon is acquired by an individual not already owner of a residential building, registration duty is reduced by 110,000; and</p> <p>(d) 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 is reduced by 110,000.</p> <p>Under Act 25 of 1994, where immovable property is transferred to a company holding a housing development certificate, duty is reduced by 75 percent.</p>	

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
	Where property is transferred without consideration between parties other than ascendants and descendants.	<u>Property Value</u>	<u>Rate</u>
		Not exceeding 15,000	10 percent
		Exceeding	
		15,000 but not exceeding 20,000	12½ percent
		20,000 but not exceeding 50,000	15 percent
		50,000 but not exceeding 150,000	18 percent
		150,000 but not exceeding 250,000	21 percent
		250,000 but not exceeding 500,000	24 percent
		500,000 but not exceeding 700,000	27 percent
		700,000 but not exceeding 1,000,000	30 percent
		1,000,000 but not exceeding 2,000,000	35 percent
		2,000,000 but not exceeding 5,000,000	40 percent
		5,000,000	45 percent
		Plus surcharge on value of immovable property transferred	10 percent
	Under Act 25 of 1994, no tax is applied where a property is transferred		
	(a) between ascendant and 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;		

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)  
(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
2.2 Land transfer tax		<p>(d) to a charitable trust under the Trust Act 1989;</p> <p>(e) to a religious body under the Registration Duty Act; and</p> <p>(f) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer.</p>	
		<p>Where the last transfer was affected prior to July 16, 1984, the value of 75,000 is exempted.</p>	<p><u>On value of immovable property</u></p> <p>If held five years or more If held less than five years</p>
		<p>Under the Sugar Sector Package Deal Act 2 of 1985 as amended by Act 6 of 1990 and Act 23 of 1992, on certain conditions specified under the act, the land transfer tax is totally exempted.</p>	<p><u>Rate</u></p> <p>5 percent 10 percent</p>
		<p>Under Act 19 of 1986, on certain conditions specified under 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 is totally exempt from land transfer tax.</p>	
		<p>Total exemption of land transfer tax is also granted where property is transferred</p>	
	<p>(a) between ascendant and descendant or the latter's spouse or surviving spouse;</p>		



Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)  
 (All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
2.3 Capital gains tax (morcellement fee)	This fee is levied on any lot of land parceled out.	(b) to a charitable trust under the Trust Act 1989; (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 under Section 34 B of the Income Tax Act; (f) in respect of a right to construct a building on top of an existing building ( <i>droit de surelevation</i> ), together with a fraction of the ownership of the ground, and where certain conditions under Section 45 A (2) are fulfilled; and (g) 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.	For residential, commercial, or industrial purposes Per sq. meter 3.00 For agricultural purposes Per sq. meter 1.25

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate	
2.4 Land conversion tax	A tax is levied on conversion of agricultural land to other uses.	Exemptions are granted for approved housing schemes, agro-industry and community benefit. A housing development company pays half the rate.	Depending on area converted and category of conversion Per hectare	0-3.5 million
2.5 Camping ( <i>campement</i> site) tax	This tax is levied on the use of land as a camping site.	Under the <i>Campement Site Tax (Exemption) Regulations 1985</i> , certain conditions are specified:  (a) exemption is granted from payment of tax where the site is occupied as a sole residence or used exclusively for agricultural or grazing purposes; and  (b) part of camping site is exempted from tax where the site is crossed by a public road.	Annual tax according to zone	7,000-19,000
2.6 Capital gains ( <i>morcellement</i> ) tax	This tax is imposed on transfer of any lot in land parceled out.	The following are exempted:  (a) immovable property within 500 meters from 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 <i>Sugar Sector Package Deal Act – Act 2 of 1985 as amended by Act 6 of 1990 and Act 23 of 1992</i> ,	<u>Surcharge</u>  Between selling price and the purchase price	<u>Rate</u>  20-30 percent plus 10 percent

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)  
(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
2.7 Taxes on transfer of leasehold rights in state	This tax is levied on the transfer of lease contracts for state land from one lessee to another.	<p>certain conditions are specified for total exemption of capital gains tax.</p> <p>Under Act 19 of 1986, certain conditions specify that under 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.</p> <p>Total exemption from capital gains tax is also granted where property is transferred</p> <p>(a) between ascendant and descendant;</p> <p>(b) by the Sugar Industry Labor Welfare Fund to a worker who is duly certified as such in the deed of transfer; and</p> <p>(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.</p> <p>Under Act 9 of 1997 (Tax on transfer of Leasehold Rights In State Land), no tax is applied where a property is transferred</p>	General rate on the value of the leasehold rights being transferred 20 percent

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)  
(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
<p>3. Taxes on domestic goods and services</p> <p>3.1 Value-added tax (VAT)</p>	<p>VAT was introduced in Mauritius as from 7 September 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>	<p>(a) between ascendant and descendant or the latter's spouse or surviving spouse;</p> <p>(b) between the heirs of a deceased person, when that property was acquired by inheritance from that person;</p> <p>(c) to a charitable trust under the Trusts Act 1989; or</p> <p>(d) to a religious body under the Registration Duty Act.</p> <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. Goods and services exempted from VAT include basic foodstuffs, unprocessed agricultural products, milk, books, 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,</p>	<p>Single rate of 10 percent.</p>

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		financial services, the sale of land, and the sale or transfer of building for residential purposes. Companies with annual turnover of taxable supplies below 3 million are exempt. Input VAT allowable is apportioned between taxable and exempt supplies.	
3.2 Excise taxes			
3.2.1 Tobacco & cigarettes	Cigarettes are taxed ad valorem.		
3.2.2 Alcohol and alcoholic beverages	Locally produced alcohol and alcoholic beverages are taxed at different rates, both on a volume basis and ad valorem. Coverage includes products blended and bottled from imported stock.	Liquor (final product) imported in bottles is not excisable. Vinegar, nonbrewed condiments, alcohol for heating, and power alcohol are duty free.	
			<u>Item</u>
			<u>Rate</u>
			Cigarettes 180-200 percent
			Alcohol, spirits and rums
			Per volume percentage per liter 0.94
			Wine and country liquor, whichever is higher
			Per liter 3.00
			Ad valorem 30 percent
			Other liquors admixed spirits, gin, etc.
			Per volume percentage per liter 2.10
			Aperitif: Liquor
			Per volume percentage per liter 1.32
			Beer per liter 8.22
			Shandy per liter 6.85

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
		Alcohol for perfumes and cosmetics per liter	5.50
3.2.3 Automobiles	This tax is chargeable on any car manufactured locally, depending on engine capacity.		17-157 percent
3.3 Taxes on betting and gambling	Betting in casinos and gambling houses, and on horse races, association football matches and winnings from betting and sweepstakes, is taxed.	<u>Item</u>	<u>Rate</u>
		Casinos and gambling houses, gross takings	50 percent
		Horse racing sweepstakes	
		Amount collected	30.25 percent
		Amount payable as winnings	10 percent
		Bookmaker	
		Per race meeting	Fixed duty
		Amount payable as winnings	10 percent
		Totalizator	
		Amount collected on win and place bets	10 percent
		Amount collected on other bets	12 percent
		Pool betting	
		Pool promoter	
		Stake money collected	30 percent
		Amount payable as winnings	10 percent

Table 41. Mauritius: Summary of the Tax System, 1998/99 (continued)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate	
			Agent of foreign pool promoter	
			Amount of stake money	10 percent
3.4 Taxes on specific services				
3.4.1 Hotel and restaurant tax	Tax is levied on cost of hotel rooms and food and drinks served in hotels and restaurants.			4 percent
3.5 Company and commercial partnership licenses	Annual fees charged for business and professional licenses.	Offshore companies are exempt.	4,000-9,000; aircraft refuellers 121,000.	
3.6 Motor vehicle taxes	Motor vehicles are subject to annual road license fees, and special trading license fees are applied to contract cars and buses.	Motor vehicles used within the owner's premises and by embassies are exempt.	<u>Item</u>	<u>Rate</u>
			Private automobiles	2,500-5,000
			Contract cars	4,500-7,500
			Contract buses	2,200-3,300
4. Taxes on international trade				
4.1 Taxes on imports				
4.1.1 Customs tariff	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. An additional 20 percent of import duties are leviable on all imports from nonpreferential countries and	Exemptions include most food items, agricultural capital goods and related spare parts, and agricultural inputs such as fertilizers, weed killers, seeds, etc.; specialized sporting goods machinery and raw materials for the textile, leather, furniture, jewelry and printing industries; and VCRs, cameras, energy-saving equipment computers, etc. Imports	Import customs duties consist of nine tax rates: 0, 5, 10, 15, 20, 30, 40, 55, and 80 percent, respectively.	

Table 41. Mauritius: Summary of the Tax System, 1998/99 (concluded)

(All amounts in Mauritian rupees, unless otherwise indicated)

Tax	Nature of Tax	Deductions and Exemptions	Tax Rate
4.1.2 Import excise duty	<p>which attract import customs duties at the rate of 55 percent or over, i.e., generally other than from Commonwealth, EC, and the United States. Import customs duties are in general ad valorem on c.i.f. values.</p> <p>Excise is levied on alcoholic beverages, spirits, tobacco products, petroleum products, motor cars, and furniture, and payable on customs clearance.</p>	<p>by factories operating under the 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>Exemptions are granted for returning residents and manufacturers of motor cars; exemptions or concessions are also granted for taxis, tour operators and civil servants.</p>	<p>On c.i.f. value 15-400 percent</p>
5. Other taxes			
5.1 Stamp duty	<p>Documents presented for registration with the Registrar-General or deposited with the Conservator of Mortgages for transcription, inscription, or erasure of inscription are taxed.</p>		15 per sheet.

Source: Ministry of Finance.

1/ Fiscal year from July to June.